



THE CITY OF KYLE, TEXAS COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED
SEPTEMBER 30, 2015

THE CITY OF KYLE, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

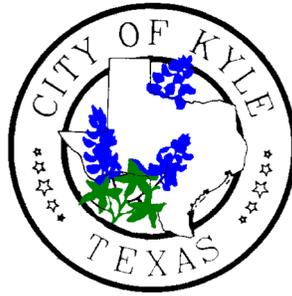


City Manager
J. Scott Sellers

Director of Finance
Perwez A. Moheet, CPA

FOR THE YEAR ENDED
SEPTEMBER 30, 2015

Prepared by Financial Services Department



Elected Officials

Mayor
R. Todd Webster

Mayor Pro Tem
David Wilson, District 4

Council Member, District 1
Diane E. Hervol

Council Member, District 2
Becky Selbera

Council Member, District 3
Shane Arabie

Council Member, District 5
Damon Fogley

Council Member, District 6
Daphne Tenorio

**CITY OF KYLE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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INTRODUCTORY SECTION





CITY OF KYLE

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P.O. Box 40
Fax (512) 262-3800

Kyle, Texas 78640

February 8, 2016

Honorable Mayor, Mayor Pro Tem, and Council Members
City of Kyle, Texas

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Kyle, Texas for the year ended September 30, 2015. The CAFR provides detailed information regarding the City's financial condition and activities to City Council, Boards and Commissions, citizens of Kyle, City management and staff, bondholders, and other interested parties.

City management is responsible for both the accuracy of the financial information presented and the completeness and fairness of the presentations including all disclosures. We believe the financial information, as presented, is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City of Kyle. These financial statements have been prepared by the Financial Services Department in accordance with generally accepted accounting principles (GAAP) for local governments.

The basic financial statements and accompanying notes to the financial statements have been audited by the independent firm of Padgett, Stratemann & Co., LLP, Certified Public Accountants. This audit satisfies Article VIII, Section 8.13 of the City Charter which requires an annual audit of all accounts of the City by an independent Certified Public Accountant.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

REPORTING ENTITY

This CAFR includes all funds of the City of Kyle. The City provides a full range of municipal services including general government, public safety, emergency management, planning and zoning, code enforcement, public recreation and culture, economic development, solid waste collection and recycling, and water and wastewater services.

KYLE'S GOVERNMENT, ECONOMY, AND OUTLOOK

General Information

The City of Kyle is a political subdivision and municipal corporation of the State of Texas, duly organized and existing under the laws of the State including the City's Home Rule Charter, initially adopted by the voters in the year 2000.

The City operates as a Home Rule City under a Council-Manager form of government with a City Council comprised of the Mayor and six Council Members. The City Council appoints the City Manager who is the chief executive officer responsible for executing the laws and administering the government. The City Manager serves at the pleasure of the City Council of the City of Kyle.

The City covers approximately nineteen square miles and had an estimated population of 32,000 in 2015. Kyle is a thriving community with easy access to major highways and roadways including Interstate Highway 35. Kyle is strategically located eight miles north of San Marcos, 20 miles south of Austin and 60 miles north of San Antonio. Kyle is the second largest city in Hays County and enjoys a south central location convenient to most major population and employment centers in Texas.

Local Economy

The City of Kyle residents enjoy a vibrant local economy and an excellent quality of life. Among the many factors attributing to the vibrancy of Kyle include a high per capita household income, low unemployment rate, educated workforce, employment growth, and the continued addition of new businesses in the consumer, medical, and light manufacturing sectors.

Among the major indicators of a stable yet an expanding local economy include growth in population, building permits, taxable valuations, property tax collection rate, and the trend for sales tax collections. We are pleased to report that the annual increase in building permits increased by 7.0%, taxable valuations increased by 9.2% compared to the prior year, annual property tax collection rate has continued to surpass the 99.0% mark, and sales tax collections increased by 22.6% compared to the prior year as well. Total population in the City of Kyle is projected to increase to an estimated 41,200 residents by the year 2020.

Long-term Planning

Following an extensive public involvement process, the City adopted a Comprehensive Plan. This Plan provides a clear understanding of the community's goals and visions and supplies guidance for future municipal decisions. Kyle is experiencing rapid growth which in turn applies significant impact on all systems within the City, including financial, tax structure, transportation systems, provision of utilities, and access to goods and services.

In order to ensure adequate provision of basic services while fostering a high quality of life and preserving Kyle's unique community, it is necessary for the City to be proactive in planning for the future. This Comprehensive Plan for the City of Kyle provides guidance for ad valorem tax revenue to fund service provisions, protecting sensitive cultural and natural features representative of Kyle's history and character, directing growth in key locations, and ensuring a high quality of life. The planning horizon of this Comprehensive Plan is through the year 2040, when it is projected that approximately 90,000 residents will live in Kyle.

Major Initiatives

The City Council adopted a number of policy based priorities to not only maintain but also enhance the City of Kyle as a vibrant, healthy, family-friendly, and safe community. These policy based priorities included but not limited to the following:

- Public Safety Program Initiatives
- Street Maintenance & Reconstruction Program
- Park Improvement Program

- Water and Wastewater Infrastructure Improvement & Expansion Program
- Downtown Revitalization Grant Program
- Downtown Beautification Plan
- Annexation Plan
- Tourism Plan

A number of major programs were initiated and completed in the City of Kyle during fiscal year 2015. These included the following:

- Design and right-of-way acquisition initiated for the \$36 million bond package approved by the citizens for the five major roadways. This program when completed will increase commercial and industrial development.
- Completion of major improvements at the City's Greg-Clark Park and Lake Kyle.
- Right-of-way acquisition and design for the City's Southside wastewater collection system.
- Streamlining of the City's development and permitting process.

FINANCIAL INFORMATION

Budgetary Information

The fiscal year 2016 Approved Budget totals \$80.1 million and includes \$19.1 million for the General Fund to provide public safety, code enforcement, parks, street maintenance, library, and other municipal services to the citizens of Kyle.

The budget development and adoption process was based on the City's commitment and dedication to complete transparency, openness, and inclusiveness in government. The City included an extensive public participation process including public hearings, City Council planning workshop and public meetings throughout the budget development, deliberations, and adoption process. The City's budget development process incorporates financial resource allocation planning with performance measurement for service delivery and public input.

The fiscal year 2016 Approved Budget was adopted with a property tax rate increase of \$0.0465 to \$0.5848 per \$100 of assessed valuation. The budget provides for a merit increase for City employees, compliance with the meet and confer requirements for civil service employees, addition of positions for police officers, library, public works, animal control, and emergency dispatch operations.

The Approved Budget for fiscal year 2016 did not include any rate increase for water, wastewater, or fees and charges for city services. A 3.9% rate increase is included for solid waste collection service based on the contract terms entered by the City with Texas Disposal Systems.

Bond Rating

The City's bond rating was upgraded to AA- from A+ by Standard and Poor's rating agency based on the City's strong liquidity and financial position, stable economic growth outlook in Kyle, and the City's strong financial management conditions due largely to its financial management practices.

Financial Policies

The City has adopted a comprehensive set of Financial Policies to ensure that the City's financial resources are prudently managed and safeguarded against misuse or loss. The City has established and maintains its goal for a balanced budget to achieve long-term financial stability and viability for the citizens of Kyle.

Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting information is compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable assurance, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

As required under the City Charter, the annual operating budget is proposed by the City Manager and approved by the City Council after holding many public discussions, deliberations, workshops, and hearings. Primary responsibility for budget variance analysis of actual expense or revenue and overall programs rests with the City department operating the program. As evidenced in the financial statements, notes, and schedules included in the CAFR, the City of Kyle continues to meet its responsibility for sound financial management, transparency, and accountability.

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Levels of budgetary control, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established at the department level within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Encumbered amounts lapse at year end and are generally appropriated as part of the following year's budget. Another budgetary control is the monthly revenue and expenditure report summarizing by department budget and actual balances with variances that are generated and reviewed by the Finance and the City Manager's Office. Each month, Finance Departments presents results Council to assess departments' expenditures based on actual to date. These actual expenditures are compared against the legally adopted budget for analysis and recommendations to the City Manager's Office and are presented to City Council.

Throughout the monthly analysis, budget assessments are completed to address formal adjustment recommendations to Council for adoption to modify the original budget.

Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool. The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a municipal government. The City pays annual premiums to the Pool for liability, property and worker's compensation coverage. An independent insurance brokerage firm underwrites surety bonds for selected city officials and staff.

Transparency in Financial Reporting

The City is fully committed to actively pursuing transparency in its policy-making, administration, budgeting, management oversight, and financial reporting. The City's Financial Services Department has streamlined its website to facilitate user-friendly access to the City's financial documents including annual budgets, financial performance reports, annual financial reports, capital improvements plan, check registers, financial policies, and other financial reports.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report (CAFR) that meets the GFOA program standards.

During fiscal year 2015, the City of Kyle was awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA for its Comprehensive Annual Financial Report issued for fiscal year ended September 30, 2014.

The City of Kyle was also the recipient of the Distinguished Budget Presentation Award presented by the Government Finance Officers Association (GFOA) for the fiscal year beginning October 2015. This award is the highest form of recognition in governmental budgeting and represents a significant achievement by an organization.

For the sixth consecutive year, the City of Kyle has received the highest Leadership Circle Award from the Texas Comptroller's Office for meeting and exceeding government transparency standards set by the state. This year's award to the City of Kyle is even more special as the Comptroller's Office has created and awarded the Platinum Star Award in recognition of the City's efforts of being "above and beyond" in providing for financial transparency.

Acknowledgments

The compilation and issuance of the City's Comprehensive Annual Financial Report was made possible with the dedication and contributions of the entire staff of the Financial Services Department. We would like to express our appreciation to all members of the department who assisted and contributed in the preparation of this report.

We also want to acknowledge the thorough, professional, and timely manner in which the City's independent auditor, Padgett, Stratemann & Co., LLP, conducted the audit.

In closing, we want to express our appreciation and gratitude for the City Council's guidance, policy directives, and continued support in all aspects of City's financial management.

Respectfully submitted,

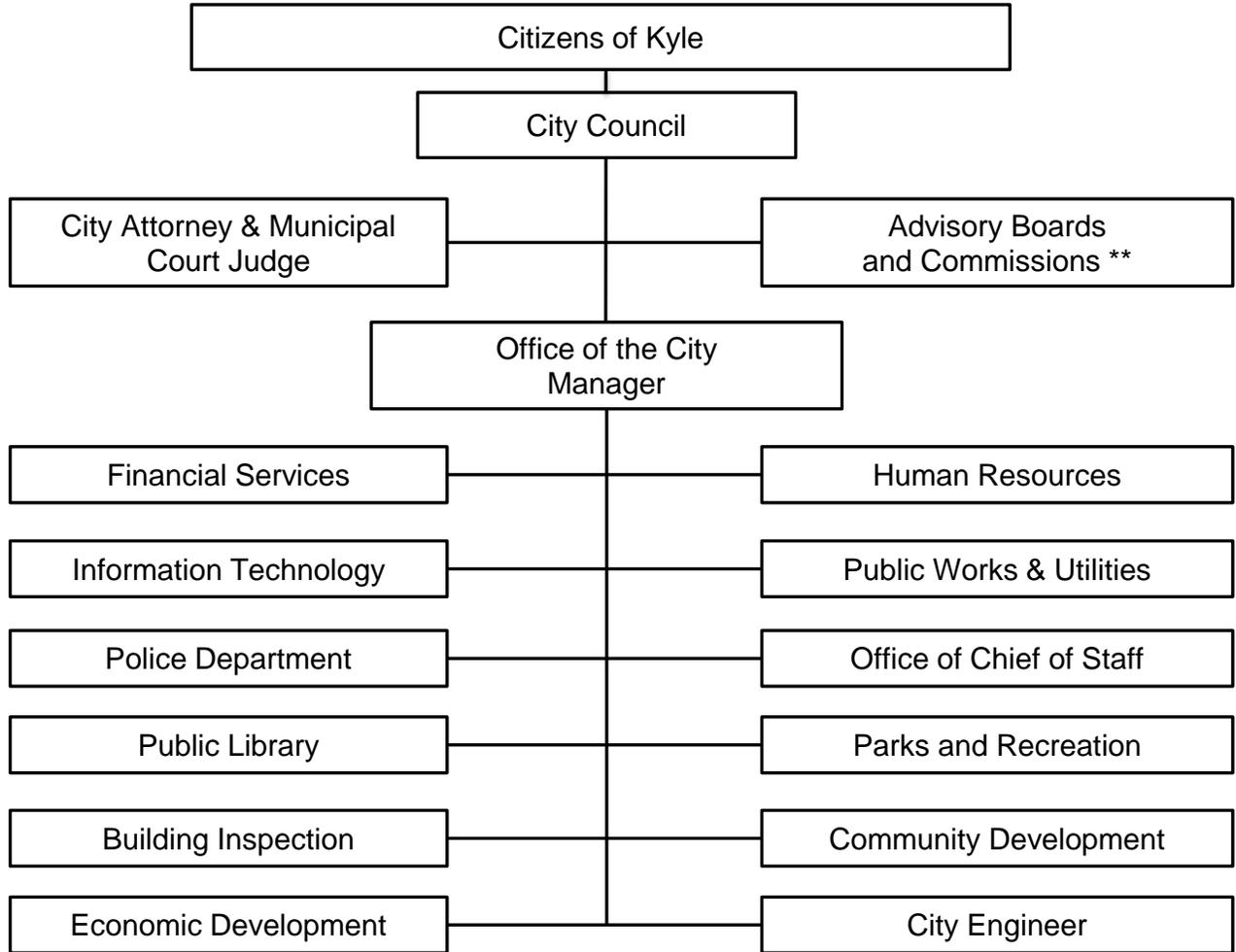


J. Scott Sellers
City Manager



Pervez A. Moheet, CPA
Director of Finance

City of Kyle - Organization Chart



** List of Advisory Boards and Commissions

Board of Adjustments
 Charter Review Commission
 Civil Service Commission
 Economic Development & Tourism Board
 Library Board

Parks and Recreation Board
 Planning and Zoning Commission
 Train Depot Board
 Ethics Commission
 Historic Preservation Commission



Elected Officials and Executive Management Team

City Council

R. Todd Webster.....	Mayor
David Wilson.....	Mayor Pro-Tem, District 4
Diane Hervol.....	District 1
Becky Selbera.....	District 2
Shane Arabie.....	District 3
Damon Fogley.....	District 5
Daphne Tenorio.....	District 6

Executive Management Team

J. Scott Sellers.....	City Manager
James R. Earp, CPM.....	Assistant City Manager
Mario Perez.....	Building Official
Davidson, Troilo, Ream Garza, PC.....	Attorney
Leon Barba, P.E.....	City Engineer
Amelia Sanchez.....	City Secretary
Jerry Hendrix.....	Chief of Staff
Diana Blank-Torres.....	Director of Economic Development
Perwez A. Moheet, CPA.....	Director of Financial Services
Sandra Duran.....	Director of Human Resources
Andy Cable.....	Municipal Court Judge
Kerry Urbanowicz.....	Director of Parks and Recreation
Howard Koontz.....	Director of Planning
Jeff Barnett.....	Chief of Police
Paul Phelan.....	Library Director
Harper Wilder.....	Director of Public Works



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kyle
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Kyle
Texas**

For the Fiscal Year Beginning

October 1, 2015

Jeffrey R. Emswiler

Executive Director



FINANCIAL SECTION





Padgett Stratemann

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Kyle, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kyle, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kyle, Texas as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

AUSTIN

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SAN ANTONIO

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SAN ANTONIO, TEXAS 78216
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Emphasis of Matters

As described in Note I to the financial statements, in 2015 the City adopted the new accounting guidance contained in Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*. As described in Note V.E. to the financial statements, the beginning net position has been restated for the adoption of GASB Statement No. 68. Our opinion is not modified with respect to these matters.

As described in Note I to the financial statements, in 2015 the City adopted the new guidance contained in GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Schedule of Funding Progress for the Other Post-Employment Benefits, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, and Notes to the Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Combining Financial Statements, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Combining Financial Statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Financial Statements, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Padgett, Stratemann + Co., L.L.P.

Austin, Texas

February 8, 2016

The City management is pleased to present the City of Kyle's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015.

The Management's Discussion and Analysis (MD&A) section of the CAFR presents a narrative overview and analysis of the financial activities of the City of Kyle for the year ended September 30, 2015. The analysis is intended to assist readers in focusing on key financial issues and changes in the City's financial position and in identifying any significant variances from the approved budget.

We encourage our readers to consider the information presented in this section of the annual report in conjunction with additional information that we have provided in our letter of transmittal and the financial statements furnished in this report.

FINANCIAL HIGHLIGHTS

- The City's total assets and deferred outflows exceeded total liabilities at the end of fiscal year 2015 resulting in a net position of \$120.8 million as of September 30, 2015. Of the total \$120.8 million net position, \$21.9 million remained unrestricted and is available to meet any future obligations of the City.
- Net position for all governmental activities totaled \$50.4 million and \$70.3 million for business-type activities at September 30, 2015.
- \$25.9 million or 128.1% increase in the combined fund balance totaling \$46.1 million for all governmental funds at September 30, 2015 as compared to the prior fiscal year.
- \$1.6 million or 17.3% increase in the ending balance of the City's General Fund totaling \$10.7 million at September 30, 2015 as compared to the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City of Kyle's basic financial statements, consisting of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements, including information on individual funds.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner comparable to a private-sector business. The two government-wide statements are as follows:

- The **Statement of Net Position** presents information on all of the City's assets, deferred outflows and deferred inflows, liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Kyle is improving or deteriorating.
- The **Statement of Activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement including items that will only result in cash flows in future fiscal periods, such as revenue for uncollected taxes and expenditures for earned but unused vacation leave. This statement includes the annual depreciation for infrastructure and governmental assets.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, planning, economic development, street maintenance, code enforcement, recreation and culture, and solid waste and recycling services. The business-type activities of the City include services provided by the water and wastewater utility system.

Fund Financial Statements

The fund financial statements are intended to report financial information in groupings of related accounts used to account for and manage resources that have been designated for specific activities or objectives. The City of Kyle, like other local governments, utilizes a fund accounting system to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds - are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These funds focus on current sources and uses of resources and on the balances of available resources at the end of the fiscal year. This information may be useful in evaluating what financial resources are available in the near term to finance the City's future obligations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City's General Fund is reported as a major fund and information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. In addition, the City maintains several governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for each major fund which is first shown on the Balance Sheet for Governmental Funds.

A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the annual budget appropriations and is presented as required supplementary information. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements.

Proprietary Funds – are generally used to account for services for which the City charges customers. Proprietary fund statements provide the same type of information shown in government-wide financial statements, only in more detail.

The City maintains one type of proprietary fund, an Enterprise Fund. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses one enterprise fund to account for its water and wastewater utility operations.

Fiduciary Funds – are used to account for resources held in a trust or agency capacity. These funds cannot be used to support governmental activities. The City uses an Other Post Employment Benefit Trust Fund to account for and report resources that are required to be held in trust for members of the city-paid retiree health insurance benefit plan.

Basis of Reporting – The government-wide statements and fund-level proprietary statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements are reported using the current resources measurement focus and the modified accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to fully understanding the data provided in the government-wide and fund financial statements.

Other Information

The Required Supplementary Information (RSI) section immediately follows the basic financial statements and accompanying notes to the financial statements section of this annual report. The City adopts an annual appropriated budget for the General Fund. The RSI section provides a comparison of revenues, expenditures, and other financing sources and uses of budgetary resources and demonstrates budgetary compliance for the General Fund and this section also provides a schedule of funding process for the retirement plan.

In addition, following the RSI section are other statements and schedules, including the combining statements for non-major governmental funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. For the fiscal year ending September 30, 2015, the City's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$120.8 million.

Below are summary highlights of the City's Net Position as of the end of fiscal year 2015 at September 30, 2015:

- Governmental Activities:
 - ❖ Current and Other Assets increased by \$25.9 million or 113.03% primarily from the net results of operations.
 - ❖ Capital Assets increased by a net \$10.7 million or 11.5% at fiscal year-end. Contributed capital was higher than the previous year by approximately \$0.3 million.
 - ❖ Liabilities increased by a net \$31.0 million or 41.8% which included new debt issuance during FY 2014-15.

- Business-type Activities:
 - ❖ Current and Other Assets increased by a \$5.9 million or 35.1% primarily from the net results of operations.
 - ❖ Capital Assets increased by a net \$2.3 million or 4.5%.
 - ❖ Total liabilities increased by a net \$1.1 million or 23.1% resulting from the increase in the total amount accumulated for the Aqua Texas billing dispute associated with the wastewater treatment plant operations and maintenance.

The following table reflects a condensed summary of Statement of Net Position compared to prior year:

City of Kyle, Texas Net Position For the Fiscal Year Ended September 30, 2015 (With Comparative Totals for September 30, 2014)						
	Government Activities		Business-type Activities		Totals	
	2015 (Restated)	2014	2015 (Restated)	2014	2015	2014
Current & other assets	\$ 48,756,341	\$ 22,886,963	\$ 22,744,562	\$ 16,839,388	\$ 71,500,903	\$ 39,726,351
Capital assets	104,001,902	93,251,482	53,248,372	50,935,923	157,250,274	144,187,405
Total assets	\$ 152,758,243	\$ 116,138,445	\$ 75,992,934	\$ 67,775,311	\$ 228,751,177	\$ 183,913,756
Total Deferred Outflow of Resources						
Charge for Refunding Pension Plan	\$ 2,328,830	\$ 403,540	\$ -	\$ -	\$ 2,328,830	\$ 403,540
	599,710	-	151,201	-	-	-
Total Deferred	\$ 2,928,540	\$ 403,540	\$ 151,201	\$ -	\$ 2,328,830	\$ 403,540
Liabilities	\$ 2,889,850	\$ 2,992,940	\$ 2,467,730	\$ 1,848,326	\$ 5,357,580	\$ 4,841,266
Non-current liabilities	102,374,349	71,251,623	3,316,048	2,850,115	105,690,397	74,101,738
Total liabilities	\$ 105,264,199	\$ 74,244,563	\$ 5,783,778	\$ 4,698,441	\$ 111,047,977	\$ 78,943,004
Total Deferred Inflow of Resources						
Pension Plan	\$ 7,089	\$ -	\$ 1,787	\$ -	\$ 8,876	\$ -
Total Deferred	\$ 7,089	\$ -	\$ 1,787	\$ -	\$ 8,876	\$ -
Net investment in capital assets	\$ 35,630,219	\$ 22,888,184	\$ 50,597,881	\$ 48,085,808	\$ 86,228,100	\$ 70,973,992
Restricted	1,765,670	1,387,728	10,854,507	8,470,600	12,620,177	9,858,328
Unrestricted	13,019,607	18,021,510	8,906,182	6,520,462	21,925,789	24,541,972
Total of Net Position	\$ 50,415,495	\$ 42,297,422	\$ 70,358,570	\$ 63,076,870	\$ 120,774,066	\$ 105,374,292

The largest portion of the City's \$120.8 million net position includes \$86.2 million or 71.4% is its investment in capital assets (e.g., land, buildings, machinery, and equipment); less depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of depreciation and related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another major portion of the City's \$120.8 million net position is its restricted resources totaling \$10.8 million or 8.5% to be used for capital improvements. The City's \$120.8 million net position also includes resources restricted for special purposes such as for the municipal court and law enforcement in the amount of \$0.7 million or 0.5% and \$1.0 million or 0.8% for debt service. The remaining balance of the City's \$120.8 million net position comprised of unrestricted resources totaling \$21.9 million or 18.1% which may be used to meet future obligations of the City of Kyle.

Changes in Net Position

The following table provides a summary of activities that resulted in the changes to the City's Net Position compared to prior year.

This section intentionally left blank.

City of Kyle, Texas Changes in Net Position For the Fiscal Year Ended September 30, 2015 (With Comparative Totals for September 30, 2014)						
	Government Activities		Business-type Activities		Totals	
	2015 (Restated)	2014	2015 (Restated)	2014	2015	2014
Revenue						
Program Revenue						
Charges for services	\$ 4,811,441	\$ 4,056,143	\$ 16,226,692	\$ 15,523,262	\$ 21,038,133	\$ 19,579,405
Operating grants and contributions	135,308	271,053	-	-	135,308	271,053
Capital grants and contributions	-	-	3,509,187	1,563,847	3,509,187	1,563,847
General Revenue						
Property taxes	9,753,418	8,919,432	-	-	9,753,418	8,919,432
Sales tax	6,676,810	4,611,401	-	-	6,676,810	4,611,401
Franchise tax	1,149,213	1,042,212	-	-	1,149,213	1,042,212
Other taxes	244,065	200,753	-	-	244,065	200,753
Contributions not restricted	9,182,145	9,241,337	-	-	9,182,145	9,241,337
Investment earnings	27,734	19,760	9,602	9,109	37,336	28,869
Miscellaneous	1,495,354	1,391,064	118,034	268,519	1,613,388	1,659,583
Total Revenue	\$ 33,475,488	\$ 29,753,155	\$ 19,863,515	\$ 17,364,737	\$ 53,339,003	\$ 47,117,892
Expense						
General government	\$ 7,265,995	\$ 5,939,271	\$ -	\$ -	\$ 7,265,995	\$ 5,939,271
Public safety	5,687,000	5,052,323	-	-	5,687,000	5,052,323
Public works	6,648,193	5,363,579	-	-	6,648,193	5,363,579
Culture/Recreation	2,497,592	2,095,111	-	-	2,497,592	2,095,111
Interest on long term debt	2,167,498	2,873,587	-	-	2,167,498	2,873,587
Issuance Costs	492,049	-	-	-	492,049	-
Other debt service	-	(3,842)	-	-	-	(3,842)
Water/Wastewater	-	-	10,728,373	10,340,478	10,728,373	10,340,478
Total Expenses	\$ 24,758,326	\$ 21,320,029	\$ 10,728,373	\$ 10,340,478	\$ 35,486,700	\$ 31,660,507
Change in net position before Transfers	\$ 8,717,162	\$ 8,433,126	\$ 9,135,142	\$ 7,024,259	\$ 17,852,304	\$ 15,457,385
Transfers (net)	1,359,611	2,011,505	(1,359,610)	(2,011,505)	1	-
Change in net position	10,076,773	10,444,631	7,775,532	5,012,754	17,852,305	15,457,385
Net position - beginning -	40,338,720	31,852,791	62,583,036	58,064,116	102,921,756	89,916,907
Net position - ending	\$ 50,415,494	\$ 42,297,422	\$ 70,358,568	\$ 63,076,870	\$ 120,774,061	\$ 105,374,292

Governmental Activities – Government-wide Statements

Governmental activities increased the City's net position by \$8.0 million. Key elements of this change in net position are explained below:

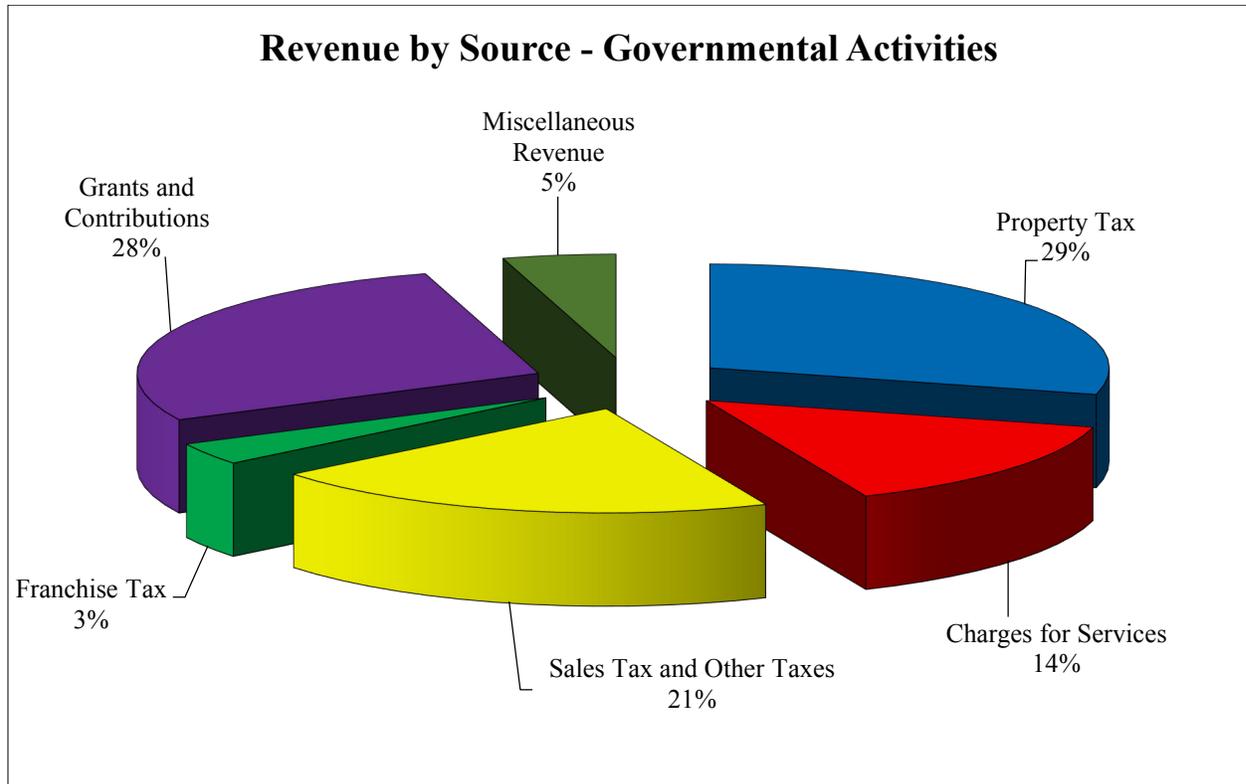
Program Revenue. Total program revenue, which are charges for services, operating grants/contributions and capital grants/contributions increased by approximately \$0.6 million from the prior year due mainly to net increase in charges for services of \$0.8 million and net decrease in capital grants/contributions of \$0.1 million.

General Revenue. Property taxes, sales tax and franchise fees increased by \$0.8 million or 8.4%, \$2.1 million or 44.8%, and \$0.11 million or 10.3% respectively over the prior fiscal year. The increase in sales tax is due to the addition of new businesses within Kyle. Investment earnings increased by \$0.01 million or 40.4% over the previous year.

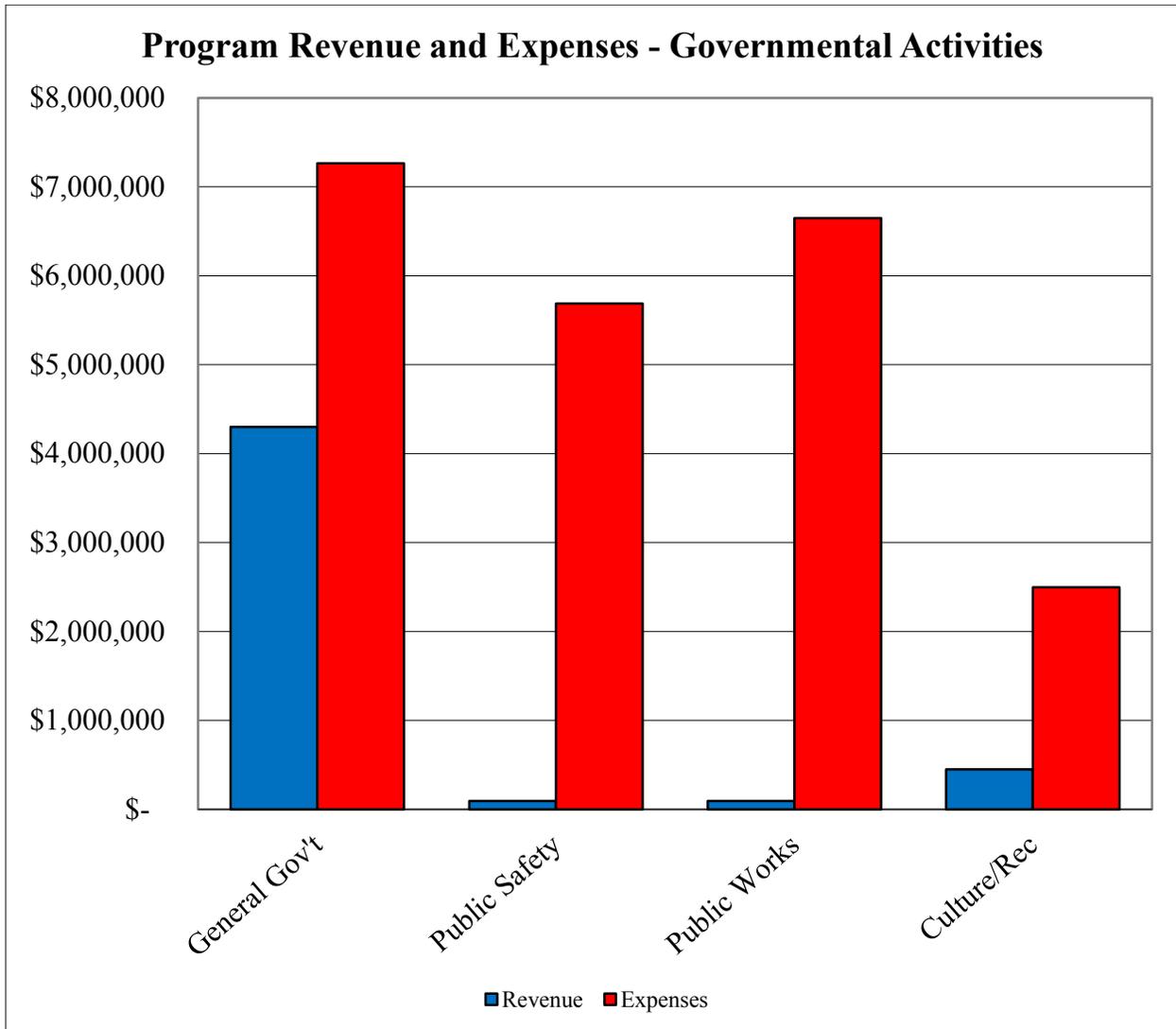
Expenses. Governmental expenses resulted in an overall increase of \$3.4 million or 16.1% compared to the prior year. Following are the main reasons for the increase in expenditures:

- General Government increased by \$1.3 million or 22.3%. This is due to the increase in the City's incentive obligations under Texas Local Government Local chapter 380 agreements and increased operating costs.
- Public Safety increased by \$0.6 million or 12.6%. This increase is due to the increase in EMS funding, higher operating costs and the Meet & Confer negotiations that were approved for the City's civil service officers.
- Public Works increased by \$1.3 million or 24.0%. This increase is the result of increase in operating costs associated with sanitation and recycling services.
- Culture and Recreation increased by \$0.4 million or 19.2% and Bond Interest decreased by \$0.7 million or 24.6%.
- Other Debt Service Expense, which includes fiscal agent fees and issuance costs, decreased by \$0.2 million or 7.0%.
- Water & Wastewater fund increased by \$0.4 million or 3.8%.
- The legal level of budgetary control is maintained at the function level.

Budget Variances. All expenditures for the City's General Fund functions and activities were within adopted budget appropriations for fiscal year 2015. The following two charts illustrate first, a breakdown of general governmental activity revenue by source and second, a comparison of program revenue and expenditures by function.



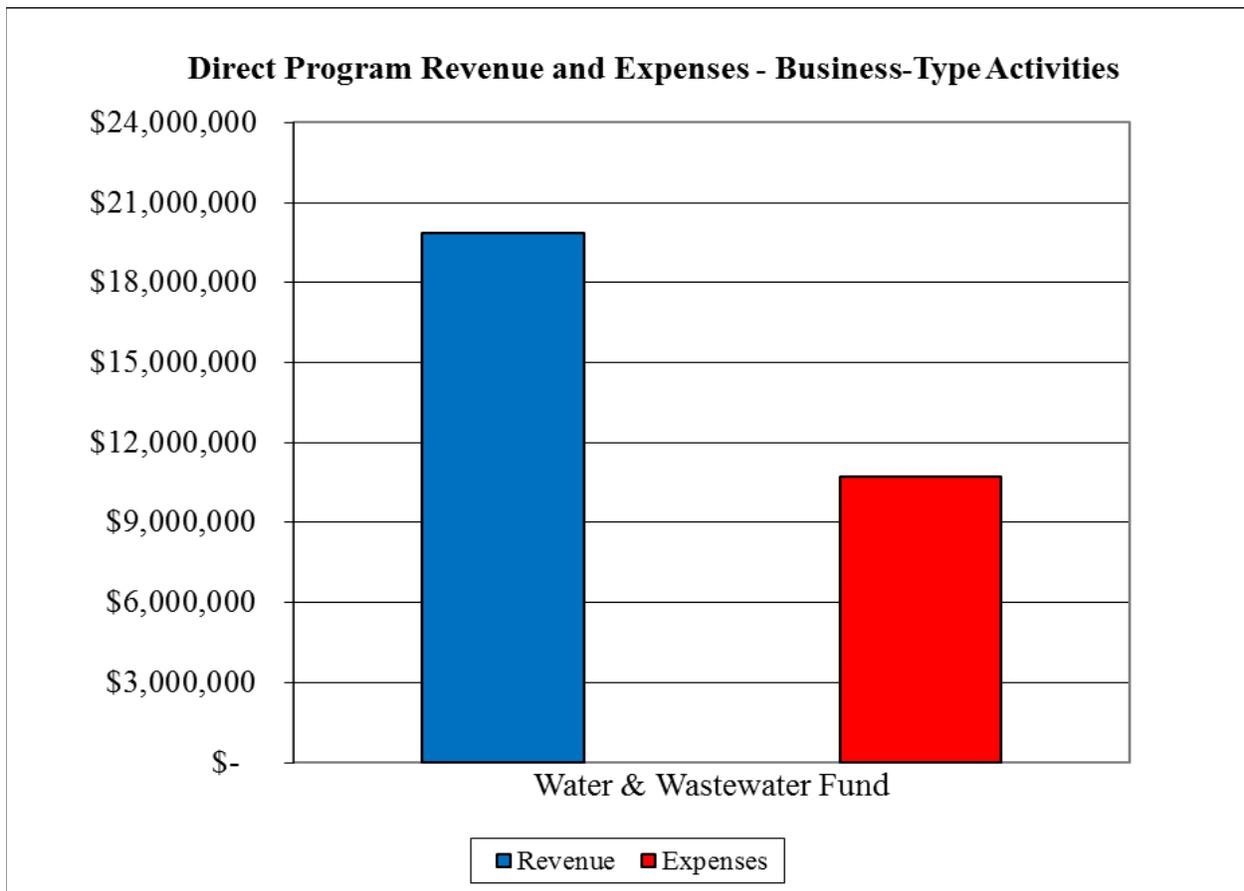
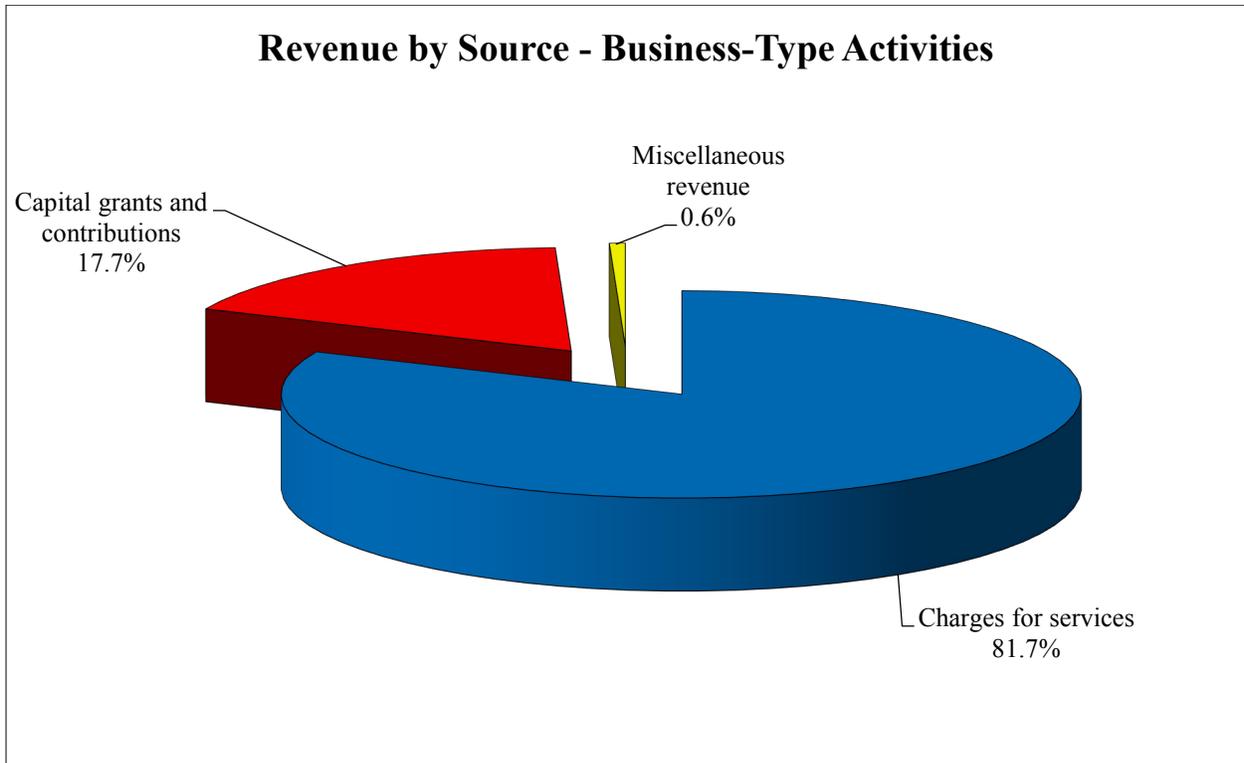
- As shown in the above chart, the primary sources of revenue for governmental activities are from property taxes (\$9.6 million or 29%), charges for services (\$4.8 million or 14%), and sales tax (\$6.9 million or 21%).
- Charges for services include revenue sources such as fees for building inspections, plan review, recreational program fees, trash collection charges, etc.
- Revenue from property taxes increased by \$0.7 million or 8.4% between 2014 and 2015. This increase is due to the increase in the property tax rate and in the certified tax roll for taxable assessed valuations from \$1.50 billion in 2014 to \$1.64 billion in 2015. The property tax rate adopted effective October 2014 (fiscal year 2015) was \$0.5383 per \$100 of assessed valuation which is a decrease of \$0.0100 from the previous year.
- Sales taxes which represented \$6.9 million or 21% of total revenue for governmental activities also increased significantly over the prior year.



- Based on the chart above General Government is the largest expenses function (\$7.2 million or 29.3%), which includes all administrative and support functions including non-departmental expenses. This is followed by Public Works (\$6.6 million or 26.8%), closely followed by Public Safety (\$5.7 million or 22.9%), and Culture/Recreation (\$2.5 million or 10.1%).
- Interest on Debt and Other Debt Fees do not have a source of program revenue so they are not included in the above chart. The balance of funding for all of the above activities comes from property, sales and other taxes, investment income and transfers from other funds.

Business-Type Activities – Government-wide Statements

Business-type activities increased the City’s net position by \$7.7 million in fiscal year 2015. This was the net result of \$19.9 million in revenue, \$10.7 million in expenses, and \$1.4 million in transfers out. The two charts below provide similar information as shown previously but only for business-type activities instead of governmental activities.



Revenue. Charges for services revenue for business-type activities include City's Water and Wastewater Utility operations which increased from the prior year. Revenue from charges for services increased by \$0.7 million or 4.5% from the prior year due to the addition of new customers. Contributions for capital grants increased by \$1.9 million as compared to the previous year. Investment earnings increased by \$493 or 5.41% due to the use of cash and investments to pay for operating and capital activities.

Expenses. Business-type expenses totaled \$10.7 million, an overall increase of \$0.4 million or 3.8% from the prior fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

In comparison to the government-wide statements, the fund-level statements focus on the key funds of the City. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The City reports the following types of governmental funds: the general fund, special revenue funds, debt service funds, and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available at the end of the fiscal year.

As of September 30, 2015, the City's governmental funds reported combined ending fund balance of \$46.1 million. Of this amount \$35.4 million is restricted and the remaining \$10.7 million is unassigned fund balance available for future obligations.

General Fund – The General Fund is the primary operating fund of the City. On September 30, 2015, the unassigned fund balance totaled \$10.7 million. The unassigned General Fund Balance increased by \$1.6 million or 17.3% at September 30, 2015 as compared to the prior fiscal year primarily due a combination of increase in revenue and reduction in budgeted expenditures. The current year tax collection rate was 99% of the levy.

Overall, total General Fund revenue increased by \$3.1 million or 20.2% and actual expenditures increased by approximately \$3.9 million or 28.8% during fiscal year 2015 as compared to the prior fiscal year 2014. General government functions, which serves as a roll-up for non-specific activities, increased by \$1.4 million or 29.9% over the prior year. Public Safety increased by \$0.6 million or 13.3%, Culture/Recreation increased by \$0.3 million or 18.6% and Public Works increased by \$0.7 million or 26.8%. The increase was mainly due to increases in personnel costs and operating costs.

The Debt Service Fund is used to account for financial activity related to the City's general bonded indebtedness, as well as other long-term obligations. Revenues from property taxes use for Debt Service increased from \$4.7 million to \$5.2 million in 2015. The related debt service also increased from \$5.9 million to \$5.7 million, which is primarily attributable to issuance cost incurred in 2015.

The Capital Projects Funds are used to account for financial activity related to the City indebtedness for Capital Projects, other City contributions, and the operating activities of those projects. During 2015, fund balance increased by \$23.9 million. The increase in the Capital Projects was mainly due to the Series 2015 Refunding bonds which were issued for the refunding a portion of the City's outstanding general obligation debt and also for funding of the following projects: (i) paying professional services to plan, design, the acquisition of rights-of-way and the construction and improvement of the following City streets: Bunton Creek Road, North Burleson Street, Goforth Road, Lehman Road, and Marketplace Avenue.

Other Governmental Funds – In addition to the General Fund, Governmental Funds include Special Revenue Funds, Debt Service Fund and Capital Projects Funds. As of September 30, 2015, the all Other Governmental Funds reported combined ending fund balance of \$35.3 million. Please refer to Exhibit C-3 on pages 24 and 25 and Exhibit H-2 on pages 68 through 70 of the financial statements for detailed information pending to changes in fund balances for Governmental Funds.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The City accounts for its Water and Wastewater Utility operations in an Enterprise Fund within the Proprietary Fund category for business-type activities.

Overall, operating revenue for the Utility showed a \$0.6 million or 3.5% increase from the prior year. This is primarily due to a rate increase implemented, growth in customer base, and the continuing drought conditions during the year. Factors that contributed to the increase in net position are discussed in the business-type activities section of the government-wide statements.

CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

The City of Kyle's investment in capital assets for its governmental and business type activities as of September 30, 2015, totaled \$157.2 million (net of accumulated depreciation). This investment in capital assets include land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. The total increase in the City of Kyle's investment in capital assets for the fiscal year ended September 30, 2015 was \$13.1 million or 9.1%.

The following table summarizes the City of Kyle's investment in capital assets:

City of Kyle, Texas Investment in Capital Assets For the Fiscal Year Ended September 30, 2015 (With Comparative Totals for September 30, 2014)						
	Government Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,282,742	\$ 3,282,742	\$ 691,935	\$ 691,935	\$ 3,974,677	\$ 3,974,677
Buildings	16,207,706	16,018,140	5,434,442	5,434,442	21,642,148	21,452,582
Improvements other than buildings	3,918,963	2,871,004	66,313,387	62,600,877	70,232,350	65,471,881
Machinery and equipment	4,417,659	3,634,308	1,414,022	1,245,896	5,831,681	4,880,204
Infrastructure	104,008,391	94,749,561	-	-	104,008,391	94,749,561
Construction in Progress	6,086,454	2,242,931	1,785,053	1,484,647	7,871,507	3,727,578
Less: Accumulated depreciation	(33,920,013)	(29,547,204)	(22,390,469)	(20,521,874)	(56,310,482)	(50,069,078)
Total	<u>\$ 104,001,902</u>	<u>\$ 93,251,482</u>	<u>\$ 53,248,370</u>	<u>\$ 50,935,923</u>	<u>\$ 157,250,272</u>	<u>\$ 144,187,405</u>

Significant changes in capital asset balances during the fiscal year resulted from the following events:

- Right-of-way acquisition and design for the City's Southside Wastewater Collection System.
- Park improvements totaled approximately \$0.4 million for the year.
- Restoration improvement costs for the Kyle Train Depot project totaled approximately \$0.4 million for the year.
- Design and right-of-way acquisition primarily completed for the road projects.
- Contributed capital for the year totaled \$9.2 million.

Detailed information on capital asset activity for the fiscal year ended September 30, 2015 is provided in Note D to the Financial Statements on pages 47 to 48.

Debt Management

At September 30, 2015, the City's net outstanding debt totaled \$102.4 million. This is an increase of approximately \$29.16 million.

The City's bond rating was maintained at AA- by Standard & Poor's rating agency based on the City's strong liquidity and financial position, stable economic growth outlook in Kyle, and the City's strong financial management conditions due largely to its financial management practices.

The City of Kyle currently does not have any outstanding debt associated with special assessments such as for Public Improvement District bonds.

The table below summarizes the status of the City's outstanding debt (principal amount only) as of September 30, 2015, with a comparison of outstanding debt from the prior year. In addition, please refer to Note F – Long-Term Debt on page 49 in the Notes to the Financial Statement for detailed information on the changes in long-term debt.

City of Kyle, Texas Outstanding Debt For the Fiscal Year Ended September 30, 2015 (With Comparative Totals for September 30, 2014)						
	Government Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Debt obligations	\$ 47,425,000	\$ 39,530,000	\$ -	\$ -	\$ 47,425,000	\$ 39,530,000
Premium on bonds	4,379,536	681,261	-	-	4,379,536	681,261
Refunding bonds	47,930,000	30,160,000	-	-	47,930,000	30,160,000
Capital lease - plant	-	-	2,650,491	2,850,115	2,650,491	2,850,115
Total	<u>\$ 99,734,536</u>	<u>\$ 70,371,261</u>	<u>\$ 2,650,491</u>	<u>\$ 2,850,115</u>	<u>\$ 102,385,027</u>	<u>\$ 73,221,376</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local Economy and Outlook

The City of Kyle residents enjoy a vibrant local economy and an excellent quality of life. Among the many factors attributing to the vibrancy of Kyle include a high per capita household income, low unemployment rate, educated workforce, employment growth, and the continued addition of new businesses in the consumer, medical, and light manufacturing sectors.

All leading indicators during fiscal year 2015 showed that the City of Kyle's local economy has fully recovered and the outlook over the next year's budget development cycle is that of continued growth.

Among the major indicators of a stable yet an expanding local economy include growth in population, building permits, taxable valuations, property tax collection rate, and the trend for sales tax collections. Accordingly, we are pleased to report the following trends in the economic indicators for the fiscal year ended September 30, 2015:

- 7% increase in building permits from the prior year.
- 9.2% increase in taxable assessed property valuations from the prior year.
- 99.5% annual property tax collection rate.
- 22.6% average annual increase in sales tax collections over last year.
- 4.6% projected increase in population in the City of Kyle annually through the year 2020.
- Design and right-of-way acquisition initiated for the \$36 million bond package approved by the citizens for the five major roadways. This program when completed will increase commercial and industrial development.
- Completion of major improvements at the City's Greg-Clarke park and Lake Kyle.
- Streamlining of the City's development and permitting process.

- Public Safety Program Initiatives.
- Street Maintenance & Reconstruction Program.
- Park Improvement Program.
- Water and Wastewater Infrastructure Improvement & Expansion Program.
- Downtown Revitalization Grant Program.
- Downtown Beautification Plan.
- Annexation Plan.
- Tourism Plan.

Variances in Budget Appropriations General Fund (Budgetary Basis)			
	Original Budget	Final Budget	Actual Results
General Government	\$ 5,555,961	\$ 6,172,209	\$ 6,117,702
Public Safety	5,548,530	5,487,688	5,172,083
Public Works	3,460,752	3,556,911	3,190,093
Culture and Recreation	2,107,521	2,111,121	1,944,870
Capital Outlay	974,257	1,025,370	990,958
	<u>\$ 17,647,021</u>	<u>\$ 18,353,299</u>	<u>\$ 17,415,706</u>

Changes in original budget appropriations to the final amended budget appropriations resulted in a net \$706,278 increase in appropriations. This increase can be summarized by the following:

- General Government increased by approximately \$616,000 due to budget amendments for \$280,000 and the remaining due to rollover from prior year appropriations.
- Public Safety, Public Works, Culture and Recreation and Capital Outlay had a net change of approximately \$90,000 increase to adjusted appropriated balances to meet changing needs of the City throughout the year

Next Year's Budget

The fiscal year 2015-16 Approved Budget totals \$80.1 million and includes \$19.1 million for the General Fund to provide public safety, code enforcement, parks, street maintenance, library, and other municipal services to the citizens of Kyle.

The fiscal year 2015-16 Budget was adopted with a property tax rate increase of \$0.0100 to \$0.5848 per \$100 of assessed taxable valuation. The budget provides for an average 3.5% pay increase for City employees, compliance with the meet and confer requirements for civil service employees, addition of positions for police officers, library, public works, animal control, and emergency dispatch operations.

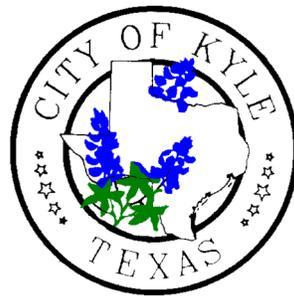
The Approved Budget for fiscal year 2016 did not include any rate increase for water, wastewater, or fees and charges for city services. A 4.83% rate increase is included for solid waste collection service based on the contract terms entered by the City with Texas Disposal Systems.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Kyle's Director of Finance, P.O. Box 40, 100 West Center St., Kyle, Texas 78640.



BASIC FINANCIAL STATEMENTS



CITY OF KYLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

EXHIBIT A-1

	Primary Government		Total
	Governmental Activities	Business Type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 11,522,745	\$ 10,722,154	\$ 22,244,899
Restricted Cash and Cash Equivalents	34,578,909	10,770,460	45,349,369
Restricted Investments - Current	138,603	84,047	222,650
Receivables (net of allowance for uncollectibles)	2,308,437	1,375,004	3,683,441
Internal Balances	207,103	(207,103)	-
Prepaid Items	544	-	544
Capital Assets:			
Nondepreciable Capital Assets	9,369,196	2,476,988	11,846,184
Capital Assets, Net	94,632,706	50,771,384	145,404,090
Total Assets	<u>152,758,243</u>	<u>75,992,934</u>	<u>228,751,177</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Charge for Refunding	\$ 2,328,830	\$ -	\$ 2,328,830
Deferred Outflow Related to Pension Plan	599,710	151,201	750,911
Total Deferred Outflows of Resources	<u>2,928,540</u>	<u>151,201</u>	<u>3,079,741</u>
LIABILITIES			
Accounts Payable	2,661,874	1,135,432	3,797,306
AquaTexas Disputed Amount	-	1,332,298	1,332,298
Other Current Liabilities	5,018	-	5,018
Payable from Restricted Assets	222,958	-	222,958
Noncurrent Liabilities			
Due Within One Year	4,400,000	222,050	4,622,050
Due in More Than One Year	95,334,536	2,428,442	97,762,978
Net Pension Liability	2,639,813	665,556	3,305,369
Total Liabilities	<u>105,264,199</u>	<u>5,783,778</u>	<u>111,047,977</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow Related to Pension Plan	7,089	1,787	8,876
Total Deferred Inflows of Resources	<u>7,089</u>	<u>1,787</u>	<u>8,876</u>
NET POSITION			
Net Investment in Capital Assets	35,630,219	50,597,881	86,228,100
Restricted for:			
Restricted for Special Revenue Purposes	761,975	-	761,975
Restricted for Debt Service	1,003,695	-	1,003,695
Restricted for Capital Improvements	-	10,854,507	10,854,507
Unrestricted Net Position	13,019,607	8,906,182	21,925,789
Total Net Position	<u>\$ 50,415,496</u>	<u>\$ 70,358,570</u>	<u>\$ 120,774,066</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 7,265,995	\$ 4,299,587	-	-
Public Safety	5,687,000	-	94,708	-
Public Works	6,648,193	62,544	32,883	-
Sanitation	-	-	7,717	-
Culture and Recreation	2,497,592	449,310	-	-
Bond Interest	2,167,498	-	-	-
Issuance Costs	492,049	-	-	-
Total Governmental Activities:	<u>24,758,326</u>	<u>4,811,441</u>	<u>135,308</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:				
Water & Wastewater	10,728,373	16,226,692	-	3,509,187
Total Business-Type Activities:	<u>10,728,373</u>	<u>16,226,692</u>	<u>-</u>	<u>3,509,187</u>
TOTAL PRIMARY GOVERNMENT:	<u>\$ 35,486,699</u>	<u>\$ 21,038,133</u>	<u>\$ 135,308</u>	<u>\$ 3,509,187</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes
Property Taxes, Levied for Debt Service
Sales Taxes
Franchise Taxes
Other Taxes
Grants and Contributions Not Restricted
Miscellaneous Revenue
Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning (Restated)

Net Position--Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,966,408)	\$ -	\$ (2,966,408)
(5,592,292)	-	(5,592,292)
(6,552,766)	-	(6,552,766)
7,717	-	7,717
(2,048,282)	-	(2,048,282)
(2,167,498)	-	(2,167,498)
(492,049)	-	(492,049)
<u>(19,811,577)</u>	<u>-</u>	<u>(19,811,577)</u>
-	9,007,506	9,007,506
-	9,007,506	9,007,506
<u>(19,811,577)</u>	<u>9,007,506</u>	<u>(10,804,071)</u>
4,544,123	-	4,544,123
5,209,295	-	5,209,295
6,676,810	-	6,676,810
1,149,213	-	1,149,213
244,065	-	244,065
9,182,145	-	9,182,145
1,495,354	118,034	1,613,388
27,734	9,602	37,336
1,359,611	(1,359,610)	1
<u>29,888,350</u>	<u>(1,231,974)</u>	<u>28,656,376</u>
10,076,773	7,775,532	17,852,305
40,338,720	62,583,036	102,921,756
<u>\$ 50,415,493</u>	<u>\$ 70,358,568</u>	<u>\$ 120,774,061</u>

CITY OF KYLE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 10,280,602	\$ 992,664	\$ 33,586,245
Investments	-	-	138,603
Receivables (Net)	2,223,845	83,692	-
Due from Other Funds	207,104	-	-
Prepaid Items	544	-	-
Total Assets	<u>\$ 12,712,095</u>	<u>\$ 1,076,356</u>	<u>\$ 33,724,848</u>
LIABILITIES			
Accounts Payable	\$ 798,757	\$ 72,662	\$ 589,718
Wages and Salaries Payable	649,269	-	3,715
Contracts Payable	181,397	-	-
Deposits Payable	12,245	-	-
Due to Other Funds	1	-	-
Other Current Liabilities	5,018	-	-
Developer Accounts Liability	222,958	-	-
Total Liabilities	<u>1,869,645</u>	<u>72,662</u>	<u>593,433</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Taxes	49,876	30,661	-
Total Deferred Inflows of Resources	<u>49,876</u>	<u>30,661</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
Prepaid Items	544	-	-
Restricted Fund Balance:			
Restricted Fund Balance - Special Revenue	-	-	-
Restricted Fund Balance - Capital Projects	-	-	33,131,415
Restricted Fund Balance - Debt Service	-	973,034	-
Other Assigned Fund Balance	-	-	-
Assigned Fund Balance:			
Other Assigned Fund Balance	-	-	-
Unassigned Fund Balance	10,792,030	-	-
Total Fund Balances	<u>10,792,574</u>	<u>973,034</u>	<u>33,131,415</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,712,095</u>	<u>\$ 1,076,357</u>	<u>\$ 33,724,848</u>

The notes to the financial statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,242,143	\$ 46,101,654
-	138,603
900	2,308,437
-	207,104
-	544
\$ 1,243,043	\$ 48,756,342
\$ 33,535	\$ 1,494,672
469	653,453
-	181,397
-	12,245
-	1
-	5,018
-	222,958
34,004	2,569,744
-	80,537
-	80,537
-	544
761,975	761,975
-	33,131,415
-	973,034
323,853	323,853
123,211	123,211
-	10,792,030
1,209,039	46,106,062
\$ 1,243,043	\$ 48,756,343

CITY OF KYLE
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

Total Fund Balances - Governmental Funds	\$	46,106,062
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$122,798,686 and the accumulated depreciation was \$29,547,204. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		23,283,761
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase (decrease) net position.		9,588,985
The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(4,372,809)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		(24,190,503)
Net Position of Governmental Activities	\$	50,415,496

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Capital Projects
REVENUES:			
Taxes:			
Property Taxes	\$ 4,494,247	\$ 5,178,634	\$ -
General Sales and Use Taxes	6,676,810	-	-
Franchise Tax	1,149,213	-	-
Other Taxes	46,055	-	-
Licenses and Permits	1,364,274	-	-
Intergovernmental Revenue and Grants	22,136	-	-
Charges for Services	3,522,743	-	-
Fines	1,082,343	-	-
Special Assessments	-	-	-
Investment Earnings	9,428	17,622	-
Rents and Royalties	12,193	-	-
Contributions & Donations from Private Sources	66,600	-	-
Other Revenue	40,456	9,256	-
Total Revenues	<u>18,486,498</u>	<u>5,205,512</u>	<u>-</u>
EXPENDITURES:			
Current:			
General Government	6,117,702	-	1,811,054
Public Safety	5,172,083	-	-
Public Works	3,190,093	-	-
Culture and Recreation	1,944,870	-	-
Debt Service:			
Bond Principal	-	3,490,000	-
Bond Interest	-	2,212,231	-
Issuance Costs	-	246,098	245,951
Capital Outlay:			
Capital Outlay	990,958	-	4,685,049
Total Expenditures	<u>17,415,706</u>	<u>5,948,329</u>	<u>6,742,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,070,792</u>	<u>(742,817)</u>	<u>(6,742,054)</u>
OTHER FINANCING SOURCES (USES):			
Capital-related Debt Issued (Regular Bonds)	-	20,873,863	28,791,137
Transfers In	1,970,862	2,104,951	-
Premium or Discount on Issuance of Bonds	-	1,860,121	1,935,483
Transfers Out (Use)	(1,448,063)	(1,397,467)	(2,632)
Payment to Refunded Bond Escrow	-	(22,487,886)	-
Total Other Financing Sources (Uses)	<u>522,799</u>	<u>953,582</u>	<u>30,723,988</u>
Net Change in Fund Balances	1,593,591	210,765	23,981,934
Fund Balance - October 1 (Beginning)	<u>9,198,983</u>	<u>762,268</u>	<u>9,149,480</u>
Fund Balance - September 30 (Ending)	<u>\$ 10,792,574</u>	<u>\$ 973,033</u>	<u>\$ 33,131,414</u>

The notes to the financial statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 9,672,881
-	6,676,810
-	1,149,213
198,010	244,065
-	1,364,274
113,173	135,309
209,877	3,732,620
-	1,082,343
62,543	62,543
684	27,734
-	12,193
91,300	157,900
3,110	52,822
678,697	24,370,707
16,361	7,945,117
129,594	5,301,677
-	3,190,093
136,086	2,080,956
-	3,490,000
-	2,212,231
-	492,049
422,978	6,098,985
705,019	30,811,108
(26,322)	(6,440,401)
-	49,665,000
209,525	4,285,338
-	3,795,604
(77,565)	(2,925,727)
-	(22,487,886)
131,960	32,332,329
105,638	25,891,928
1,103,400	20,214,131
\$ 1,209,038	\$ 46,106,059

CITY OF KYLE
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	25,891,928
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase (decrease) the change in net position.		9,588,985
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(4,372,809)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		(21,031,331)
Change in Net Position of Governmental Activities	\$	10,076,773

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business Type Activities
	Water & Wastewater Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 10,722,154
Restricted Investments	84,047
Accounts Receivable-Net of Uncollectible Allowance	1,375,004
Due from Other Funds	<u>1</u>
Total Current Assets	<u>12,181,206</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	10,770,460
Capital Assets:	
Nondepreciable Capital Assets	2,476,988
Capital Assets - Net of Accumulated Depreciation	<u>50,771,384</u>
Total Noncurrent Assets	<u>64,018,832</u>
Total Assets	<u>76,200,038</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	<u>151,201</u>
Total Deferred Outflows of Resources	<u>151,201</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	447,349
Wages/Compensated Absences Payable	109,932
Customer Deposits	578,151
Due to Other Funds	207,104
AquaTexas Disputed Amount	1,332,298
Capital Leases Payable - Current	<u>222,050</u>
Total Current Liabilities	<u>2,896,884</u>
NonCurrent Liabilities:	
Capital Leases Payable - Noncurrent	2,428,441
Net Pension Liability	<u>665,557</u>
Total Noncurrent Liabilities	<u>3,093,998</u>
Total Liabilities	<u>5,990,882</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	<u>1,787</u>
Total Deferred Inflows of Resources	<u>1,787</u>
NET POSITION	
Net Investment in Capital Assets	50,597,881
Restricted for Capital Improvements - Impact Fees	10,854,507
Unrestricted Net Position	<u>8,906,182</u>
Total Net Position	<u>\$ 70,358,570</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT D-2

	Business Type Activities
	Water & Wastewater Fund
OPERATING REVENUES:	
Charges for Services	\$ 10,601
Charges for Water Services	9,392,929
Charges for Wastewater Service	6,823,162
Rents and Royalties	16,200
Other Revenue	101,834
Total Operating Revenues	16,344,726
OPERATING EXPENSES:	
Personnel Services - Salaries and Wages	
Water	655,417
Wastewater	305,939
Administration	1,314,633
Total Personnel Services - Salaries and Wages	2,275,989
Purchased Professional & Technical Services	
Water	3,807,897
Wastewater	2,096,573
Administration	331,865
Total Purchased Professional & Technical Services	6,236,335
Other Operating Expenses	
Water	182,703
Wastewater	36,182
Administration	128,569
Total Other Operating Expenses	347,454
Depreciation	1,868,595
Total Operating Expenses	10,728,373
Operating Income	5,616,353
NON-OPERATING REVENUES (EXPENSES):	
Investment Earnings	9,602
Total Non-operating Revenue (Expenses)	9,602
Income Before Contributions & Transfers	5,625,955
Capital Contributions	3,509,187
Non-Operating Transfer In	1,689,208
Transfers Out	(3,048,818)
Change in Net Position	7,775,532
Total Net Position -October 1 (Beginning) - Restated	62,583,036
Total Net Position September 30 (Ending)	\$ 70,358,568

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities Water & Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 16,214,126
Payments to suppliers	(5,792,162)
Payment to employees	(2,261,182)
Net cash provided by operating activities	\$ 8,160,782
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers In	\$ 960,000
Transfers Out	(2,745,537)
Net cash used by non-capital financing activities	\$ (1,785,537)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (671,876)
Payments on capital leases	(199,624)
Net cash used by capital and related financing activities	\$ (871,500)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment	\$ (84,047)
Interest and investment revenue received	9,602
Net cash used by investing activities	\$ (74,445)
Net increase in cash and cash equivalents	\$ 5,429,299
Cash and cash equivalents - beginning of year	\$ 16,063,315
Cash and cash equivalents - end of year	\$ 21,492,614
Noncash flow information	
Capital Contribution	\$ 3,509,187

The notes to the Financial Statements are an integral part of this statement.

CITY OF KYLE, TEXAS
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities Water & Wastewater Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income	\$ 5,616,353
Adjustments to reconcile operating income to net cash provided by operating activities	
Adjustment to unapplied credits (receivable)	\$ 425,627
Non cash adjustment for Pension Expense	\$ 22,630
Depreciation	\$ 1,868,595
Capital lease interest classified as capital and related financing activities	
Changes in assets and liabilities	
Accounts receivable	\$ (459,187)
Accounts payable	190,421
Wages and salaries payable	(7,503)
Customer deposits	7,436
Due to other funds	67,360
Aqua Texas disputed amount	429,050
Net cash provided by operating activities	<u>\$ 8,160,782</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF KYLE
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2015

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 121,136
Accounts Receivable-Net of Uncollectible Allowance	4,864
Total Assets	<u>\$ 126,000</u>
LIABILITIES	
Other Noncurrent Liabilities	\$ 126,000
Total Liabilities	<u>\$ 126,000</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kyle, Texas (the City) adopted a City Charter in October 2000. As a home rule form of government, the City Council determines policy. The City Manager is the Chief Administrator of the City and is appointed by the City Council. The City provides the following services: Public Safety, Street Maintenance, Refuse Collection, Recreation Programs, Municipal Court, Community Development, Public Improvements, Water and Wastewater Services and General Administrative Services.

A. Reporting Entity

The Mayor and Council are elected by the public and they have the authority to make decisions, appoint administrators and managers, and significantly influence operations. They also have the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity, and Statement No. 61, *The Financial Reporting Entity: Omnibus* ". The accompanying financial statements comply with the provisions of GASB Statement No. 14 and 61. There are no component units which satisfy requirements for blending within the City's financial statements or for discrete presentation.

Current Year GASB Statement Implementations

Effective October 1, 2014, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No.27*. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Upon adoption, the City's net pension liability, deferred inflows and outflows and pension expense are now reflected in the financial statements in accordance with this statement. The beginning Net Position is restated as a result of the guidance provided by this statement.

Effective October 1, 2014, the City adopted GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. No changes were required upon adoption as a result of the guidance provided by this statement.

Effective October 1, 2014, the City adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - amendment of GASB Statement No. 68*. This statement addresses issues regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The City implemented this Statement in fiscal year 2015, simultaneously with the provisions of Statement 68.

The City adopted GASB Statement No. 77, *Tax Abatement Disclosures* in 2015. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Reporting Entity (Cont'd)

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period

Future GASB Statement Implementations

GASB Statement No. 72, Fair Value Measurement and Application

This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments will be required to organize these disclosures by type of asset or liability reported at fair value. The statement also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68

This statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement No. 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this statement extend the approach to accounting and financial reporting established in GASB Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in GASB Statement No. 68 should not be considered pension plan assets. It also requires information similar to that required by GASB Statement No. 68 be included in notes to the financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Reporting Entity (Cont'd)

This statement also clarifies the application of certain provisions of GASB Statements No. 67 and 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation

The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This statement replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

This statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The requirements in this statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the accounting principles generally accepted in the United States of America (“GAAP”) hierarchy; thus, providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature.

This statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015 and should be applied retroactively. Earlier application is permitted.

The City has not fully determined the effects that implementation of these statements will have on the City’s financial statements.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position reflects both short-term and long-term assets and liabilities, as well as deferred inflows and outflows. In the Government-wide Statement of Net Position, governmental activities are reported separately from business-type activities. Governmental activities are supported by taxes and intergovernmental revenues, whereas business-type activities are normally supported by user fees and charges for services. Long term assets, such as capital assets, long-term obligations, such as debt, and any deferred inflows and outflows, are now reported in the governmental activities. The components of Net Position are presented in three separate categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Interfund receivables and payables within governmental and business-type activities have been eliminated in the government-wide Statement of Net Position, which minimizes the duplication within the governmental and business-type activities. The net amount of interfund transfers between governmental, proprietary and fiduciary funds is the balance reported in the Statement of Net Position.

The statement of activities demonstrates how other entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The "grants and contributions" columns include amounts paid by organizations outside the city to help meet the operational or capital requirements of a given function. If a revenue including contributions is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for City operations, they are not included in the government-wide statements. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied as a lien attaches to the real property by operation of law. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental and fiduciary funds and between proprietary funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Net Position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues as soon as they are both measurable and available. Revenues are considered to be available by the City when they are received and thus available to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from local sources consist primarily of property taxes and sales taxes. Property, sales and other tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City's availability period is no more than 60 days beyond the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

The Proprietary Funds and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted for capital improvements, and unrestricted net position.

D. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund balances and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the proceeds of revenue sources, those proceeds' restrictions or commitments for which they are to be spent and the means by which spending activities are controlled. The City has three types of funds: governmental, proprietary, and fiduciary. The fund financial statements provide more detailed information about the City's most significant funds, but not on the City as a whole. Major governmental and enterprise funds are reported separately in the fund financial statements. Nonmajor funds are aggregated in the fund financial statements and independently presented in the combining statements. The criteria used to determine if a governmental or enterprise fund should be reported as a major fund are as follows: the total assets and deferred outflows of resources, the total liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10.0% of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds), and the same element that met the 10.0% criterion above in the governmental or enterprise fund is at least 5.0% of the corresponding element total for all governmental and enterprise funds combined.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Fund Accounting (Cont'd)

The following is a brief description of the major governmental funds that are separately presented in the fund financial statements.

The General Fund - is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund - is used to account for debt service on bonded obligations of the City.

The Capital Projects Fund - is used to pay for professional services to plan, design, the acquisition for rights-of-way and the construction and improvement of the following City Streets: Bunton Creek Road, North Burleson Street, Goforth Road, Lehman Road, and Marketplace Avenue funded by issuance of 2013 General Obligation, 2008 Certificate of Obligation Fund, 2014 Tax Notes and 2015 General Obligation.

The City reports the following major proprietary fund:

The Water and Wastewater Fund - is used to account for the activities necessary for the provision of water and wastewater services.

In addition, the City reports the following fund types:

Governmental Funds:

Special Revenue Funds - are used to account for funds restricted to, or designated for, special purposes by the City or a grantor.

Agency Funds - are used to account for resources held for others in a custodial capacity. The City's agency fund is the Other Post Employment Benefits Fund (Retiree Health Insurance).

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Cash and Cash Equivalents

For purpose of presenting the proprietary fund cash flow statement, cash and cash equivalents include cash demand and time deposits and investments with a maturity date within three months of the date acquired by the City.

Investments

The city's investment practices are governed by state statutes and by the City's own investment policy. City cash is required to be deposited in Federal Insurance Corporations (FDIC) insured banks. A pooled cash strategy is utilized which enabled the City to have one central depository.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor or, (b) secured by obligations that are described by (1); (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with a third-party selected or approved by the City, and placed through a primary government securities dealer. Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value or net asset value (which approximates fair value), which is based on quoted market prices.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Restricted Assets

Certain assets of the Enterprise Fund are classified as restricted assets because their use is restricted for capital improvements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25 to 40
Waterworks and wastewater systems	10 to 50
Infrastructure	20 to 33
Machinery and equipment	5 to 10

Compensated Absences

The City permits employees to accumulate earned but unused vacation pay benefits. Certain employees have carried forward unused sick leave benefits. Unused sick leave shall be not paid upon termination of employment, except as specifically provided as follows:

1. An employee that terminates employment for any reason other than death, or being granted a retirement or disability allowance by the Texas Municipal Retirement System (TMRS) or the Social Security Administration (SSA), shall not be paid for unused sick leave.
2. An employee having at least 10 years of service with the City who is granted a retirement or a disability allowance by TMRS or SSA, or who dies, is entitled to a partial payment for up to 480 hours of unused sick leave accrued to such employee. The partial payment to the employee or the employee's beneficiary shall be as follows: (A) an amount equal to thirty percent (30%) of the value of such accrued, unused sick leave will be paid for 10 years of service; and (B) the amount to be paid for such unused sick leave shall increase by 2% for each year of service as an employee of the City, if any, in excess of 10 years.
3. An employee covered under the agreement between the City of Kyle and the Kyle Police Association may be paid for their unused sick leave, in accordance with the agreement.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Cont'd)

No liability is reported for unpaid accumulated sick leave for the remaining employees. Vacation pay and certain sick leave benefits are accrued when incurred in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

Fund Equity

The City classifies governmental fund balances in the governmental fund financial statements as follows:

Non-spendable - The non-spendable category includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – The restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund assigned amounts represent intended uses established by City Council or City Manager, and Department Directors. The City Manager, and Department Directors are authorized to assign individual amounts up to \$15,000 and City Council is authorized to assign amounts over \$15,000.

Unassigned – The unassigned fund balance includes positive fund balances within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Cont'd)

At September 30, 2015, the City has the following fund balance classifications:

Fund Balance	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total
Non Spendable Prepaids	\$ 544	\$ -	\$ -	\$ -	\$ 544
Restricted for					
Capital Projects-Road Improvements	\$ -	\$ -	\$ 33,131,415	\$ -	\$ 33,131,415
Debt Service	-	973,034	-	-	973,034
Park Development	-	-	-	272,682	272,682
Road Improvements	-	-	-	489,293	489,293
	<u>\$ -</u>	<u>\$ 973,034</u>	<u>\$ 33,131,415</u>	<u>\$ 761,975</u>	<u>\$ 34,866,424</u>
Assigned:					
Public Safety	\$ -	\$ -	\$ -	\$ 20,396	\$ 20,396
Court	-	-	-	208,643	208,643
Economic Development, HOT	-	-	-	150,209	150,209
Other Purposes	-	-	-	57,186	57,186
Bunton Creek	-	-	-	10,630	10,630
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,064</u>	<u>\$ 447,064</u>
Unassigned:					
Unassigned	\$ 10,792,030	\$ -	\$ -	\$ -	\$ 10,792,030
	<u>\$ 10,792,574</u>	<u>\$ 973,034</u>	<u>\$ 33,131,415</u>	<u>\$ 1,209,039</u>	<u>\$ 46,106,062</u>

The City requires restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City Charter has a formal minimum fund balance policy. Equal to at least 25% of operating budget.

Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governmental units.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Cont'd)

Deferred Outflows and Inflows of Resources – The City has classified as deferred outflows of resources certain items that represent a consumption of resources that applies to a future period and, therefore, will not be recognized as an expense until then. Deferred Inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

In accordance with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources Deferred Inflows of Resources, and Net Position, the City has classified all of the difference between the reacquisition process and the net carrying amount of the defeased debt as a deferred outflow of resources. The deferred outflow of resources is amortized over the term of the defeased bonds and recognized as a component of interest expense annually. The City has also deferred certain pension related items in accordance with applicable pension standards as noted under Note V.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

	Historic Cost	Accumulated Depreciation	Net Value Beginning of Year	Change in Net Position
Deferred Outflow of Resources - Unamortized Loss			\$ 403,540	\$ 403,540
<u>Capital Assets - Beginning of Year</u>				
Non-Depreciable Assets	\$ 5,525,673		\$ 5,525,673	
Depreciable Assets	117,273,013	29,547,204	87,725,809	
Change in Net Position	\$ 122,798,686	\$ 29,547,204	\$ 93,251,482	93,251,482
<u>Long-term Debt - Beginning of Year</u>				
Bonds Payable			\$ 70,371,261	
Change in Net Position			\$ 70,371,261	(70,371,261)
Net Adjustment to Net Position				\$ 23,283,761

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

	Amount	Adjustment to	
		Change in Net Position	Net Position
<u>Current Year Capital Outlay Amount</u>			
Depreciable Assets	\$ 6,098,985		
Non-Depreciable Assets	-		
Total Capital Outlay	\$ 6,098,985	\$ 6,098,985	\$ 6,098,985
<u>Debt Principal Payments</u>			
Bond Principal	\$ 3,490,000		
Loan Principal	-		
Total Principal Payments	\$ 3,490,000	3,490,000	3,490,000
Total Adjustment to Net Position		\$ 9,588,985	\$ 9,588,985

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustment to	
		Net Position	Change in Net Position
Reclassify Proceeds of 2014 GO Refunding, 2015 GO Refunding and 2015 GO Bond			
New Bond Issues	\$ 49,665,000	\$ (49,665,000)	\$ (49,665,000)
Refunding Payment on Bonds	22,847,886	22,847,886	22,847,886
Net Offering Premiums	3,795,604	(3,795,604)	(3,795,604)
Compensated Absences Payable - GF Only	320,107	(320,107)	-
Amortization of Bond Premiums	44,733	-	44,733
Unamortized Premium	681,261	(681,261)	-
GF Contributed Capital	9,182,145	9,182,145	9,182,145
Implementation of Pension Plan - GASB 68	2,639,813	(2,639,813)	(599,710)
Deferred Inflows Property Tax	80,537	-	80,537
Change in Estimate	880,362	880,362	880,362
Misc. Other	-	889	(6,680)
		\$ (24,190,503)	\$ (21,031,331)

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The Council adopts an "appropriated budget" for the General Fund. The City is required to present the adopted and final amended budgeted revenues and expenditures for this fund. The City compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-I.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Sixty days prior to October 1st, the City prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to the third Tuesday of September, the budget is legally enacted through passage of a resolution by the Council. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Council. Amendments are presented to the council at its regular meetings. Each amendment must have Council approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Council, and are not made after fiscal year end. Because the City has a policy of careful budgetary control, several amendments were necessary during the year.
4. The legal level of budgetary control is at the function level. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Council. All budget appropriations lapse at year end. Amounts encumbered prior to year end will lapse 3 months after year end.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2015, the City had the following investments:

Investment Type	Fair Value			Total	Weighted Average Maturity
	Governmental Activities	Business-Type Activities	Fiduciary Funds		
TexPool	\$ 15,113,194	\$ 13,384,923	\$ -	\$ 28,498,117	42
TexStar	27,296,135	-	-	27,296,135	46
First Southwest					
Commercial Paper	7,000,000	-	-	7,000,000	
U.S. Agency Securities	4,000,000	-	-	4,000,000	
VSR Evergreen					1
Cash and Cash Equivalents	42,325	24,142	-	66,467	
U.S. Agency Securities	104,896	59,905	-	164,801	
Total Investments	53,556,550	13,468,970	-	67,025,520	
Cash in Bank	(7,316,293)	8,107,692	121,136	912,535	
Total Cash, Cash Equivalents & Investments	\$ 46,240,257	\$ 21,576,661	\$ 121,136	\$ 67,938,055	

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

A. Deposits and Investments (Cont'd)

Texas Local Government Investment Pool

Texas Local Government Investment Pool ("TexPool") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's.

Although TexPool is not registered with the SEC as an investment company, the City believes it operates as a Rule 2a7-like pool, as described in GASB Statement No. 59. As such, the City uses amortized cost to report its investment.

TexSTAR Investment Pool

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created through a contract among its participating governmental units, and is governed by a board of directors to provide for the joint investment of participants' public funds and funds under their control. TexSTAR is managed by J.P. Morgan Investment Management, Inc., an affiliate of JP Morgan Chase Bank, N.A. a national banking association, and First Southwest Asset Management, Inc., an affiliate of Texas based First Southwest Company. TexSTAR's investment manager will maintain the dollar-weighted average maturity of sixty (60) days or less, and the maximum stated maturity for any obligation of the United States, its agencies, or instrumentalities is limited to 397 days for fixed rate securities and 24 months for variable rate notes. TexSTAR is rated AAAM by Standard and Poor's.

Although TexSTAR is not registered with the SEC as an investment company, the City believes it operates as a Rule 2a7 like pool, as described in GASB Statement No. 59. As such, the City uses amortized cost to report its investments.

Interest Rate Risk In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolio to a maximum of 180 days. The City holds \$7,000,000 in corporate commercial paper and \$4,000,000 of US Agency securities at September 30, 2015. All of which mature in less than one year.

Custodial Credit Risk In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2015, any deposit balance exceeding the \$250,000 covered by FDIC insurance was collateralized with securities held by the pledging financial institution in the City's name.

Credit Risk It is the City's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City's investment pools were rated AAAM by Standard & Poor's Investors Service and government securities were rated AA+ and Commercial Paper were rated AA- by Standard & Poor's Investors Service.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

B. Receivables

Receivable as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Funds		Enterprise Fund	Total
	General	Other	Water and Wastewater	
Receivables:				
Accounts:				
Customers	\$ 619,236	\$ -	\$ 1,901,609	\$ 2,520,845
Court Warrants Receivable	4,761,468	-	-	4,761,468
Developers	277,245	-	-	277,245
Property Tax	86,311	83,692	-	170,003
Sales Tax	1,025,206	-	-	1,025,206
Other	11,089	900	-	11,989
	\$ 6,780,555	\$ 84,592	\$ 1,901,609	\$ 8,766,756
Gross Receivables				
Less: Allowance for Uncollectibles	(4,556,710)	-	(526,605)	(5,083,315)
Net Total Receivables	\$ 2,223,845	\$ 84,592	\$ 1,375,004	\$ 3,683,441

C. Property Taxes

Property taxes are levied on October 1 on assessed values as of January 1 for all real and personal property located in the City. Taxes are due in January of the following year and become delinquent on February 1. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal of property within the City is the responsibility of the Hays County Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the city limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

D. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance 10/1/2014	Additions	Disposals/ Transfers	Balance 9/30/2015
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,282,742	\$ -	\$ -	\$ 3,282,742
Construction in progress	2,242,932	4,512,996	(669,473)	6,086,454
Total capital assets not being depreciated	<u>\$ 5,525,674</u>	<u>\$ 4,512,996</u>	<u>\$ (669,473)</u>	<u>\$ 9,369,196</u>
Capital assets being depreciated:				
Buildings	\$ 16,018,139	\$ 29,100	\$ 160,468	\$ 16,207,706
Improvements other than buildings	2,871,004	538,953	509,006	3,918,963
Infrastructure	94,749,561	9,258,831	-	104,008,391
Machinery and equipment	3,634,308	783,349	-	4,417,658
Total capital assets being depreciated	<u>\$ 117,273,012</u>	<u>\$ 10,610,233</u>	<u>\$ 669,473</u>	<u>\$ 128,552,718</u>
Accumulated depreciation:				
Buildings	\$ (2,285,247)	\$ (443,487)	\$ -	\$ (2,728,734)
Improvements other than buildings	(1,566,094)	(286,377)	-	(1,852,471)
Infrastructure	(23,662,722)	(3,288,588)	-	(26,951,310)
Machinery and equipment	(2,033,140)	(354,357)	-	(2,387,497)
Total accumulated depreciation	<u>\$ (29,547,204)</u>	<u>\$ (4,372,809)</u>	<u>\$ -</u>	<u>\$ (33,920,013)</u>
Total capital assets being depreciated (net)	<u>\$ 87,725,809</u>	<u>\$ 6,237,423</u>	<u>\$ 669,473</u>	<u>\$ 94,632,705</u>
Governmental activities capital assets (net)	<u>\$ 93,251,482</u>	<u>\$ 10,750,419</u>	<u>\$ -</u>	<u>\$ 104,001,902</u>
	Balance 10/1/2014	Additions	Disposals/ Transfers	Balance 9/30/2015
<u>Business Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 691,935	\$ -	\$ -	\$ 691,935
Construction in progress	1,484,646	300,406	-	1,785,053
Total capital assets not being depreciated	<u>\$ 2,176,581</u>	<u>\$ 300,406</u>	<u>\$ -</u>	<u>\$ 2,476,988</u>
Capital assets being depreciated:				
Buildings	\$ 5,434,442	\$ -	\$ -	\$ 5,434,442
Improvements other than buildings	62,600,877	3,712,510	-	66,313,387
Machinery and equipment	1,245,896	168,126	-	1,414,022
Total capital assets being depreciated	<u>\$ 69,281,215</u>	<u>\$ 3,880,637</u>	<u>\$ -</u>	<u>\$ 73,161,852</u>
Accumulated depreciation:				
Buildings	\$ (1,844,886)	\$ (161,138)	\$ -	\$ (2,006,024)
Improvements other than buildings	(17,678,320)	(1,616,149)	-	(19,294,470)
Machinery and equipment	(998,666)	(91,308)	-	(1,089,975)
Total accumulated depreciation	<u>\$ (20,521,873)</u>	<u>\$ (1,868,596)</u>	<u>\$ -</u>	<u>\$ (22,390,469)</u>
Total capital assets being depreciated (net)	<u>\$ 48,759,342</u>	<u>\$ 2,012,041</u>	<u>\$ -</u>	<u>\$ 50,771,383</u>
Business type activities capital assets (net)	<u>\$ 50,935,923</u>	<u>\$ 2,312,447</u>	<u>\$ -</u>	<u>\$ 53,248,371</u>

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

D. Capital Assets (Cont'd)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities:		
General government	\$	112,751
Public safety		416,636
Public works		3,458,100
Culture and recreation		<u>385,323</u>
Total depreciation expense - governmental activities	\$	<u>4,372,809</u>
Business Type activities:		
Water and Wastewater	\$	<u>1,868,595</u>
Total depreciation expense - business type activities	\$	<u>1,868,595</u>

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2015, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and wastewater	<u>\$ 207,104</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenses occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers during the year ended September 30, 2015, are as follows:

Transfers in	Transfers out	Amount
General Fund	Water and wastewater	\$ 714,073
Debt service	Water and wastewater	<u>645,537</u>
		<u>\$ 1,359,610</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Balance 10/1/2014	Additions	Reduction	Balance 9/30/2015	Due Within One Year
Governmental Activities:					
Bonded Indebtedness	\$ 39,530,000	\$ 30,480,000	\$ 22,585,000	\$ 47,425,000	\$ 2,726,901
Premium on Bond Issuance	681,261	3,795,604	97,329	4,379,536	-
Refunding Bonds	30,160,000	19,185,000	1,415,000	47,930,000	1,673,099
Pension Liability	2,358,548	1,532,166	1,250,901	2,639,813	-
Total Governmental Activities	<u>\$ 72,729,809</u>	<u>\$ 54,992,770</u>	<u>\$ 25,348,230</u>	<u>\$ 102,374,349</u>	<u>\$ 4,400,000</u>
Business Type Activities:					
Capital Lease Obligation	\$ 2,850,115	\$ -	\$ 199,624	\$ 2,650,491	\$ 222,050
Pension Liability	594,644	386,294	315,381	665,557	-
Total Business Type Activities	<u>\$ 3,444,759</u>	<u>\$ 386,294</u>	<u>\$ 515,005</u>	<u>\$ 3,316,048</u>	<u>\$ 222,050</u>

Bonded Indebtedness

The City has issued general obligation bonds whereby the proceeds were used to purchase capital assets reported in the Water and Wastewater Funds. All general obligation debt is expected to be service by the governmental activities and the Water and Wastewater Funds are not expected to service the general obligation debt. Accordingly, all of the City's general obligation debt is reported in the governmental activities column.

The City issues certificates of obligation and tax notes to provide funds for the acquisition and construction of major capital facilities and equipment and to refund previous issues. Bonded indebtedness of the City is as follows:

Governmental Activities:

\$9,910,000 Combination Tax and Revenue Certificates of Obligation - Series 2007, principal due annually in series through 2027, interest due semi-annually at 4.00% \$ 1,255,000

\$22,800,000 Combination Tax and Revenue Certificates of Obligation – Series 2008, principal due annually in series through 2033, interest due semi-annually to 5.00% 4,200,000

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

F. Long-term Debt (Cont'd)

Bonded Indebtedness (Cont'd)

\$5,600,000 Tax Notes - Series 2009 principal due annually in series through 2016, interest due semi-annually at 2.50% to 3.50%.	875,000
\$15,315,000 General Obligation Refunding Bonds - Series 2009, principal due annually in series through 2025, interest due semi-annually at 4.125%.	12,500,000
\$4,290,000 Combination Tax and Revenue Certificates of Obligation - Series 2010, principal due annually in series through 2030, interest due semi-annually at 3.00% to 4.05%.	3,780,000
\$3,390,000 General Obligation Refunding Bonds - Series 2011, principal due annually in series through 2024, interest due semi-annually at 1.4% to 3.40%.	2,795,000
\$13,720,000 General Obligation Refunding Bonds - Series 2013, principal due annually in series through 2033, interest due semi-annually at 3.0% to 4.0%	13,620,000
\$5,520,000 General Obligation Bonds - Series 2013, principal due annually in series through 2033, interest due semi-annually at 1.75% to 4.0%	5,195,000
\$1,875,000 Tax Notes - Series 2014, principal due annually in series through 2021, interest due semi-annually at 2.0% to 3.0%	1,640,000
\$7,140,000 General Obligation Refunding Bonds - Series 2014, principal due annually in series through 2028, interest due semi-annually at 4.0%.	6,970,000
\$42,525,000 General Obligation Refunding Bonds - Series 2015, principal due annually in series through 2035, interest due semi-annually at 2.0% to 4.0%.	42,525,000
	\$ 95,355,000

Capital Lease Obligation

On February 15, 1999, the City entered into an agreement with AquaSource Services and Technologies, Inc. to finance, design, construct, operate, maintain and manage a new wastewater collection and treatment facility. The City would bear the cost of right-of-way acquisitions for the transmission lines and 50 percent of the costs to secure the necessary permits from the TNRCC. AquaSource's compensation consists of a monthly fee ranging from \$20,758 to \$56,150. This fee will be determined by multiplying the number of 1,000 gallon units of wastewater effluent treated during the calendar month by the applicable costs per 1,000 gallons. At the end of 23 years of payments, the facilities will become the property of the City without any additional payments. The City will recoup its costs through user charges. The City is treating the agreement as a capital lease and has imputed interest of 10%. The City had previously reported this obligation as a note payable. During 2008, the obligation was reclassified as a capital lease obligation to more accurately reflect the nature of the transaction. This capital lease was terminated effective September 30, 2015.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

F. Long-term Debt (Cont'd)

Bonded Indebtedness (Cont'd)

Effective October 1, 2013, the City assessed its debt service commitment under its capital leases. The assessment resulted in an increase in the net present value or purchase option price by approximately \$161,000 for fiscal year 2013. The change resulted in total lease payment of \$493,000 being expensed under the lease term.

Debt Service Requirements

Annual debt service requirements to maturity for certificates of obligation and tax notes are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 4,400,000	\$ 3,894,605	\$ 8,294,605
2017	4,880,000	3,366,836	8,246,836
2018	5,045,000	3,212,386	8,257,386
2019	5,235,000	3,028,124	8,263,124
2020	5,430,000	2,834,774	8,264,774
2021-2025	29,325,000	11,042,465	40,367,465
2026-2030	22,960,000	5,877,131	28,837,131
2031-2035	18,080,000	1,683,975	19,763,975
	<u>\$ 95,355,000</u>	<u>\$ 34,940,296</u>	<u>\$ 130,295,296</u>

Annual debt service requirements to maturity for capital leases are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 222,050	\$ 271,828	\$ 493,878
2017	247,056	246,966	494,022
2018	274,861	219,305	494,166
2019	305,778	188,532	494,310
2020	340,156	154,298	494,454
2021-2023	1,260,591	216,806	1,477,397
	<u>\$ 2,650,491</u>	<u>\$ 1,297,736</u>	<u>\$ 3,948,227</u>

G. Contingent Arbitrage Liabilities

The City has invested a portion of GO bond proceeds as a reserve for the retirement of the bonds. Any excess of interest revenue earned on invested proceeds over interest paid on the bonds must be rebated to the federal government every five years.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool. As an insured, the City is not obligated to reimburse the pool for losses. The City has not had any significant reductions in insurance coverage, nor have insurance settlements for the last three fiscal years exceeded insurance coverage. Any losses reported, but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements.

B. Commitments and Contingencies

The City is a defendant in lawsuits occurring in the normal course of business. Although the outcome of these matters is not presently determinable, in the opinion of the City's attorney, their resolution will not have a material adverse effect on the financial condition of the City. Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Benefit Plans

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Texas Municipal Retirement System (TMRS), an Agent multiple employer plan, and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by the TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Retirement Plan

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple- employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS website at www.TMRS.com.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has adopted annuity increases at a rate equal to 70% of the increase in the Consumer Price Index – all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The Plan also provide death benefits and disability benefits. Effective January 1, 2002, members are vested after 5 years, unless the City opted to maintain 10-year vesting which it did until 2015. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms

At December 31, 2014, the following employee were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>155</u>
Total	217

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2014, valuation is effective for rates beginning January 2015).

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.66% for 2015. The City's contributions to TMRS for the year ended September 30, 2015, were \$778,601 and were equal to the required contributions.

Funding Policy

Cities are required to contribute at an actuarially determined rate; these rates are provided to the City on an annual basis, following the completion of the actuarial valuation.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Salary Increases	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Rate of Return Target Allocation

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
Total	100.00%	

Discount rate:

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability / (Asset)

The following table below presents the components used to calculate the NPL for the current reporting period.

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balance at 12/31/2013	\$ 13,118,001	\$ 10,164,809	\$ 2,953,192
Changes for the year:			
Service cost	1,137,933	-	1,137,933
Interest	950,075	-	950,075
Change of benefit terms	-	-	-
Difference between expected and actual experience	59,381	-	59,381
Changes of assumptions	-	-	-
Contributions - employer	-	691,539	(691,539)
Contributions - employee	-	528,470	(528,470)
Net investment income	-	581,772	(581,772)
Benefit payments, including refunds of employee contributions	(228,929)	(228,929)	-
Administrative expense	-	(6,071)	6,071
Other changes	-	(499)	499
Net changes	1,918,460	1,566,282	352,178
Balance at 12/31/2014	\$ 15,036,461	\$ 11,731,091	\$ 3,305,370

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1 % Decrease 6.0%		Current Single Rate Assumption 7.0%		1% Increase 8.0%
City's net pension liability	\$ 6,231,686	\$	3,305,370	\$	991,081

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.org.

Pension Expense

For the year ended September 30, 2015, the City recognized pension expense of \$889,400, comprised as follows:

Total Service Cost	\$ 1,137,933
Interest on the Total Pension Liability	950,075
Current-Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	(528,470)
Projected Earnings on Plan Investments (Reduction of Expense)	(711,537)
Administrative Expense	6,071
Other Changes in Fiduciary Net Position	499
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	8,876
Recognition of Current Year Outflow (Inflow) of Resources - Assets	25,953
Amortization of Current Year Outflow (Inflow) of Resources - Liabilities	-
Amortization of Current Year Outflow (Inflow) of Resources - Assets	-
Total Pension Expense	\$ 889,400

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 50,505	\$ -
Changes in actuarial assumptions	-	8,876
Difference between projected and actual investment earnings	103,812	-
Contributions subsequent to the measurement date	596,594	-
Total	\$ 750,911	\$ 8,876

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

The City reported \$596,594 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:			
2015	\$	34,829	
2016		34,829	
2017		34,829	
2018		34,829	
2019		8,876	
Thereafter (4)		6,125	
	\$	<u>154,317</u>	

1. Supplemental Death Benefits Fund

Plan Description

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the SDBF. The City elected to provide group-term life insurance coverage to both current and retired employees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). Retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2014, 2013, and 2012 were \$7,849, \$8,264, and \$9,986, respectively, which equaled the required contributions each year.

TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial and supplementary information for the SDBF. That report may be obtained from the TMRS website at www.TMRS.com.

2. Post Retirement Health Insurance Plan

Plan Description

The City maintains a single-employer defined benefit health insurance plan for retirees through the Texas Municipal League Intergovernmental Employee Benefits Pool (TML). The City elected to provide health insurance coverage to certain retired employees. Former full time employees who have retired after 25 years of service and all full time employees who have completed 5 years or more of continuous service by April 1, 2009, and who complete a total of 25 years or more of continuous service are entitled to the same group health insurance coverage provided to active employees. This coverage is completely paid by the City. Employees who have completed less than 5 years of continuous service as of April 1, 2009, and who complete 25 years or more of continuous service are entitled to the same group health insurance coverage provided to active employees. The City will pay \$300 (adjusted annually based on the CPI) toward this coverage. The employee is responsible for the balance. Any employee hired after April 1, 2009, is not entitled to group health insurance coverage after retirement. This plan is an "other postemployment benefit," or OPEB.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

As a small employer with less than 200 plan members, GASB 45 requires an actuarial valuation of the City of Kyle's OPEB Plan every three years. The City's OPEB Plan was established by City Ordinance No. 281-4 effective March 2, 1997.

Other Post Employment Benefits (OPEB)

The following is the participant summary as of September 30, 2013 (the most recent actuarial valuation date):

Active Employees	66
Retired Employees	1
Total	67

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City has funded all obligations arising under this plan on a pay-as-you-go basis, except for a one-time contribution in 2015 of \$596,822. Funds in the Trust must be used for the exclusive purpose of providing benefits to eligible retirees and their dependents. The City intends to make subsequent annual contributions to the OPEB Trust in accordance with a plan that results in fully funding the actuarially determined annual required contributions for those benefits over a period of time.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contributions of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a 30 year period. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan and changes in the net OPEB obligation for the year ended September 30, 2015.

	Total 2015	Government Wide	Business Type
Annual Required Contribution (ARC)	\$ 121,565	\$ 91,174	\$ 30,391
Adjustment to ARC	-	-	-
Annual OPEB Costs	121,565	91,174	30,391
Contributions made	-	-	-
Initial Contribution	(596,822)	(447,617)	(149,206)
Increase in net OPEB obligation	\$ (475,257)	\$ (356,443)	\$ (118,814)
Net OPEB obligation	355,468	266,601	88,867
Net OPEB Asset at end of year	\$ (119,789)	\$ (89,842)	\$ (29,947)

The City's annual OPEB cost and the percentage cost contributed to the plan for fiscal year ended September 30, 2015:

Year Ended September 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2013	\$ 116,929	4,591	\$ 238,539
2014	121,565	4,636	355,468
2015	121,565	596,822	(119,789)

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Funded Status

Although the City contributed 596,822 to the OPEB benefits as of September 30, 2015, no contributions had been made to a trust as of the last valuation. The funded status of the City's OPEB plan as of the last actuarial valuation performed on September 30, 2013 is as follows:

Actuarial Valuation Date	Value of Assets (a)	Liability (AAL) (b)	AAL (UAAL) (b-a)	Fund Ratio (a/b)	Payroll (c)	Percent of Covered Payroll ((b-a)/c)
September 30, 2013	\$ -	\$ 979,909	\$ 979,909	0.00%	\$ 7,333,897	13.36%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past exceptions and new estimates are made about the future. In accordance with GASB 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, the City will obtain new actuarial valuations for its OPEB plan at least every three years.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuation for the City's OPEB plan.

Actuarial Methods and Assumptions	
Actuarial Valuation Date	September 30, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years - Open
Actuarial Assumptions	
Discount Rate	4.50%
Healthcare trends and Contributions increases	4.62 in 2013 Graded to 4.87% in 2060
Acceptance rate - medical (civilian and police)	100%
Mortality	RP 200p
Turnover and retirement rates	Municipal experience

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

V. OTHER INFORMATION (Cont'd)

D. Tax Abatement

The City of Kyle enters into sales and use tax and property tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the Act, localities may grant sales and use and property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City of Kyle.

For the fiscal year ended September 30, 2015, the City of Kyle abated sales and use taxes totaling \$585,496 and property taxes totaling \$0.00 under these programs, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 33 percent sales and use tax abatement to DDR, a developer, for taxable items collected on-site by the Retail Occupants and remitted to the State Comptroller. The abatement amounted to \$294,894
- A 33 percent sales and use tax abatement to Seton Family of Hospitals for development of facility and increasing employment. The abatement amounted to \$254,318.
- A 67 percent sales and use tax abatement to Nomoland to promote commercial development and increase employment. The abatement amounted to \$36,280.
- A 380 agreement with RR HPI includes Sales Tax and Property Tax abatements. No payments were made in Fiscal Year 2015

E. Prior Period Adjustment

In 2015, the City implemented GASB Statement No. 68, resulted in a restatement, which decreased net position by \$2,452,536.

	Government Wide	Business Type	Total
Beginning Net Position	\$ 42,297,422	\$ 63,076,870	\$ 105,374,292
Restatement	(1,958,703)	(493,833)	(2,452,536)
Beginning Net Position - restated	<u>\$ 40,338,719</u>	<u>\$ 62,583,037</u>	<u>\$ 102,921,756</u>

F. Subsequent Event

The City of Kyle Council authorized the purchase of the wastewater treatment plan in an as is condition for the total purchase price of \$3.0 million. The closing and title transfer, and settlement of fund occurred on October 1, 2015.



**REQUIRED
SUPPLEMENTARY
INFORMATION
(UNAUDITED)**



CITY OF KYLE
 BUDGET COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 4,229,500	\$ 4,229,500	\$ 4,494,247	\$ 264,747
General Sales and Use Taxes	5,171,500	5,171,500	6,676,810	1,505,310
Franchise Tax	1,078,000	1,078,000	1,149,213	71,213
Other Taxes	30,500	30,500	46,055	15,555
Licenses and Permits	903,200	903,200	1,364,274	461,074
Intergovernmental Revenue and Grants	20,000	20,000	22,136	2,136
Charges for Services	3,093,600	3,093,600	3,522,743	429,143
Fines	890,000	890,000	1,082,343	192,343
Investment Earnings	3,500	3,500	9,428	5,928
Rents and Royalties	10,300	10,300	12,193	1,893
Contributions & Donations from Private Sources	64,400	64,400	66,600	2,200
Other Revenue	35,000	35,000	40,456	5,456
Total Revenues	<u>15,529,500</u>	<u>15,529,500</u>	<u>18,486,498</u>	<u>2,956,998</u>
EXPENDITURES:				
Current:				
General Government	5,555,961	6,172,209	6,117,702	54,507
Public Safety	5,548,530	5,487,688	5,172,083	315,605
Public Works	3,460,752	3,556,911	3,190,093	366,818
Culture and Recreation	2,107,521	2,111,121	1,944,870	166,251
Capital Outlay:				
Capital Outlay	974,257	1,025,370	990,958	34,412
Total Expenditures	<u>17,647,021</u>	<u>18,353,299</u>	<u>17,415,706</u>	<u>937,593</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,117,521)</u>	<u>(2,823,799)</u>	<u>1,070,792</u>	<u>3,894,591</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,970,862	1,970,862	1,970,862	-
Transfers Out (Use)	(1,012,607)	(1,022,136)	(1,448,063)	(425,927)
Total Other Financing Sources (Uses)	<u>958,255</u>	<u>948,725</u>	<u>522,799</u>	<u>(425,926)</u>
Net Change	(1,159,266)	(1,875,074)	1,593,591	3,468,665
Fund Balance - October 1 (Beginning)	-	9,198,983	9,198,983	-
Fund Balance - September 30 (Ending)	<u>\$ (1,159,266)</u>	<u>\$ 7,323,909</u>	<u>\$ 10,792,574</u>	<u>\$ 3,468,665</u>

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLANS
SEPTEMBER 30, 2015

**Schedule of Funding Progress for Other Post-Employment Benefits
for the Employees of City of Kyle**

Other Post Employment Benefit Plan:							
Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability ("AAL")	(3) Unfunded AAL ("UAAL") (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll*	(6) UAAL as a % of Covered Payroll ((2)-(1))/(5)	
9/30/2013	\$ -	\$ 979,908	\$ 979,908	0.00%	\$ 7,333,897	13.36%	

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SEPTEMBER 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios
For the Fiscal Year Ended September 30, 2015**

	2015
Total pension liability	
Service Cost	\$ 1,137,933
Interest (on the Total Pension Liability)	950,075
Changes of benefit terms	-
Difference between expected and actual experience	59,381
Change of assumptions	-
Benefits Payments, including refunds of employee contributions	(228,929)
Net Change in Total Pension Liability	<u>1,918,460</u>
Total Pension Liability - Beginning	<u>13,118,001</u>
Total Pension Liability - Ending (a)	<u><u>\$ 15,036,461</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 691,539
Contributions - Employee	528,470
Net Investment Income	581,772
Benefits Payments, including refunds of employee contributions	(228,929)
Administrative Expense	(6,071)
Other	(499)
Net Change in Plan Fiduciary Net Position	<u>1,566,282</u>
Plan Fiduciary Net Position - Beginning	<u>10,164,809</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 11,731,091</u></u>
 Net Pension Liability - Ending (a) - (b)	 \$ 3,305,370
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 78.02%
 Covered Employee Payroll	 \$ 8,071,984
Net Pension Liability as a Percentage of Covered Employee Payroll	 40.09%

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SEPTEMBER 30, 2015

Schedule of Contributions
For the Fiscal Year Ended September 30, 2015

	2015
Actuarially Determine Contribution	\$ 773,420
Contributions in relation to the actuarially determined contribution	\$ 773,420
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 8,071,984
Contributions as a percentage of covered employee payroll	9.58%

Notes to Schedule of Contributions

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market: 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rate that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the Period 2005 – 2009
Mortality	RP2000 Combined Mortality Table with Blue collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.



COMBINING STATEMENTS



CITY OF KYLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	Police Forfeiture Fund	Police Special Revenue	Court Special Revenue
ASSETS			
Cash and Cash Equivalents	\$ 9,748	\$ 10,649	\$ 208,643
Receivables (Net)	-	-	-
Total Assets	<u>\$ 9,748</u>	<u>\$ 10,649</u>	<u>\$ 208,643</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
Restricted Fund Balance - Special Revenue	-	-	-
Other Assigned Fund Balance	6,838	7,717	208,945
Assigned Fund Balance:			
Other Assigned Fund Balance	2,910	2,931	(302)
Total Fund Balances	<u>9,748</u>	<u>10,648</u>	<u>208,643</u>
Total Liabilities and Fund Balances	<u>\$ 9,748</u>	<u>\$ 10,648</u>	<u>\$ 208,643</u>

The notes to the financial statements are an integral part of this statement.

Library Building Fund	General Government Grants	Hotel Occupancy Fund	Bunton Creek PID Fund	Total Nonmajor Special Revenue Funds	2009 Tax Notes Fund	2010 CO Bond Funds	CIP Park Development Fund
\$ -	\$ 62,194	\$ 178,304	\$ 10,630	\$ 480,168	\$ -	\$ -	\$ 272,682
-	900	-	-	900	-	-	-
<u>\$ -</u>	<u>\$ 63,094</u>	<u>\$ 178,304</u>	<u>\$ 10,630</u>	<u>\$ 481,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,682</u>
\$ -	\$ 5,440	\$ 28,095	\$ -	\$ 33,535	\$ -	\$ -	\$ -
-	469	-	-	469	-	-	-
-	5,909	28,095	-	34,004	-	-	-
-	-	-	-	-	-	-	272,682
-	(24,716)	125,069	-	323,853	-	-	-
-	81,902	25,140	10,630	123,211	-	-	-
-	57,186	150,209	10,630	447,064	-	-	272,682
<u>\$ -</u>	<u>\$ 63,095</u>	<u>\$ 178,304</u>	<u>\$ 10,630</u>	<u>\$ 481,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,682</u>

CITY OF KYLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	Road Improvement Fund	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 489,293	\$ 1,242,143
Receivables (Net)	-	900
Total Assets	<u>\$ 489,293</u>	<u>\$ 1,243,043</u>
LIABILITIES		
Accounts Payable	-	\$ 33,535
Wages and Salaries Payable	-	469
Total Liabilities	<u>-</u>	<u>34,004</u>
FUND BALANCES		
Restricted Fund Balance:		
Restricted Fund Balance - Special Revenue	489,293	761,975
Other Assigned Fund Balance	-	323,853
Assigned Fund Balance:		
Other Assigned Fund Balance	-	123,211
Total Fund Balances	<u>\$ 489,293</u>	<u>\$ 1,209,039</u>
Total Liabilities and Fund Balances	<u>\$ 489,293</u>	<u>\$ 1,243,043</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Police Forfeiture Fund	Police Special Revenue	Court Special Revenue
REVENUES:			
Taxes:			
Other Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	2,931	-
Charges for Services	-	-	41,077
Special Assessments	-	-	-
Investment Earnings	-	-	-
Contributions & Donations from Private Sources	-	-	-
Other Revenue	3,110	-	-
Total Revenues	<u>3,110</u>	<u>2,931</u>	<u>41,077</u>
EXPENDITURES:			
Current:			
General Government	-	-	16,328
Public Safety	200	-	-
Culture and Recreation	-	-	-
Capital Outlay:			
Capital Outlay	-	-	6,800
Total Expenditures	<u>200</u>	<u>-</u>	<u>23,128</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,910</u>	<u>2,931</u>	<u>17,949</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Transfers Out (Use)	-	-	(18,250)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(18,250)</u>
Net Change in Fund Balance	2,910	2,931	(301)
Fund Balance - October 1 (Beginning)	<u>6,838</u>	<u>7,717</u>	<u>208,945</u>
Fund Balance - September 30 (Ending)	<u>\$ 9,748</u>	<u>\$ 10,648</u>	<u>\$ 208,644</u>

The notes to the financial statements are an integral part of this statement.

Library Building Fund	General Government Grants	Hotel Occupancy Fund	Bunton Creek PID Fund	Total Nonmajor Special Revenue Funds	2009 Tax Notes Fund	2010 CO Bond Funds	CIP Park Development Fund
\$ -	\$ -	\$ 198,010	\$ -	\$ 198,010	\$ -	\$ -	\$ -
-	110,242	-	-	113,173	-	-	-
-	-	-	-	41,077	-	-	168,800
-	-	-	10,662	10,662	-	-	-
-	-	74	-	74	-	-	-
-	2,500	-	-	2,500	-	-	88,800
-	-	-	-	3,110	-	-	-
-	<u>112,742</u>	<u>198,084</u>	<u>10,662</u>	<u>368,606</u>	-	-	<u>257,600</u>
-	-	-	33	16,361	-	-	-
-	129,394	-	-	129,594	-	-	-
-	-	136,086	-	136,086	-	-	-
-	412,578	-	-	419,378	-	-	3,600
-	<u>541,972</u>	<u>136,086</u>	<u>33</u>	<u>701,419</u>	-	-	<u>3,600</u>
-	(429,230)	61,998	10,629	(332,813)	-	-	254,000
-	209,525	-	-	209,525	-	-	-
-	-	(36,858)	-	(55,108)	(22,457)	-	-
-	<u>209,525</u>	<u>(36,858)</u>	-	<u>154,417</u>	<u>(22,457)</u>	-	-
-	(219,705)	25,140	10,629	(178,396)	(22,457)	-	254,000
-	<u>276,891</u>	<u>125,069</u>	-	<u>625,460</u>	<u>22,457</u>	-	<u>18,682</u>
\$ -	\$ <u>57,186</u>	\$ <u>150,209</u>	\$ <u>10,629</u>	\$ <u>447,064</u>	\$ -	\$ -	\$ <u>272,682</u>

CITY OF KYLE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Road Improvement Fund	Total Nonmajor Governmental Funds
REVENUES:		
Taxes:		
Other Taxes	\$ -	\$ 198,010
Intergovernmental Revenue and Grants	-	113,173
Charges for Services	-	209,877
Special Assessments	51,881	62,543
Investment Earnings	610	684
Contributions & Donations from Private Sources	-	91,300
Other Revenue	-	3,110
Total Revenues	<u>52,491</u>	<u>678,697</u>
EXPENDITURES:		
Current:		
General Government	-	16,361
Public Safety	-	129,594
Culture and Recreation	-	136,086
Capital Outlay:		
Capital Outlay	-	422,978
Total Expenditures	<u>-</u>	<u>705,019</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>52,491</u>	<u>(26,322)</u>
OTHER FINANCING SOURCES (USES):		
Transfers In	-	209,525
Transfers Out (Use)	-	(77,565)
Total Other Financing Sources (Uses)	<u>-</u>	<u>131,960</u>
Net Change in Fund Balance	52,491	105,638
Fund Balance - October 1 (Beginning)	<u>436,801</u>	<u>1,103,400</u>
Fund Balance - September 30 (Ending)	<u>\$ 489,292</u>	<u>\$ 1,209,038</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BALANCE OCTOBER 1 2014	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2015
AGENCY FUND				
Assets:				
Cash and Cash Equivalents	\$ 596,822	\$ 130,897	\$ 601,719	\$ 126,000
Liabilities:				
Other Noncurrent Liabilities	\$ 596,822	\$ 130,897	\$ 601,719	\$ 126,000
 TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 596,822	\$ 130,897	\$ 601,719	\$ 126,000
Liabilities:				
ther Noncurrent Liabilities	\$ 596,822	\$ 130,897	\$ 601,719	\$ 126,000

The notes to the financial statements are an integral part of this statement.



STATISTICAL SECTION



STATISTICAL SECTION (Unaudited)

This part of the City of Kyle, Texas' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note, disclosures, and required supplementary information and for assessing the City's overall financial condition.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain trend information to help the reader assess the City's most significant local revenue resources. Property tax, sales tax and charges for services are the largest revenue sources for governmental activities. Water and wastewater charges are the largest sources for business-type activities

Debt Capacity

These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Indicators

These schedules contain economic and demographic data to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services and activities performed by the City.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial report or comprehensive annual financial report for the relevant year.

CITY OF KYLE, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in Capital Assets	\$ 16,261,740	\$ 5,517,430	\$ 4,424,922	\$ 22,793,304	\$ 22,165,260	\$ 19,916,516	\$ 23,683,097	\$ 14,671,989	\$ 22,888,184	\$ 37,500,433
Restricted	1,542,012	1,412,009	1,164,038	14,885,094	7,675,097	8,732,402	9,356,577	12,634,224	11,015,147	1,426,961
Unrestricted	(10,921,237)	1,848,511	2,526,906	(2,145,906)	2,755,182	5,623,227	3,780,819	6,125,545	8,394,091	13,307,688
Total governmental activities net assets	\$ 6,882,515	\$ 8,777,950	\$ 8,115,866	\$ 35,532,492	\$ 32,595,539	\$ 34,272,145	\$ 36,820,493	\$ 33,431,758	\$ 42,297,422	\$ 52,235,082
Business-type activities:										
Net investment in Capital Assets	\$ 15,135,831	\$ 19,086,953	\$ 21,821,334	\$ 46,381,859	\$ 47,161,919	\$ 47,325,520	\$ 46,132,410	\$ 47,840,753	\$ 48,085,808	\$ 50,651,024
Restricted	14,295,599	11,461,408	6,313,624	5,172,176	4,392,111	6,019,545	6,491,073	6,513,500	8,470,600	10,854,507
Unrestricted	3,089,328	2,696,333	6,430,049	6,559,611	5,509,710	2,397,371	1,490,060	3,384,379	6,520,462	8,480,255
Total business-type activities net assets	\$ 32,520,758	\$ 33,246,694	\$ 34,565,007	\$ 58,113,646	\$ 57,063,740	\$ 55,742,436	\$ 54,113,543	\$ 57,738,632	\$ 63,076,870	\$ 69,985,786
Primary government:										
Net investment in Capital Assets	\$ 31,397,571	\$ 24,604,383	\$ 26,246,256	\$ 69,175,163	\$ 69,327,179	\$ 67,242,036	\$ 69,815,507	\$ 62,512,742	\$ 70,973,992	\$ 88,151,457
Restricted	15,837,611	12,873,507	7,477,662	20,057,270	12,067,208	14,751,947	15,847,650	19,147,724	9,858,328	12,281,468
Unrestricted	(7,831,909)	4,546,844	8,956,955	4,413,705	8,264,892	8,020,598	5,270,879	9,509,924	24,541,972	21,787,943
Total primary government net position	\$ 39,403,273	\$ 42,024,734	\$ 42,680,873	\$ 93,646,138	\$ 89,659,279	\$ 90,014,581	\$ 90,934,036	\$ 91,170,390	\$ 105,374,292	\$ 122,220,868

Source: Annual Financial Reports

* GASB 34 implemented 2004

* Statement of Net Assets on Audit Report

* Reported as Net Position beginning 2013

CITY OF KYLE, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental activities:										
General government	\$ 2,877,175	\$ 3,955,568	\$ 4,403,797	\$ 3,908,523	\$ 4,394,186	\$ 3,904,284	\$ 4,538,616	\$ 4,995,981	\$ 5,939,271	\$ 8,146,324
Public safety	1,824,283	2,105,733	2,980,223	3,002,585	3,551,788	3,982,409	4,282,402	4,918,997	5,052,323	5,687,000
Public Works	1,081,442	988,707	1,176,879	3,781,337	4,571,021	4,820,597	4,622,523	4,820,247	5,363,579	6,438,193
Transportation	N/A	N/A	N/A	11,792	14,556	-	-	-	-	-
Culture and Recreation/ Community services	1,427,826	1,621,687	1,537,534	1,618,947	1,613,611	1,711,714	1,873,292	2,032,591	2,095,111	2,497,592
Term Debt	917,749	687,860	1,363,409	2,648,190	2,900,787	2,735,822	2,916,954	2,194,889	2,873,587	2,167,498
Other Debt Service Fees	N/A	N/A	23,672	60,525	150,630	163,138	73,507	122,958	(3,842)	492,049
Total governmental activities expenses	\$ 8,128,475	\$ 9,359,555	\$ 11,485,514	\$ 15,031,899	\$ 17,196,579	\$ 17,317,964	\$ 18,307,294	\$ 19,085,663	\$ 21,320,029	\$ 25,428,656
Business-type activities:										
Water & Sewer	3,844,883	4,689,867	4,775,204	7,164,119	7,709,085	7,986,821	7,986,821	9,743,280	10,340,478	10,727,663
Total business-type activities expenses	3,844,883	4,689,867	4,775,204	7,164,119	7,709,085	7,986,821	7,986,821	9,743,280	10,340,478	10,727,663
Total primary government program expenses	\$ 11,973,358	\$ 14,049,422	\$ 16,260,718	\$ 22,196,018	\$ 24,905,664	\$ 25,304,785	\$ 27,740,468	\$ 28,828,943	\$ 31,660,507	\$ 36,156,319
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General Government	\$ 1,219,497	\$ 1,315,568	\$ 2,152,923	\$ 2,626,500	\$ 2,366,033	\$ 2,533,733	\$ 3,398,356	\$ 3,243,742	\$ 3,628,935	\$ 4,299,587
Public Safety	34,685	38,142	3,844	-	-	-	-	-	-	-
Public Works	1,240,524	846,010	699,252	353,948	298,203	494,822	85,006	100,154	163,715	62,544
Culture and Recreation/ Community services	260,454	327,743	367,110	7,972	73,623	44,987	297,231	281,481	263,493	449,310
Operating grants and contributions	131,940	68,617	112,761	7,972	1,225,852	3,264,029	564,882	99,722	271,053	135,308
Capital grants and contributions	4,815,777	1,482,413	0	6,661,522	1,225,852	3,264,029	564,882	6,537,651	-	-
Total governmental activities program revenues	7,702,877	4,078,493	3,335,890	9,649,942	3,963,711	6,337,571	4,525,241	10,262,750	4,327,196	4,946,749
Business-type activities:										
Charges for services:										
Water & Sewer	4,509,997	4,482,197	6,263,208	6,403,308	6,092,391	7,208,355	10,533,330	12,761,147	15,523,262	16,226,692
Operating grants and contributions	N/A	-	-							
Capital grants and contributions	3,743,406	1,647,156	1,256,918	3,249,687	1,117,699	1,504,003	357,518	2,660,316	1,563,847	3,509,187
Total business-type activities program revenues	8,253,403	6,129,353	7,520,126	9,652,995	7,210,090	8,712,358	10,890,848	15,421,463	17,087,109	19,735,879
Total primary government program revenues	\$ 15,956,280	\$ 10,207,846	\$ 10,856,016	\$ 19,302,937	\$ 11,173,801	\$ 15,049,929	\$ 15,416,089	\$ 25,684,213	\$ 21,414,305	\$ 24,682,628

* GASB 34 implemented 2004

* Statement of Net Assets on Audit Report

* Reported as Net Position beginning 2013

CITY OF KYLE, TEXAS
CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2008	2008	2009	2010	2011	2012	2013	2014	2015
NET (EXPENSE) REVENUES										
Governmental activities	\$ (425,598)	\$ (5,281,062)	\$ (5,281,062)	\$ (5,381,957)	\$ (13,232,868)	\$ (10,980,393)	\$ (13,782,053)	\$ (8,822,913)	\$ (16,992,833)	\$ (20,481,906)
Business-type activities	4,408,520	1,439,486	1,439,486	2,488,876	(498,995)	725,537	1,477,674	5,678,183	6,746,631	9,008,216
Total primary government net expense	3,982,922	(3,841,576)	(3,841,576)	(2,893,081)	(13,731,863)	(10,254,856)	(12,304,379)	(3,144,730)	(10,246,202)	(11,473,690)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	2,245,943	2,672,547	2,672,547	4,740,009	6,020,859	6,198,567	7,280,721	8,013,734	8,919,432	9,583,415
Sales Taxes	1,512,432	1,916,203	1,916,203	2,641,752	2,462,043	3,160,944	3,540,287	4,008,733	4,611,401	5,651,604
Occupancy Tax/ Other	75,923	82,172	82,172	131,950	95,351	132,580	142,301	175,615	200,753	244,065
Franchise Taxes	369,503	382,440	382,440	636,961	701,786	764,347	912,112	973,391	1,042,212	1,149,213
Grants and Contributions Not Restricted	N/A	N/A	N/A	N/A	N/A	N/A	534	311,942	9,241,337	9,128,999
Miscellaneous Revenue	31,195	57,883	57,883	387,510	261,351	182,388	142,433	828,499	1,391,064	6,306,795
Investment Earnings	420,438	619,830	619,830	472,503	258,120	87,766	33,008	65,014	19,761	27,734
Transfers In (Out)	864,919	1,354,860	1,354,860	1,046,255	634,323	1,046,255	2,542,575	2,267,055	2,011,505	1,785,538
Total Governmental Activities	\$ 5,520,353	\$ 7,085,935	\$ 7,085,935	\$ 10,056,940	\$ 10,397,833	\$ 11,572,847	\$ 14,593,971	\$ 16,643,983	\$ 27,437,465	\$ 33,877,363
Business-type activities:										
Investment earnings	672,499	641,310	641,310	297,500	72,358	36,957	17,221	12,201	9,109	9,602
Miscellaneous Revenue	-	-	-	-	11,054	19,708	78,194	98,402	268,519	118,034
Transfers	(864,919)	(1,354,860)	(1,354,860)	(1,046,225)	(634,323)	(1,653,506)	(2,542,575)	(2,267,055)	(2,011,505)	(1,785,537)
Total business-type activities	(192,420)	(713,550)	(713,550)	(748,725)	(550,911)	(1,596,841)	(2,447,160)	(2,156,452)	(1,733,877)	(1,657,901)
Total primary government	\$ 5,327,933	\$ 6,372,385	\$ 6,372,385	\$ 9,308,215	\$ 9,846,922	\$ 9,976,006	\$ 12,146,811	\$ 14,487,531	\$ 25,703,588	\$ 32,219,462
CHANGE IN NET POSITION										
Governmental activities	5,094,755	1,804,873	1,804,873	4,674,983	(2,835,035)	1,226,606	811,918	(3,388,731)	10,444,631	13,395,456
Business-type activities	4,216,100	725,936	725,936	1,740,121	(1,049,906)	(871,304)	(969,486)	3,521,731	5,012,753	7,350,315
Total primary government	\$ 9,310,855	\$ 2,530,809	\$ 2,530,809	\$ 6,415,104	\$ (3,884,941)	\$ 355,302	\$ (157,568)	\$ 133,000	\$ 15,457,384	\$ 20,745,771

* GASB 34 implemented 2004

* Statement of Activities - Audit Report

* Reported as Net Position beginning 2013

**CITY OF KYLE, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,543	\$ -
Restricted	84,940	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,889,862	2,864,378	3,117,139	3,215,956	2,395,901	-	-	-	-	-
Unassigned	-	-	-	-	-	2,987,923	4,499,032	6,042,113	9,197,439	10,366,860
Total General Fund	3,974,802	2,864,378	3,117,139	3,215,956	2,395,901	2,987,923	4,499,032	6,042,113	9,198,982	10,366,860
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	10,470,548	9,911,757	31,961,515
Restricted	473,496	560,561	716,698	-	-	8,732,402	9,068,035	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned, reported in:										
Special revenue funds	1,304,399	9,595,402	617,224	247,978	(457,142)	-	-	2,163,676	1,103,400	3,315,635
Capital projects funds	(484,867)	(825,133)	13,728,465	14,885,084	7,463,344	-	-	-	-	-
Debt service funds	-	-	-	(10,863)	211,753	-	288,540	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,293,028	\$ 9,330,830	\$ 15,062,387	\$ 15,122,199	\$ 7,217,955	\$ 8,732,402	\$ 9,356,575	\$ 12,634,224	\$ 11,015,157	\$ 35,277,150

CITY OF KYLE, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 4,192,078	\$ 5,042,524	\$ 5,914,126	\$ 8,180,272	\$ 9,324,804	\$ 10,256,438	\$ 11,875,421	\$ 13,171,473	\$ 14,773,798	\$ 16,628,297
Licenses and permits	1,239,221	843,800	661,828	535,815	385,522	433,095	490,914	658,889	1,133,789	1,364,274
Charges for services	1,010,607	1,202,839	1,600,513	1,532,085	1,672,470	2,080,721	2,526,263	2,877,317	3,057,051	3,732,620
Fines	505,332	480,824	923,903	912,548	606,244	514,739	708,864	708,003	900,574	1,082,343
Intergovernmental	126,042	57,793	112,761	666,474	47,301	1,668,149	438,887	-	-	-
Claims and Reimbursements	-	-	-	183,319	-	-	-	-	-	-
Impact Fees	1,115,612	687,017	37,424	-	-	-	-	-	-	-
Investment Earnings	420,438	619,830	618,253	472,503	258,120	87,766	33,008	65,014	19,761	27,734
Rents and Royalties	-	-	-	-	55,964	103,230	77,020	10,170	9,541	12,193
Contributions	5,039	202,762	-	150	26,322	26,900	354,746	196,974	270,600	157,900
Grants	-	-	-	-	-	-	-	154,391	271,054	135,309
Special Assessments	-	-	-	-	-	-	85,005	100,154	163,715	62,543
Other revenues	32,054	57,883	243,893	204,197	205,387	79,158	34,960	99,343	182,537	52,822
Total revenues	8,646,423	9,195,272	10,112,701	12,687,363	12,582,134	15,250,196	16,625,088	18,041,728	20,782,420	23,256,035
EXPENDITURES										
General government	2,504,147	3,978,837	4,237,304	3,833,254	4,128,677	3,483,039	4,164,638	4,625,183	4,775,580	7,945,084
Public Safety	1,734,290	2,019,279	2,460,281	2,844,383	3,381,478	3,747,172	4,032,622	4,585,521	4,688,313	5,301,677
Public Works	825,582	907,296	1,176,879	2,052,671	2,277,370	2,309,052	2,078,689	2,271,857	2,516,122	2,980,093
Planning	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	11,792	14,556	-	-	-	-	-
Culture and Recreation	1,358,450	1,264,682	1,427,982	1,481,231	1,469,421	1,529,912	1,652,530	1,635,161	1,759,972	2,080,956
Other - Non Departmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	3,629,801	4,454,382	14,955,670	5,100,327	7,442,027	4,363,776	1,818,360	2,444,921	3,824,684	6,098,985
Debt service	-	-	-	-	-	-	-	-	-	-
Interest	353,903	601,591	1,556,971	2,739,522	2,225,634	2,275,777	2,439,260	2,214,346	2,907,943	2,212,231
Principal	470,000	485,000	1,093,894	1,605,688	2,145,000	2,390,000	2,630,000	3,045,000	2,735,000	3,490,000
Other Fees	-	-	882,995	2,071	85,300	1,990	3,000	494,036	(3,842)	492,049
Total expenditures	\$ 10,876,173	\$ 13,711,067	\$ 27,791,976	\$ 19,670,939	\$ 23,169,463	\$ 20,100,718	\$ 18,819,099	\$ 21,316,025	\$ 23,203,772	\$ 30,601,075

CITY OF KYLE, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,229,750)	\$ (4,515,795)	\$ (17,679,275)	\$ (6,983,582)	\$ (10,587,329)	\$ (4,850,522)	\$ (2,194,011)	\$ (3,274,297)	\$ (2,421,351)	\$ (7,345,040)
OTHER FINANCING SOURCES (USES)										
Bond issuance costs	-	-	-	-	-	-	-	-	-	49,665,000
Bond sales	-	9,910,000	22,800,000	5,600,000	-	4,290,000	-	19,240,000	1,875,000	-
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Premium or Discount on debt issued	-	87,661	25,604	-	-	-	-	511,683	72,641	3,795,604
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(22,487,886)
Transfers in	875,534	2,093,271	2,806,506	2,009,695	3,673,032	3,108,550	3,573,832	3,854,840	4,429,076	4,285,338
Transfers out	(10,615)	738,411	(932,556)	(963,440)	(1,212,128)	(1,455,044)	(1,031,257)	(1,587,785)	(2,417,571)	(2,499,800)
Other (Uses)	-	-	-	-	-	-	-	(13,923,709)	-	-
Total other financing sources (uses)	864,919	11,352,521	24,699,554	6,646,255	2,460,904	5,943,506	2,542,575	8,095,029	3,959,146	32,758,256
NET CHANGES IN FUND BALANCES	\$ (1,364,831)	\$ 6,836,726	\$ 7,020,279	\$ (337,327)	\$ (8,126,425)	\$ 1,092,984	\$ 348,564	\$ 4,820,732	\$ 1,537,795	\$ 25,413,216
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	11%	12%	28%	30%	28%	30%	30%	30%	26%	23%

CITY OF KYLE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR	Real Property Estimated Actual Value	Personal Property Estimated Actual Value	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Collected
2005	\$ 614,051,580	\$ 20,820,450	\$ 30,384,390	\$ 604,487,640	\$ 0.287100	\$ 1,735,484
2006	\$ 794,837,155	\$ 23,480,984	\$ 36,063,458	\$ 782,254,681	\$ 0.277700	\$ 2,172,321
2007	\$ 905,927,940	\$ 30,486,826	\$ 38,234,100	\$ 898,180,666	\$ 0.272400	\$ 2,446,644
2008	\$ 1,118,790,278	\$ 37,347,727	\$ 57,621,607	\$ 1,079,609,015	\$ 0.270700	\$ 2,922,502
2009	\$ 1,289,040,523	\$ 54,271,922	\$ 81,818,725	\$ 1,240,437,167	\$ 0.373100	\$ 4,628,071
2010	\$ 1,360,483,304	\$ 45,995,398	\$ 119,010,849	\$ 1,287,467,853	\$ 0.424000	\$ 5,458,864
2011	\$ 1,453,209,263	\$ 90,011,627	\$ 196,362,851	\$ 1,346,858,039	\$ 0.415399	\$ 5,594,835
2012	\$ 1,485,776,573	\$ 92,074,324	\$ 194,548,307	\$ 1,383,302,590	\$ 0.484500	\$ 6,702,101
2013	\$ 1,561,358,772	\$ 96,042,503	\$ 224,334,342	\$ 1,433,066,933	\$ 0.524400	\$ 7,515,003
2014	\$ 1,628,227,793	\$ 99,641,364	\$ 227,393,506	\$ 1,500,475,651	\$ 0.548300	\$ 8,227,108
2015	\$ 1,806,482,931	\$ 107,149,372	\$ 273,333,638	\$ 1,640,298,665	\$ 0.548300	\$ 8,993,758

Source: Hays County Appraisal District/ Assessment Roll Grand Totals Approved; City of Kyle Financial Services Department

**CITY OF KYLE, TEXAS
WATER UTILITY RATE COMPARISON
LAST TEN FISCAL YEARS**

Fiscal Year	Residential (5/8" and 3/4")		Multi-Family/ Commercial (2")		Irrigation (1 1/2")		Construction (3")	
	Base Charge	1000 gallon	Base Charge	1000 gallon	Base Charge	1000 gallon	Charge	1000 gallon
2006	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2007	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2008	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2009	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2010	\$ 17.75	\$ 2.35	\$ 88.73	\$ 4.24	\$ 44.36	\$ 4.95	\$ 141.96	\$ 4.24
2011	\$ 17.75	\$ 2.35	\$ 88.73	\$ 4.24	\$ 44.36	\$ 4.95	\$ 141.96	\$ 4.24
2012	\$ 23.08	\$ 3.06	\$ 115.35	\$ 5.51	\$ 57.76	\$ 6.44	\$ 184.55	\$ 5.51
2013	\$ 27.69	\$ 3.67	\$ 138.42	\$ 6.61	\$ 69.20	\$ 7.72	\$ 221.46	\$ 6.61
2014	\$ 33.23	\$ 4.40	\$ 166.10	\$ 7.94	\$ 83.04	\$ 9.27	\$ 265.75	\$ 7.94
2015	\$ 33.23	\$ 4.40	\$ 166.10	\$ 7.94	\$ 83.04	\$ 9.27	\$ 265.75	\$ 7.94

CITY OF KYLE, TEXAS
WATER UTILITY
ANNUAL BILLED AMOUNT COMPARISON
LAST TEN FISCAL YEARS

FISCAL YEAR	Residential	Commercial	Total Billed
2006	\$ 1,380,895	\$ 110,317	\$ 1,491,212
2007	\$ 1,321,424	\$ 128,378	\$ 1,449,802
2008	\$ 2,534,102	\$ 692,774	\$ 3,226,876
2009	\$ 2,857,468	\$ 740,075	\$ 3,597,543
2010	\$ 2,711,226	\$ 746,337	\$ 3,457,563
2011	\$ 3,348,985	\$ 1,082,257	\$ 4,431,242
2012	\$ 4,142,899	\$ 1,321,486	\$ 5,464,385
2013	\$ 4,041,171	\$ 1,583,061	\$ 5,624,231
2014	\$ 2,683,000	\$ 1,625,286	\$ 4,308,286
2015	\$ 2,620,354	\$ 1,305,255	\$ 3,925,610

CITY OF KYLE, TEXAS
WATER UTILITY
TOTAL BILLED CONSUMPTION COMPARISON
LAST TEN FISCAL YEARS
(Totals in Gallons)

FISCAL YEAR	Residential	Commercial	Total Billed Consumption
2006	35,299,931	555,722	35,855,653
2007	11,430,218	625,758	12,055,976
2008	437,364,754	167,554,289	604,919,043
2009	565,634,600	195,042,170	760,676,770
2010	492,748,500	178,422,903	671,171,403
2011	540,554,250	211,750,300	752,304,550
2012	523,772,450	207,926,400	731,698,850
2013	537,766,800	206,600,100	744,366,900
2014	511,808,500	189,038,400	700,846,900
2015	495,135,628	164,364,300	659,499,928

Source: Billed Consumption Report, City of Kyle Utility Billing
 Service Summary Report, City of Kyle Utility Billing

**CITY OF KYLE, TEXAS
WASTEWATER UTILITY RATE COMPARISON
LAST TEN FISCAL YEARS**

Fiscal Year	Residential		Multi-Family/ Commercial	
	Base Charge	Wastewater per 1000 gallon	Base Charge	Wastewater per 1000 gallon
2006	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60
2007	\$ 9.08	\$ 1.76	\$ 9.08	\$ 1.98
2008	\$ 9.08	\$ 1.76	\$ 9.08	\$ 1.98
2009	\$ 9.08	\$ 1.76	\$ 9.08	\$ 1.98
2010	\$ 9.08	\$ 1.76	\$ 9.08	\$ 1.98
2011	\$ 10.90	\$ 2.11	\$ 10.90	\$ 2.11
2012	\$ 13.63	\$ 2.64	\$ 13.63	\$ 2.98
2013	\$ 16.35	\$ 3.17	\$ 16.35	\$ 3.57
2014	\$ 17.99	\$ 3.48	\$ 17.99	\$ 3.93
2015	\$ 17.99	\$ 3.48	\$ 17.99	\$ 3.93

**CITY OF KYLE, TEXAS
WASTEWATER UTILITY
ANNUAL BILLED AMOUNT COMPARISON
LAST TEN FISCAL YEARS**

FISCAL YEAR	Residential	Commercial	Total Billed
2006	\$ 1,288,212	\$ 94,570	\$ 1,382,782
2007	\$ 1,386,736	\$ 110,492	\$ 1,497,228
2008	\$ 1,713,192	\$ 268,675	\$ 1,981,867
2009	\$ 1,912,803	\$ 223,424	\$ 2,136,227
2010	\$ 1,922,014	\$ 213,776	\$ 2,135,789
2011	\$ 2,006,249	\$ 322,319	\$ 2,328,568
2012	\$ 2,268,508	\$ 512,167	\$ 2,780,675
2013	\$ 3,164,765	\$ 615,426	\$ 3,780,191
2014	\$ 2,571,502	\$ 675,661	\$ 3,247,163
2015	\$ 2,673,836	\$ 556,597	\$ 3,230,432

CITY OF KYLE, TEXAS
TEN LARGEST WATER CUSTOMERS
September 30, 2015

Customer	Consumption (in gallons)	Amount Billed	% of Total Consumption
KYLE CORRECTIONAL CENTER	26,411,000	\$ 209,703	3.77%
SETON MEDICAL CENTER - HAYS	13,133,700	\$ 104,282	1.87%
VISTA AT PLUM CREEK	10,145,100	\$ 80,552	1.45%
AZTEC VILLAGE/ OAK HILL COMM.	8,816,900	\$ 70,006	1.26%
SADDLECREEK APARTMENTS	5,413,200	\$ 42,981	0.77%
KYLE BLUEBONNET MHS, LLC	4,631,200	\$ 36,772	0.66%
HCISD-LEHMAN HS	4,520,900	\$ 34,195	0.65%
HEB GROCERY CO.	4,306,700	\$ 34,195	0.61%
WATER WORKS AUTO SPA	3,604,500	\$ 28,620	0.51%
BLUEBONNET ESTATES	2,718,600	\$ 21,586	0.39%

CITY OF KYLE, TEXAS
SALES TAX COLLECTIONS BY MONTH
LAST TEN FISCAL YEARS

Fiscal Year	October	November	December	January	February	March	April	May	June	July	August	September	Total
2006	\$ 98,840	\$ 153,856	\$ 105,582	\$ 101,570	\$ 141,751	\$ 107,744	\$ 99,459	\$ 154,556	\$ 121,679	\$ 108,383	\$ 158,174	\$ 139,791	\$ 1,491,383
2007	\$ 123,391	\$ 149,643	\$ 131,032	\$ 117,783	\$ 151,746	\$ 116,440	\$ 140,560	\$ 185,877	\$ 146,027	\$ 146,272	\$ 219,894	\$ 162,659	\$ 1,791,324
2008	\$ 175,097	\$ 220,841	\$ 178,492	\$ 158,377	\$ 219,687	\$ 164,544	\$ 141,720	\$ 222,905	\$ 181,993	\$ 170,570	\$ 206,162	\$ 180,536	\$ 2,220,923
2009	\$ 152,824	\$ 293,362	\$ 202,720	\$ 163,713	\$ 244,361	\$ 194,190	\$ 175,689	\$ 291,357	\$ 191,341	\$ 189,912	\$ 293,591	\$ 212,424	\$ 2,605,483
2010	\$ 190,866	\$ 287,557	\$ 193,086	\$ 198,193	\$ 329,379	\$ 183,839	\$ 186,005	\$ 307,208	\$ 227,390	\$ 250,891	\$ 322,535	\$ 224,068	\$ 2,901,017
2011	\$ 216,921	\$ 333,590	\$ 216,162	\$ 226,155	\$ 377,557	\$ 199,597	\$ 179,339	\$ 316,730	\$ 257,077	\$ 249,528	\$ 380,685	\$ 202,592	\$ 3,155,933
2012	\$ 269,861	\$ 334,179	\$ 237,532	\$ 245,372	\$ 393,544	\$ 224,751	\$ 237,156	\$ 368,315	\$ 269,170	\$ 295,375	\$ 377,378	\$ 287,654	\$ 3,540,287
2013	\$ 304,269	\$ 366,291	\$ 299,073	\$ 286,436	\$ 440,059	\$ 275,360	\$ 270,778	\$ 413,730	\$ 302,670	\$ 318,477	\$ 418,723	\$ 312,867	\$ 4,008,733
2014	\$ 306,735	\$ 439,337	\$ 321,293	\$ 334,830	\$ 492,820	\$ 299,643	\$ 320,355	\$ 505,339	\$ 405,019	\$ 315,129	\$ 496,713	\$ 374,188	\$ 5,016,420
2015	\$ 362,331	\$ 521,872	\$ 416,690	\$ 387,232	\$ 597,254	\$ 383,110	\$ 338,851	\$ 576,976	\$ 493,472	\$ 446,136	\$ 642,442	\$ 485,237	\$ 5,651,604

**CITY OF KYLE, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

FISCAL YEAR	City Direct Rates			Overlapping Rates							Total Direct & Overlapping Rate
	Operating	Debt Service	Total	School District	County	Special Road	Emergency Services	ACC	Plum Creek Conservation	Plum Creek Groundwater	
2006	0.169700	0.108000	0.277700	1.876300	0.384400	0.071000	0.050300	0.000000	0.017200	0.017500	2.694400
2007	0.179000	0.093400	0.272400	1.778000	0.037900	0.071000	0.077000	0.000000	0.017800	0.018000	2.272100
2008	0.120000	0.150700	0.270700	1.461300	0.371400	0.086000	0.077000	0.000000	0.018000	0.018000	2.302400
2009	0.173100	0.200000	0.373100	1.461300	0.374900	0.080100	0.085000	0.000000	0.019500	0.095000	2.488900
2010	0.183000	0.241000	0.424000	1.461300	0.418100	0.051100	0.092500	0.000000	0.018500	0.018500	2.484000
2011	0.216073	0.199326	0.425399	1.461300	0.424800	0.044400	0.095300	0.094800	0.020000	0.020000	2.585999
2012	0.236100	0.248400	0.484500	1.461300	0.425100	0.044000	0.100000	0.094800	0.020000	0.020000	2.649700
2013	0.270300	0.254100	0.524400	1.461300	0.425200	0.043800	0.100000	0.094900	0.022000	0.022000	2.693600
2014	0.270300	0.278000	0.548300	1.537700	0.425200	0.043800	0.100000	0.094200	0.220000	0.022000	2.991200
2015	0.270300	0.278000	0.548300	1.537700	0.423200	0.043800	0.100000	0.100500	0.022500	0.021500	2.797500

**CITY OF KYLE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO**

2015	
Taxpayer	Percentage of Total City Taxable Assessed Value
SETTLEMENT BRES LLC &	2.19%
BRE DDR BR KYLE TX LLC	1.76%
DDR DB KYLE LP	1.70%
AM KYLE LLC	1.44%
CINESTARZ ENTERTAINMENT LLC	0.84%
WAL-MART REAL ESTATE BUSI	0.83%
PAM KYLE IRF LLC	0.64%
SCC KYLE PARTNERS LTD	0.64%
STRIPES LLC	0.59%
HEALTH CARE REIT INC	0.55%
Total	<u>11.18%</u>
2010	
Taxpayer	Percentage of Total City Taxable Assessed Value
DDR DB KYLE LP	1.81%
KYLE MARKETPLACE LTD	1.48%
SCC KYLE PARTNERS LTD	0.95%
LOWE'S HOME CENTERS INC	0.86%
BREMNER, DUKE	0.74%
TARGET CORPORATION	0.69%
HEB GROCERY CO LP	0.65%
KOHL'S ILLINOIS INC	0.58%
HD DEVELOPMENT PROPERTIES LP	0.57%
LOWE'S HOME CENTERS INC #2961	0.31%
Total	<u>8.80%</u>

**CITY OF KYLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Taxes Levied for the Fiscal year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 2,175,118.49	\$ 2,138,652.20	98.32%	\$ 34,472.31	\$ 2,173,124.51	99.91%
2007	\$ 2,540,651.14	\$ 2,501,095.92	98.44%	\$ 37,369.89	\$ 2,538,465.81	99.91%
2008	\$ 2,972,355.89	\$ 2,936,623.44	98.80%	\$ 32,265.29	\$ 2,968,888.73	99.88%
2009	\$ 4,706,354.87	\$ 4,659,479.95	99.00%	\$ 40,185.28	\$ 4,699,665.23	99.86%
2010	\$ 5,657,998.02	\$ 5,602,149.59	99.01%	\$ 48,000.85	\$ 5,650,150.44	99.86%
2011	\$ 5,782,063.25	\$ 5,728,465.59	99.07%	\$ 42,067.15	\$ 5,770,532.74	99.80%
2012	\$ 6,928,118.28	\$ 6,881,454.44	99.33%	\$ 23,851.83	\$ 6,905,306.27	99.67%
2013	\$ 7,710,301.90	\$ 7,614,186.51	98.75%	\$ 7,733.64	\$ 7,621,920.15	98.85%
2014	\$ 8,468,076.05	\$ 8,418,435.10	99.41%	\$ 17,021.64	\$ 8,435,456.74	99.61%
2015	\$ 9,112,282.80	\$ 9,064,585.82	99.48%	\$ 6,301.96	\$ 9,070,887.78	99.55%

Source: City of Kyle Internal Reports

Note: Subsequent years includes penalties

CITY OF KYLE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total	
	Certificates of Obligation	General Obligation Bonds	State Infrastructure Loan	Deferred Interest Payable	Capital Leases	Compensated Absences	Total Primary Government	Per Capita
2006	\$ 7,755,000	\$ 75,000	\$ -	\$ 637,000	\$ 2,366,017	\$ 8,396	\$ 24,941,448	\$ 1,652.85
2007	\$ 17,287,661	\$ 55,000	\$ -	\$ 826,276	\$ 2,294,316	\$ 8,396	\$ 34,587,892	\$ 1,926.04
2008	\$ 39,628,882	\$ 30,000	\$ -	\$ 790,941	\$ 3,850,775	\$ 12,851	\$ 57,911,980	\$ 2,709.97
2009	\$ 44,263,475	\$ -	\$ -	\$ 754,001	\$ 3,704,028	\$ 29,232	\$ 61,589,197	\$ 2,421.91
2010	\$ 41,073,068	\$ 15,290,000	\$ -	\$ 175,300	\$ 3,548,230	\$ 66,792	\$ 71,086,598	\$ 2,537.36
2011	\$ 40,105,425	\$ 18,430,000	\$ -	\$ 642,000	\$ 3,259,467	\$ 78,799	\$ 73,437,692	\$ 1,838.15
2012	\$ 37,885,750	\$ 18,010,000	\$ 93,950	\$ 1,130,169	\$ 2,952,895	\$ 93,124	\$ 71,165,888	\$ 2,099.29
2013	\$ 33,890,000	\$ 36,660,000	\$ 44,865	\$ -	\$ 2,952,895	\$ 64,514	\$ 73,612,274	\$ 2,165.07
2014	\$ 34,150,000	\$ 35,540,000	\$ -	\$ -	\$ 2,850,115	\$ -	\$ 72,540,115	\$ 2,133.53
2015	\$ 11,750,000	\$ 83,605,000	\$ -	\$ -	\$ 2,650,491	\$ -	\$ 98,005,491	\$ 2,882.51

Note: Certificates of Obligation Premium On Bond Issuance are combined
Source: Notes to Financial Statements - Long Term Debt

CITY OF KYLE, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding		
	Gross Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2006	\$ 5,625,050	0.72%	\$ 372.77
2007	\$ 19,095,853	2.13%	\$ 1,063.36
2008	\$ 53,237,400	4.93%	\$ 2,491.22
2009	\$ 60,921,157	4.91%	\$ 2,395.64
2010	\$ 61,860,798	4.80%	\$ 2,208.05
2011	\$ 70,837,951	5.26%	\$ 2,299.93
2012	\$ 68,207,951	4.93%	\$ 2,012.03
2013	\$ 70,550,000	4.92%	\$ 2,075.00
2014	\$ 69,690,000	4.86%	\$ 2,049.71
2015	\$ 95,355,000	6.65%	\$ 2,804.56

**CITY OF KYLE, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$		1,640,298,665		
Debt limit (6% of assessed value)	\$		98,417,920		
Debt applicable to limit:					
Total Bonded Debt	\$		95,355,000		
Less: Amount set aside for repayment of general obligation debt	\$		1,600,000		
Total net debt applicable to limit	\$		93,755,000		
Legal debt margin	\$		4,662,920		

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 46,935,281	\$ 53,890,840	\$ 65,910,984	\$ 75,689,623	\$ 77,248,071	\$ 80,811,482	\$ 82,998,155	\$ 85,984,016	\$ 90,028,539	\$ 98,417,920
Net Debt Applicable to Limit	\$ 7,830,000	\$ 17,342,661	\$ 39,658,882	\$ 44,262,475	\$ 56,363,068	\$ 58,535,425	\$ 55,895,750	\$ 70,082,849	\$ 68,260,000	\$ 93,755,000
Legal Debt Margin	\$ 39,105,281	\$ 36,548,179	\$ 26,252,102	\$ 31,427,148	\$ 20,885,003	\$ 22,276,057	\$ 27,102,405	\$ 15,901,167	\$ 21,768,539	\$ 4,662,920
Net Debt as a % of Debt Limit	17%	32%	60%	58%	73%	72%	67%	82%	76%	95%

Note: Assessed Value is City Limits only. TIRZ not included. The City adopted a formal Debt Management Policy in FY 2010.

Source: Debt Service Fund Balance Sheet (Governmental Funds Balance Sheet)
Gross Bonded Debt
Assessed Value - Taxable Value

**CITY OF KYLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Average Household Income	Unemployment Rate
2006	15,090	\$ 61,133	3.5%
2007	17,958	\$ 62,478	3.2%
2008	21,370	\$ 63,852	3.9%
2009	25,430	\$ 65,257	5.3%
2010	28,016	\$ 65,100	5.5%
2011	29,300	\$ 65,100	5.3%
2012	30,700	\$ 65,100	4.9%
2013	32,100	\$ 65,100	4.2%
2014	33,500	\$ 71,063	5.4%
2015	34,413	\$ 77,406	2.5%

Sources: Unemployment Rates: <http://www.tracer2.com/cgi/dataAnalysis/LabForceReport>.

Population: <http://kyleed.com/community-profile/population>

**CITY OF KYLE, TEXAS
PRINCIPAL EMPLOYERS
CURRENT**

Employer	2015	
	Employees	Percentage of Total City Employment
Hays County Independent School District	2,383	17.48%
Seton Medical Center Hays	582	4.27%
HEB Plus*	400	2.93%
Wal Mart	300	2.20%
City of Kyle	176	1.29%
EVO	170	1.25%
Kyle Correctional Facility	151	1.11%
Lowes*	108	0.79%
Home Depot*	100	0.73%
Target	81	0.59%
Austin Community College at Hays	80	0.59%
Kohl's	69	0.51%
RSI, Inc	61	0.45%
Total	4,661	34%
Total Employed within Kyle, Texas	13,633	

CITY OF KYLE, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Administration	8.83	8.33	8.00	8.00	7.00	6.00	5.00	5.00	5.00	5.00
Human Resources	0.00	0.00	0.00	2.00	2.75	2.75	3.50	3.50	3.50	3.50
Finance	3.00	3.00	3.00	4.00	4.00	5.50	5.50	5.50	6.50	7.50
Municipal Court	2.50	3.50	3.50	3.50	3.50	4.00	4.50	4.50	4.00	4.00
IT	0.00	1.00	1.00	2.00	2.00	3.00	3.00	3.00	4.00	4.00
Planning	0.00	1.00	2.50	4.50	3.00	3.00	3.00	3.00	3.00	4.00
Economic Development	0.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Building	8.00	8.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
Street Department	11.67	4.67	4.00	6.35	7.35	6.00	6.75	6.00	6.00	9.50
Police										
Administration	5.00	6.00	6.00	9.00	9.00	12.00	12.00	14.50	14.50	14.50
Operations	22.00	22.00	27.00	33.00	37.00	35.50	38.00	38.50	38.50	44.00
Public Works										
Administration	3.00	1.67	0.00	8.65	9.65	8.75	8.25	8.25	8.00	8.50
Water	3.00	5.00	9.00	5.00	7.00	14.00	14.50	12.50	12.50	12.50
Wastewater	2.00	2.00	4.00	6.00	7.00	5.00	5.50	5.50	5.50	5.50
Engineering	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.50	0.50
Parks and Recreation										
Administration	5.00	5.00	0.00	3.00	3.00	5.00	4.00	4.00	4.50	5.00
Parks Maintenance	4.00	6.00	10.00	10.50	12.00	12.00	12.00	12.00	12.00	12.00
Facilities Maintenance	0.00	4.00	5.00	3.00	3.00	3.50	4.00	4.00	4.00	4.00
Library	4.50	5.00	5.00	6.00	7.00	8.00	7.00	7.00	7.00	10.00
Utility Billing	0.00	0.00	4.00	4.00	5.00	5.00	5.00	7.00	7.00	7.00
Total	82.50	87.17	100.00	127.50	138.25	147.00	150.50	152.75	154.00	169.00

CITY OF KYLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Building permits issued	961	653	534	328	431	289	244	324	537	635
Police										
Violations	5,856	3,672	3,130	3,640	4,709	4,360	6,961	8,670	10,111	5,447
Citations	4,452	2,803	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Public Works										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16	10	2
Potholes repaired	N/A	N/A	N/A	N/A	N/A	672	718	926	1,053	2,007
Street Sweeping - Miles	N/A	N/A	574	4,037	2,623	2,613	343	1,898	1,970	2,308
Parks and Recreation										
Facility Rental Bookings (Guests)	18,281	18,992	26,375	28,902	13,786	15,512	42,791	36,092	45,602	52,447
Summer Camp	1,215	1,881	1,964	1,652	3,255	6,105	5,275	5,500	5,800	4,675
Pool (patron count)	29,837	17,283	33,909	36,508	30,254	32,078	36,511	37,000	37,000	41,813
Library										
Circulation Count	36,744	39,233	50,103	86,611	99,129	100,121	125,715	144,904	155,860	165,175
Patron Count	52,658	42,342	83,627	81,019	95,371	91,207	119,194	126,824	133,154	138,458
Library Cards Issued	1,657	1,912	1,974	2,021	1,799	1,746	3,730	2,218	3,200	2,784
Water										
New Connections	3,109	2,929	2,478	2,272	2,007	1,900	2,188	2,402	2,773	3,024
Water leaks	N/A	61	82	88	70	117	80	91	126	108
Average Daily Consumption (millions of gallons)	1.7579	1.7221	2.1575	N/A	2.0891	1.6391	2.1225	2.443	1.9200	2.4190
Wastewater										
Average Daily Sewage Treatment (millions of gallons)	1.6102	1.3748	1.5012	N/A	1.5626	2.2684	1.7207	1.838	1.6950	2.3000

Source: City of Kyle
Departmental Reports, City of Kyle

Note: New Connections are by Calendar Year not Fiscal Year

**CITY OF KYLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations/ Sub-Stations	1	1	1	1	1	1	1	2	2	2
Patrol Units	11	12	16	17	18	24	29	27	27	21
Fire										
Stations	1	1	1	1	1	2	2	2	2	2
Parks and Recreation										
Acreage	191	283	355	412	462	466	466	569	577	612
Streets										
Streets - Linear Feet	526,073	541,873	567,888	576,448	580,748	591,248	595,248	610,518	623,170	641,396
Water										
Fire Hydrants	698	750	783	829	833	847	859	891	905	936
New Water Lines - Linear Feet	37,730	28,730	15,084	35,592	7,142	2,653	1,894	6,703	9,963	16,950
Ground Water Storage	4	4	6	8	8	8	8	8	8	8
Elevated Water Storage	4	4	5	5	6	6	6	6	6	6
Wastewater										
New Wastewater Lines - Linear Ft	32,150	14,059	20,737	19,574	7,770	3,890	1,555	20,059	13,286	16,127
Storm Sewers (miles)	24,227	1,721	29,369	38,948	2,945	3,937	423	14,245	7,334	13,573
Lift Stations	11	11	10	10	10	10	9	9	9	11
Treatment Capacity (millions of gallons)	N/A	N/A	N/A	3	3	3	3	3	3	3