



THE CITY OF KYLE, TEXAS  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



FOR THE YEAR ENDED  
SEPTEMBER 30, 2017

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, 2017

---

Prepared by Financial Services Department



## Elected Officials

Mayor  
Travis Mitchell

Mayor Pro Tem  
Shane Arabie

Council Member, District 1  
Dex Ellison

Council Member, District 2  
Tracy Scheel

Council Member, District 4  
Alex Villalobos

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, 2017**

**TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		i
City of Kyle - Organizational Chart		vi
Elected Officials and Executive Management Team		vii
GFOA CAFR Certificate		viii
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		1
Management's Discussion and Analysis		4
<b><u>Basic Financial Statements</u></b>		
Government Wide Statements:		
Statement of Net Position	A-1	19
Statement of Activities	B-1	20
Governmental Fund Financial Statements:		
Balance Sheet	C-1	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-2	24
Statement of Revenues, Expenditures, and Changes in Fund Balance	C-3	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	C-4	27
Proprietary Fund Financial Statements:		
Statement of Net Position	D-1	28
Statement of Revenues, Expenses, and Changes in Fund Net Position	D-2	29
Statement of Cash Flows	D-3	30
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Assets and Liabilities	E-1	32
Statement of Change in Fiduciary Net Position	E-2	33
Notes to the Financial Statements		
I. Summary of Significant Accounting Policies		34
II. Reconciliation of Government-Wide and Fund Financial Statements		41
III. Stewardship, Compliance and Accountability		42
IV. Detailed Notes on All Funds		43
V. Other Information		53
<b><u>Required Supplementary Information (Unaudited)</u></b>		
Budgetary Comparison Schedule - General Fund	G-1	66
Schedule of Funding Progress for the Other Post-Employment Benefits	G-2	68
Schedule of Changes in the Employers Net OPEB Liability and Related Ratios	G-3	69
Schedule of Investment Returns - OPEB	G-4	70
Schedule of Changes in Net Pension Liability and Related Ratios	G-5	71
Schedule of Contributions and Notes to the Schedule	G-6	72

**CITY OF KYLE, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**TABLE OF CONTENTS (Cont'd)**

	<b>Exhibit</b>	<b>Page</b>
<b>FINANCIAL SECTION (Cont'd)</b>		
<b><u>Combining Financial Statements</u></b>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	H-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	H-2	76
Combining Statement of Changes of Assets and Liabilities - Agency Fund	H-9	79
	<b>Table</b>	<b>Page</b>
<b>STATISTICAL SECTION (Unaudited)</b>		
Net Position by Component	1	81
Changes in Net Position	2	82
Fund Balances - Governmental Funds	3	84
Changes in Fund Balances - Governmental Funds	4	85
Assessed Value and Estimated Actual Value of Taxable Property	5	87
Water Utility Rate Comparison	6	88
Water Utility - Annual Billed Amount Comparison	7	89
Water Utility - Total Gallon Per Year Comparison	8	90
Wastewater Rate Comparison	9	91
Wastewater Utility - Annual Billed Amount Comparison	10	92
Ten Largest Water Customers	11	93
Sales Tax Collection by Month	12	94
Direct and Overlapping Property Tax Rates	13	95
Principal Property Taxpayers	14	96
Property Tax Levies and Collections	15	97
Ratios of Outstanding Debt by Type	16	98
Ratios of Net General Bonded Debt Outstanding	17	99
Legal Debt Margin Information	18	100
Demographic and Economic Statistics	19	101
Principal Employers	20	102
Fulltime Equivalent City Government Employees	21	103
Operating Indicators by Function/Program	22	104
Capital Asset Statistics by Function/Program	23	105



# INTRODUCTORY SECTION





# CITY OF KYLE

---

100 W. Center Street • Kyle, Texas 78640 • Tel (512) 262-1010 • Fax (512) 262-3800

March 14, 2018

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, 2017. 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 RSM US 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 thirty (30) square miles and has an estimated population of 43,400 in 2018. 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 6.1%, taxable valuations increased by 12.8% (tax year 2017) as compared to the prior tax year, annual property tax collection rate has continued to surpass the 98.0% level, and sales tax collections increased by 10.8% as compared to the prior year as well. Total population in the City of Kyle is projected to increase to an estimated 50,000 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. The 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 the 2010 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 develop the City of Kyle as a vibrant, healthy, family-friendly, and safe community. These policy-based priorities include and not limited to the following:

- Public Safety Program Initiatives
- Street Maintenance & Reconstruction Program
- City-wide Beautification Plan
- Park Improvement Program
- Storm Drainage Improvement & Flood Risk Mitigation Program



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

A number of major programs were initiated and completed in the City of Kyle during fiscal year 2017. These included the following:

- Completion of engineering study and design for the City's wastewater treatment plant expansion.
- Construction of Bunton Road was completed and construction plans for two other major roadways were completed for the \$36 million bond package approved by the citizens. This roadway improvement program when completed will increase commercial and industrial development throughout the City of Kyle.
- Completion of right-of-way acquisitions and design for the City's Southside, Elliott Branch, and Bunton Creek wastewater collection system improvement projects.
- Streamlining of the City's development and permitting process completed.
- Completion of major improvements throughout the City's parks system.

## **FINANCIAL INFORMATION**

### **Budgetary Information**

The fiscal year 2018 Approved Budget totals \$84.2 million and includes \$23.9 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 and inclusiveness in government. The City included an extensive public participation process including public hearings, City Council planning sessions 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 2018 Approved Budget was adopted with a property tax rate decrease of \$0.0332 to \$0.5416 per \$100 of assessed taxable valuation. The budget provides for a merit increase for City employees, compliance with the meet and confer requirements for civil service employees, addition of new positions for police officers, public works, animal control, and emergency dispatch operations.

The Approved Budget for fiscal year 2018 did not include any rate increase for water, wastewater, storm drainage or other fees and charges for various city services. A 4.0% rate increase was 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 reaffirmed at AA- 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 a few items are re-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 quarter, the Financial Services Department provides reports to City Council on the status of revenue, expenditures and fund balance of each fund based on actual to date financial data.

## **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 operating and capital budgets, financial performance reports, comprehensive annual financial reports,

capital improvements plan, check registers, financial policies, official statements, 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.

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, 2016.

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 2017. This award is the highest form of recognition in governmental budgeting and represents a significant achievement by an organization.

In addition, the City of Kyle continues to be a participant and award recipient in the Texas State Comptroller's Transparency Star Award Program. The Transparency Star Award Program is the highest level of recognition based on a five-star rating system. Each star represents excellence in transparency in a reporting category; Traditional Finances, Contracts & Procurement, Debt Obligations, Economic Development, and Pensions.

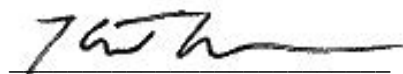
### **Acknowledgments**

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 Financial Services 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, RSM US 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 the City's financial management.

Respectfully submitted,

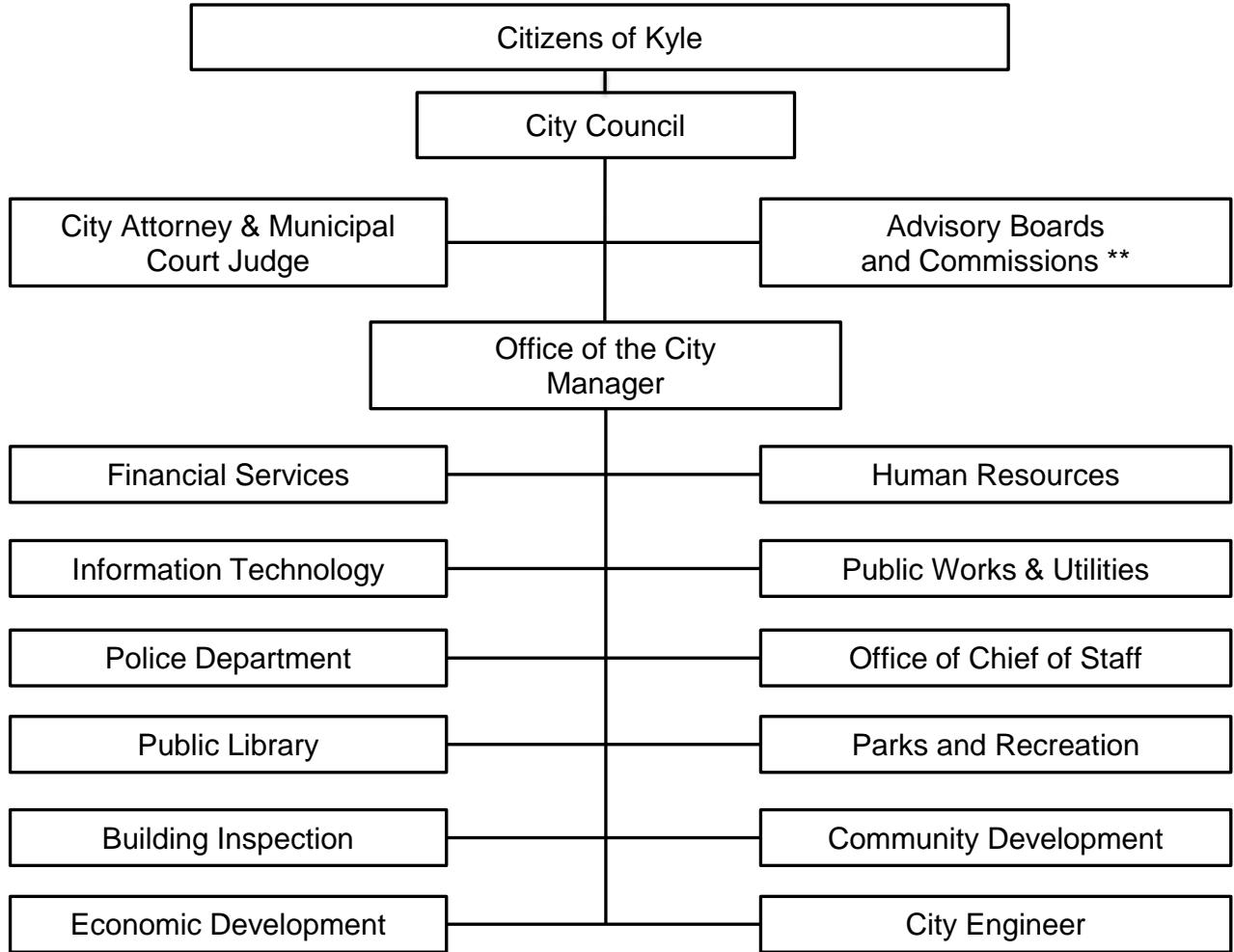


J. Scott Sellers  
City Manager



Perwez 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

Travis Mitchell.....	Mayor
Shane Arabie.....	Mayor Pro-Tem, District 3
Dex Ellison.....	District 1
Tracy Scheel.....	District 2
Alex Villalobos.....	District 4
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
Leon Barba, P.E.....	City Engineer
Jennifer Vetrano.....	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, 2016**

*Christopher P. Morill*

Executive Director/CEO



# FINANCIAL SECTION





RSM US LLP

## **Independent Auditor's Report**

To the 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, 2017, 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 as of September 30, 2017, 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.

## **Emphasis of Matter**

As described in Note V- C, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The effect of the adoption of this standard was a restated beginning fiduciary fund net position, additional note disclosures and required supplementary information about the City's other postemployment benefit plan. 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 the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual—General Fund, Notes to the Budgetary Comparisons Schedule, the Schedule of Funding Progress for the Other Postemployment Benefits (OPEB), the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of Investment Returns—OPEB, the Schedule of Changes in Net Pension Liability and Related Ratios—Retirement Plan and the Schedule of Employer Contributions—Retirement Plan, 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 accompanying Introductory and Statistical Sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

*RSM US LLP*

Austin, Texas  
March 14, 2018

The City management is pleased to present the City of Kyle's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017.

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, 2017. 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 and deferred inflows at the end of fiscal year 2017 resulting in a net position of \$163.8 million as of September 30, 2017. Of the total \$163.8 million net position, \$28.0 million remained unrestricted and is available to meet any future obligations of the City.
- Net position for all governmental activities totaled \$68.6 million and \$95.2 million for business-type activities at September 30, 2017.
- \$5.0 million or 12.2% decrease in the combined fund balance totaling \$35.9 million for all governmental funds at September 30, 2017 as compared to the prior fiscal year.
- \$3.3 million or 31.4% increase in the ending balance of the City's General Fund totaling \$13.8 million at September 30, 2017 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 operations, wastewater utility operations, and storm drainage.

**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 and committed to a 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, 2017, the City's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$163.8 million.

Below are summary highlights of the City's Net Position as of the end of fiscal year 2017 at September 30, 2017:

- Governmental Activities:
  - ❖ Current and Other Assets decreased by \$5.8 million or 13.1% primarily from the net results of operations.
  - ❖ Capital Assets increased by a net \$8.4 million or 7.3% at fiscal year-end. Capital outlay total \$10.4 million net of depreciation of \$4.9 million.
  - ❖ Liabilities decreased by a net \$6.0 million or 5.9% as a result of debt service payments.

- Business-type Activities:
  - ❖ Current and Other Assets increased by a \$9.3 million or 37.8% primarily from the net results of operations.
  - ❖ Capital Assets increased by a net \$9.7 million or 17.8%, primarily from wastewater projects.
  - ❖ Total liabilities increased by a net \$0.9 million or 40.6% primarily from the addition of the new Storm Drainage Fund and an increase in the Net Pension Liability.

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

City of Kyle, Texas Net Position Information For the Fiscal Year Ended September 30, 2017 (With Comparative Totals for September 30, 2016)						
	Government Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current & other assets	\$ 38,337,192	\$ 44,131,217	\$ 33,976,806	\$ 24,654,187	\$ 72,313,998	\$ 68,785,404
Capital assets	122,703,958	114,352,785	63,915,105	54,243,210	186,619,063	168,595,995
<b>Total assets</b>	<b>\$ 161,041,150</b>	<b>\$ 158,484,002</b>	<b>\$ 97,891,911</b>	<b>\$ 78,897,397</b>	<b>\$ 258,933,061</b>	<b>\$ 237,381,399</b>
Total Deferred Outflow of Resources						
Charge for Refunding Pension Plan	\$ 2,658,438	\$ 2,629,181	\$ -	\$ -	\$ 2,658,438	\$ 2,629,181
	1,140,122	1,285,483	392,429	324,101	1,532,551	1,609,584
<b>Total Deferred</b>	<b>\$ 3,798,560</b>	<b>\$ 3,914,664</b>	<b>\$ 392,429</b>	<b>\$ 324,101</b>	<b>\$ 4,190,989</b>	<b>\$ 4,238,765</b>
Liabilities	\$ 3,200,105	\$ 3,261,473	\$ 2,025,799	\$ 1,353,817	\$ 5,225,904	\$ 4,615,290
Non-current liabilities	92,851,685	98,791,366	1,032,463	822,014	93,884,148	99,613,380
<b>Total liabilities</b>	<b>\$ 96,051,790</b>	<b>\$ 102,052,839</b>	<b>\$ 3,058,262</b>	<b>\$ 2,175,831</b>	<b>\$ 99,110,052</b>	<b>\$ 104,228,670</b>
Total Deferred Inflow of Resources						
Pension Plan	\$ 161,094	\$ 49,068	\$ 55,449	\$ 14,158	\$ 216,543	\$ 63,226
<b>Total Deferred</b>	<b>\$ 161,094</b>	<b>\$ 49,068</b>	<b>\$ 55,449</b>	<b>\$ 14,158</b>	<b>\$ 216,543</b>	<b>\$ 63,226</b>
Net investment in capital assets	\$ 52,720,070	\$ 49,390,461	\$ 63,915,105	\$ 54,243,210	\$ 116,635,175	\$ 103,633,671
Restricted	2,215,617	1,450,855	16,957,034	13,482,480	19,172,651	14,933,335
Unrestricted	13,691,139	9,455,449	14,298,490	9,305,819	27,989,629	18,761,268
<b>Total of Net Position</b>	<b>\$ 68,626,826</b>	<b>\$ 60,296,765</b>	<b>\$ 95,170,629</b>	<b>\$ 77,031,509</b>	<b>\$ 163,797,455</b>	<b>\$ 137,328,274</b>

The largest portion of the City's \$163.8 million net position includes \$116.6 million or 71.2% 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 \$163.8 million net position is its restricted resources totaling \$19.2 million or 11.7% to be used for capital improvements. The City's \$163.8 million net position also includes resources restricted for special purposes such as for the municipal court and law enforcement in the amount of \$0.23 million or 0.14% and \$2.0 million or 1.2% for debt service. The remaining balance of the City's \$163.8 million net position comprised of unrestricted resources totaling \$28.0 million or 17.1% 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 Information						
For the Fiscal Year Ended September 30, 2017						
(With Comparative Totals for September 30, 2016)						
	Government Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenue</b>						
Program Revenue						
Charges for services	\$ 7,383,240	\$ 5,336,732	\$ 17,842,460	\$ 17,675,893	\$ 25,225,700	\$ 23,012,625
Operating grants and contributions	152,279	129,307	-	-	152,279	129,307
Capital grants and contributions	-	-	9,934,823	1,717,379	9,934,823	1,717,379
General Revenue						
Property taxes	14,270,496	12,548,983	-	-	14,270,496	12,548,983
Sales tax	7,227,633	6,540,475	-	-	7,227,633	6,540,475
Franchise tax	1,435,270	1,210,935	-	-	1,435,270	1,210,935
Other taxes	281,996	267,150	-	-	281,996	267,150
Contributions						
not restricted	2,959,602	5,528,007	-	-	2,959,602	5,528,007
Investment earnings	383,362	162,335	72,365	31,606	455,727	193,941
Miscellaneous	208,541	1,607,235	3,090,249	815,026	3,298,790	2,422,261
<b>Total Revenue</b>	<b>\$ 34,302,419</b>	<b>\$ 33,331,159</b>	<b>\$ 30,939,897</b>	<b>\$ 20,239,904</b>	<b>\$ 65,242,316</b>	<b>\$ 53,571,063</b>
<b>Expense</b>						
General government	\$ 7,086,422	\$ 6,749,251	\$ -	\$ -	\$ 7,086,422	\$ 6,749,251
Public safety	7,101,534	6,196,660	-	-	7,101,534	6,196,660
Public works	7,456,046	6,989,253	-	-	7,456,046	6,989,253
Culture/Recreation	3,006,348	2,765,839	-	-	3,006,348	2,765,839
Interest on long term debt	2,853,031	3,640,280	-	-	2,853,031	3,640,280
Issuance Costs	-	150,447	-	-	-	150,447
Other debt service	20,425	826	-	-	20,425	826
Water/Wastewater/Storm Drainage	-	-	11,249,332	10,524,295	11,249,332	10,524,295
<b>Total Expenses</b>	<b>\$ 27,523,806</b>	<b>\$ 26,492,556</b>	<b>\$ 11,249,332</b>	<b>\$ 10,524,295</b>	<b>\$ 38,773,137</b>	<b>\$ 37,016,851</b>
Change in net position before Transfers	\$ 6,778,613	\$ 6,838,603	\$ 19,690,565	\$ 9,715,609	\$ 26,469,178	\$ 16,554,212
Transfers (net)	1,551,446	3,042,669	(1,551,446)	(3,042,669)	-	-
Change in net position	8,330,060	9,881,272	18,139,119	6,672,940	26,469,179	16,554,212
Net position - beginning	60,296,765	50,415,493	77,031,509	70,358,569	137,328,274	120,774,062
Net position - ending	<b>\$ 68,626,826</b>	<b>\$ 60,296,765</b>	<b>\$ 95,170,629</b>	<b>\$ 77,031,509</b>	<b>\$ 163,797,455</b>	<b>\$ 137,328,274</b>



### Governmental Activities – Government-wide Statements

**Governmental activities** increased the City's net position by \$8.3 million. Key elements of this change in net position are explained below:

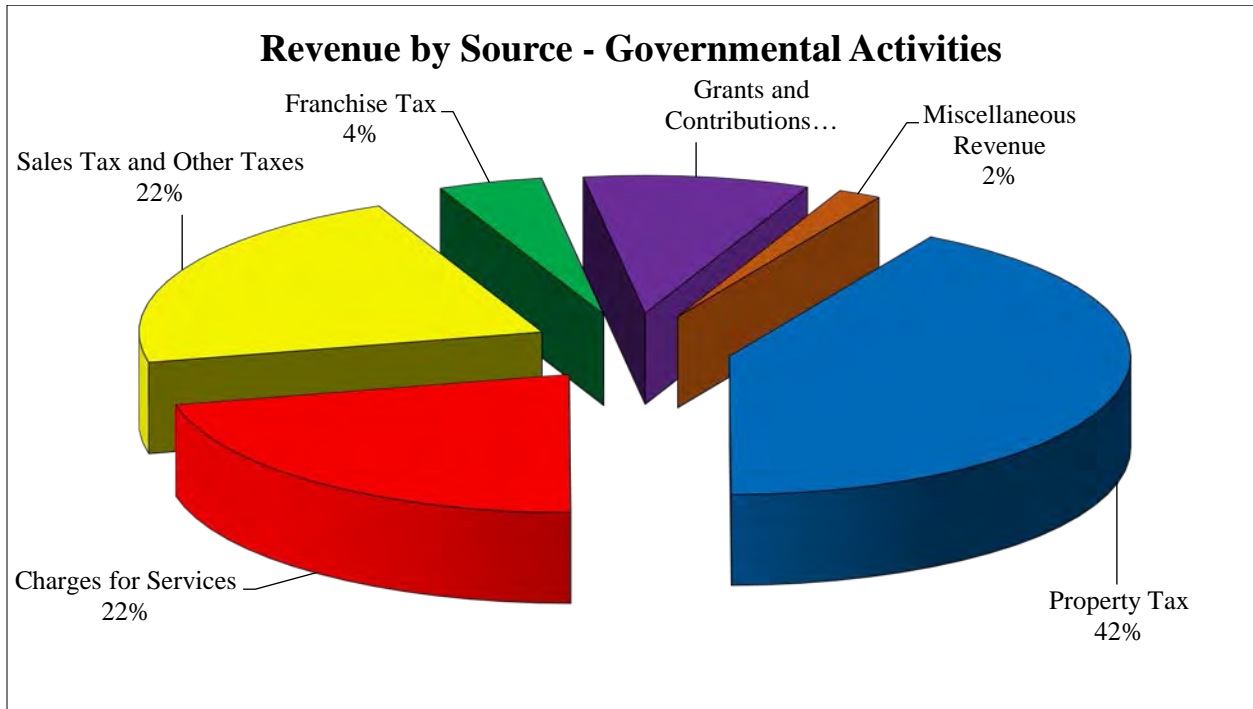
**Program Revenue.** Total program revenue, which are charges for services, operating grants/contributions and capital grants/contributions increased by approximately \$2.1 million from the prior year due mainly to net increase in charges for services of \$2.0 million and net increase in operating grants/contributions of \$0.02 million.

**General Revenue.** Property taxes, sales tax, franchise fees, and other taxes increased by \$2.6 million or 12.9%. Property tax increased by \$1.7 million or 13.7%, sales tax increased by \$0.7 million or 10.5%, franchise fee increased by \$0.2 million or 18.5% and other taxes increased \$0.01 million or 5.6% from the prior fiscal year.

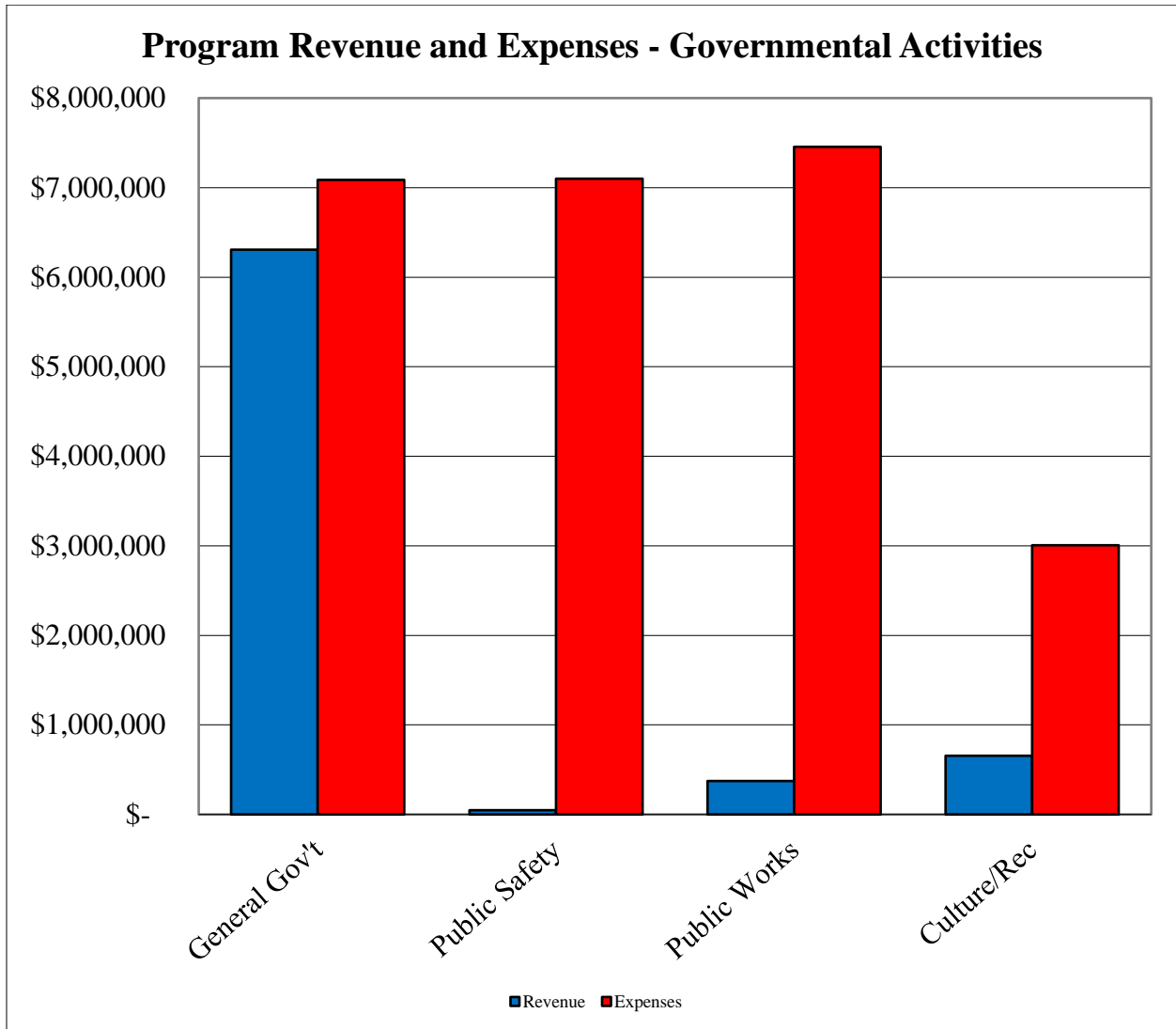
**Expenses.** Governmental expenses resulted in an overall increase of \$1.0 million or 3.9% compared to the prior year. Following are the main reasons for the increase in expenditures:

- General Government increased by \$0.3 million or 5.0%.
- Public Safety increased by \$0.9 million or 14.6%. 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 \$0.5 million or 6.7%. This increase is the result of increase in operating costs associated with sanitation and recycling services.
- Culture and Recreation increased by \$0.2 million or 8.7% and Bond Interest decreased by \$0.8 million or 21.6%.
- Other Debt Service Expense, which includes fiscal agent fees and issuance costs, increased by \$0.02 million.
- Water, Wastewater, and Storm Drainage funds increased by \$0.7 million or 6.9%.
- 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 2017. 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.



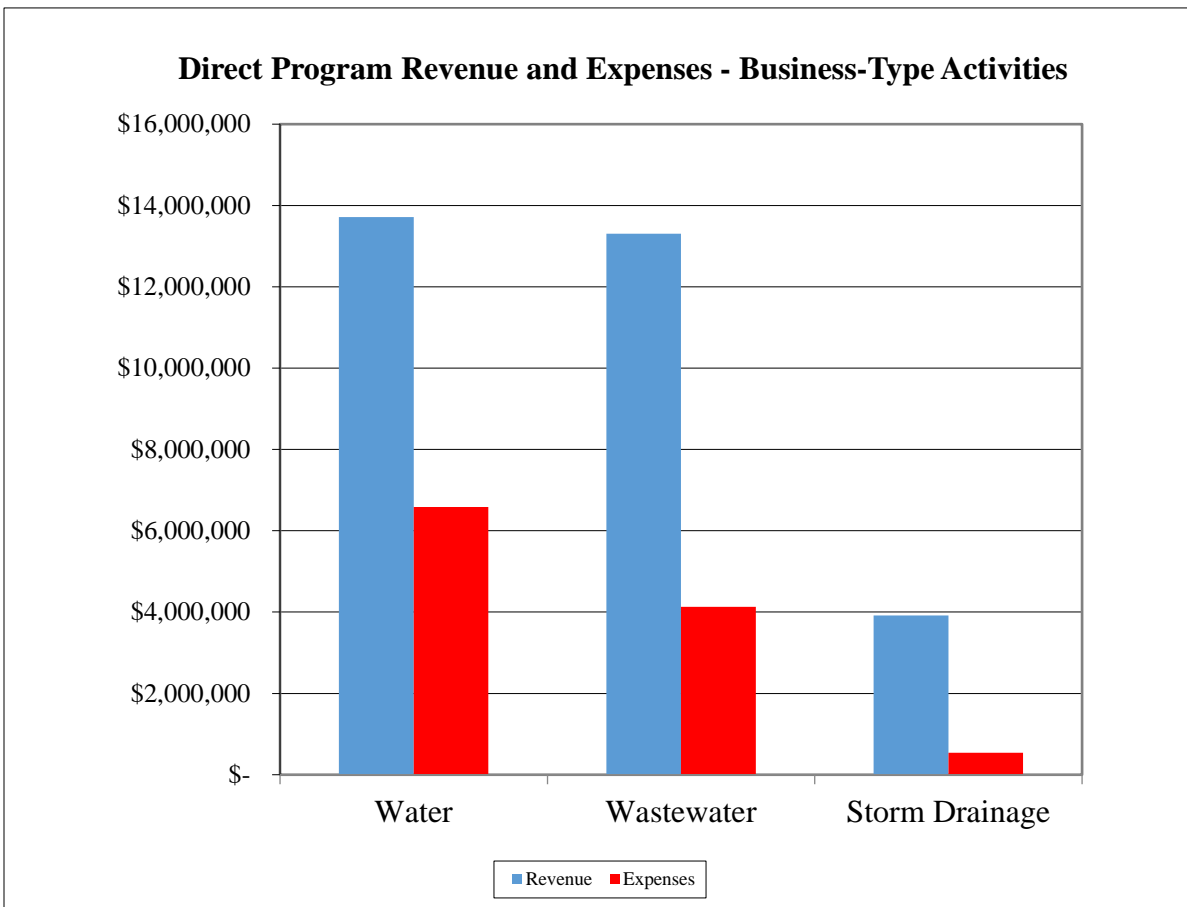
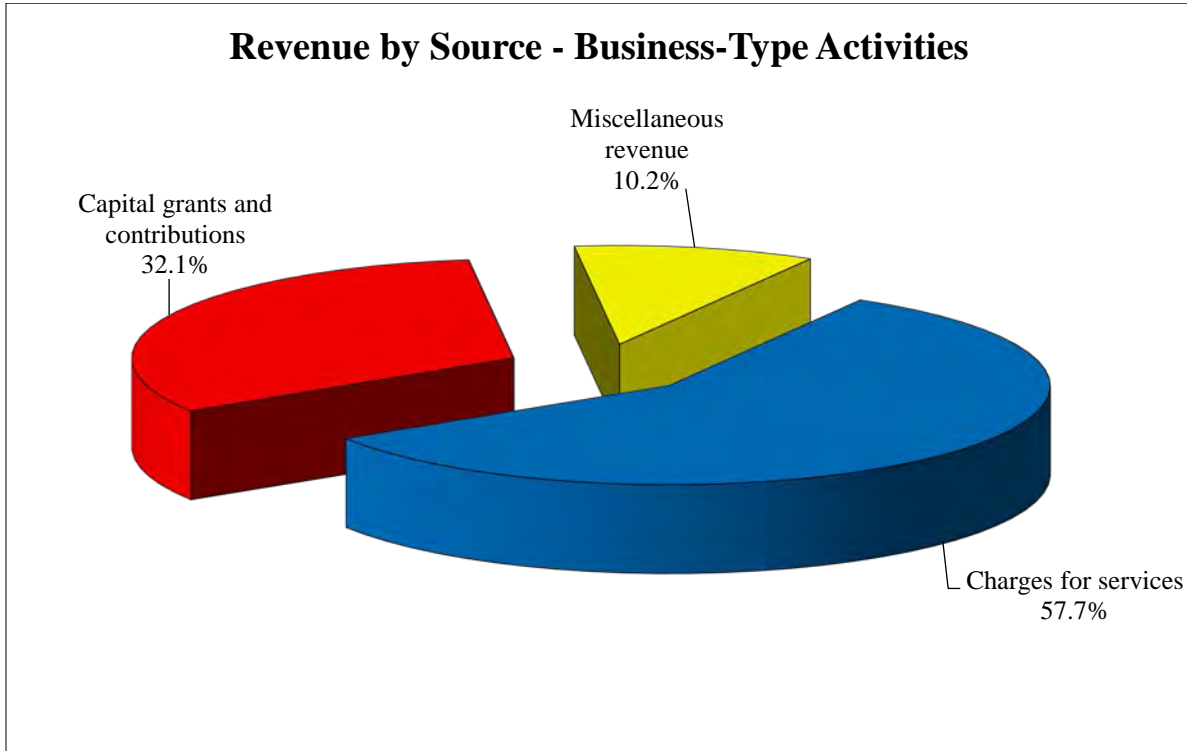
- As shown in the above chart, the primary sources of revenue for governmental activities are from property taxes (\$14.2 million or 42%), charges for services (\$7.3 million or 22%), and sales and other tax (\$7.5 million or 22%).
- Charges for services include revenue sources such as fees for building inspections, plan review, recreational program fees, trash collection charges, etc.
- Revenue from property taxes increased by \$1.7 million or 13.7% between 2016 and 2017. This increase is due to the increase in the certified tax roll for taxable assessed valuations from \$2.31 billion in 2016 to \$2.64 billion in 2017. The property tax rate adopted effective October 2016 (fiscal year 2017) was \$0.5748 per \$100 of assessed valuation which is a decrease of \$0.01 from the previous year.
- Sales and other taxes which represented \$7.5 million or 22.0% of total revenue for governmental activities increased from the prior year.



- Based on the chart above Public Works is the largest expense function (\$7.5 million or 27.2%), which includes all street maintenance and sanitation services. This is followed by Public Safety (\$7.1 million or 25.8%), General Government (\$7.1 million or 25.7%), and Culture/Recreation (\$3.0 million or 10.9%).
- 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 \$18.1 million in fiscal year 2017. This was the net result of \$30.9 million in revenue, \$11.2 million in expenses, and \$1.6 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, Wastewater and Storm Drainage Utility operations which increased from the prior year. Revenue from charges for services increased by \$0.2 million or 0.9% from the prior year due to the addition of new customers. Contributions for capital grants increased by \$8.2 million as compared to the previous year. Investment earnings increased by \$0.04 million or 129.0% due to the use of cash and investments to pay for operating and capital activities.

**Expenses.** Business-type expenses totaled \$11.3 million, an overall increase of \$0.7 million or 6.9% 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, 2017, the City's governmental funds reported combined ending fund balance of \$35.8 million. Of this amount \$22.0 million is restricted and the remaining \$13.8 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, 2017, the unassigned fund balance totaled \$13.8 million. The unassigned General Fund Balance increased by \$3.3 million or 31.4% at September 30, 2017 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 16.7% and actual expenditures increased by approximately \$0.3 million or 1.5% during fiscal year 2017 as compared to the prior fiscal year 2016. General government functions, which serves as a roll-up for non-specific activities, increased by \$0.4 million or 5.8% over the prior year. Public Safety increased by \$0.6 million or 11.1%, Culture/Recreation increased by \$0.1 million or 7.0% and Public Works increased by \$0.2 million or 6.6%. 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 \$7.6 million to \$8.7 million in 2017. The related debt service decreased from \$8.4 million to \$8.2 million, which is primarily attributable to lower outstanding debt in 2017.

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 2017, fund balance decreased by \$9.0 million. The decrease in the Capital Projects was mainly due to fund 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, 2017, the all Other Governmental Funds reported combined ending fund balance of \$1.9 million. Please refer to Exhibit C-3 on pages 25 and 26 and Exhibit H-2 on pages 76 through 78 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, Wastewater Utility, and Storm Drainage operations in an Enterprise Fund within the Proprietary Fund category for business-type activities.

Operating revenue for the water fund showed a \$0.2 million or 1.9% decrease from the prior year, the operating revenue for the wastewater fund showed a \$0.9 million or 12.0% decrease from the previous year. The new storm drainage fund had an operating revenue of \$1.2 million. This is primarily due to a new rate 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, 2017, totaled \$186.6 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, 2017 was \$18.0 million or 10.7% from the prior year.

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

City of Kyle, Texas Capital Assets Information September 30, 2017 (With Comparative Totals for September 30, 2016)						
	Government Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 3,282,742	\$ 3,282,742	\$ 691,935	\$ 691,935	\$ 3,974,677	\$ 3,974,677
Buildings	17,222,188	17,222,188	3,113,623	3,113,623	20,335,811	20,335,811
Improvements other than buildings	4,383,927	4,219,386	78,051,378	68,030,766	82,435,305	72,250,152
Machinery and equipment	5,140,535	4,979,617	2,512,359	1,474,934	7,652,895	6,454,551
Infrastructure	117,438,502	108,774,644	-	-	117,438,502	108,774,644
Construction in Progress	18,672,905	14,476,386	3,887,683	3,059,618	22,560,587	17,536,004
Less: Accumulated depreciation	(43,436,842)	(38,602,178)	(24,341,873)	(22,127,666)	(67,778,715)	(60,729,844)
<b>Total</b>	<b>\$ 122,703,957</b>	<b>\$ 114,352,785</b>	<b>\$ 63,915,105</b>	<b>\$ 54,243,210</b>	<b>\$ 186,619,062</b>	<b>\$ 168,595,995</b>

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

- Road improvements totaled approximately \$8.6 million for the year.
- Design and right-of-way acquisition primarily completed for the road projects.
- Contributed capital for the year totaled \$13.5 million.

Detailed information on capital asset activity for the fiscal year ended September 30, 2017 is provided in Note D to the Financial Statements on pages 47 to 49.

### Debt Management

At September 30, 2017, the City's net outstanding debt totaled \$90.3 million. This is a decrease of approximately \$5.2 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, 2017, with a comparison of outstanding debt from the prior year. In addition, please refer to Note F – Long-Term Liabilities on page 50 in the Notes to the Financial Statement for detailed information on the changes in long-term debt.

<b>City of Kyle, Texas</b> <b>Outstanding Debt Information</b> <b>September 30, 2017</b> <b>(With Comparative Totals for September 30, 2016)</b>						
	Government Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Debt obligations	\$ 40,495,000	\$ 42,340,000	\$ -	\$ -	\$ 40,495,000	\$ 42,340,000
Premium on bonds	4,751,760	5,076,009	-	-	4,751,760	5,076,009
Refunding bonds	45,080,000	48,115,000	-	-	45,080,000	48,115,000
Capital lease - Plant	-	-	-	-	-	-
Total	\$ 90,326,760	\$ 95,531,009	\$ -	\$ -	\$ 90,326,760	\$ 95,531,009

## **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 2017 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, 2017:

- 16% increase in building permits from the prior year.
- 8.0% increase in taxable assessed property valuations from the prior year.
- 99.4% annual property tax collection rate.
- 4.6% projected increase in population in the City of Kyle annually through the year 2020.
- 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.

<b>Variations in Budget Appropriations</b>			
<b>General Fund (Budgetary Basis) - Expenditures</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Results</b>
General Government	\$ 7,416,015	\$ 7,936,078	\$ 6,768,178
Public Safety	7,125,487	7,125,487	6,244,455
Public Works	3,916,433	3,916,433	3,484,563
Culture and Recreation	2,445,945	2,460,158	2,259,263
Capital Outlay	936,000	1,637,960	686,493
	<u>\$ 21,839,880</u>	<u>\$ 23,076,116</u>	<u>\$ 19,442,952</u>

Changes in original budget appropriations to the final amended budget appropriations resulted in a net \$1,236,236 increase in appropriations. This increase can be summarized by the following:

- General Government increased by approximately \$520,063 due to budget amendments and due to rollover from prior year appropriations.
- Culture and Recreation and Capital Outlay had a net change of approximately \$716,173 increase to adjusted appropriated balances to meet changing needs of the City throughout the year.

**Next Year's Budget**

The fiscal year 2017-18 Approved Budget totals \$84.1 million and includes \$23.9 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 2017-18 Budget was adopted with a property tax rate decrease of \$0.0100 to \$0.5416 per \$100 of assessed taxable valuation. The budget provides for an average 3.0% 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 2018 did not include any rate increase for water, wastewater, or fees and charges for city services. A 4.0% 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, 100 West Center St., Kyle, Texas 78640.



# BASIC FINANCIAL STATEMENTS



CITY OF KYLE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

EXHIBIT A-1

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 12,974,028	\$ 15,119,855	\$ 28,093,883
Restricted Cash and Cash Equivalents	22,129,418	16,916,006	39,045,424
Receivables (Net of Allowance for Uncollectibles)	2,791,234	2,218,644	5,009,878
Internal Balances	319,429	(319,429)	-
Prepaid Items	-	702	702
Capital Assets:			
Nondepreciable, Capital Assets	21,955,647	4,579,617	26,535,264
Capital Assets (Net)	100,748,311	59,335,488	160,083,799
OPEB Asset	123,083	41,028	164,111
<b>Total Assets</b>	<u>161,041,150</u>	<u>97,891,911</u>	<u>258,933,061</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Charge for Refunding	2,658,438	-	2,658,438
Deferred Outflow Related to Pension Plan	1,140,122	392,429	1,532,551
<b>Total Deferred Outflows of Resources</b>	<u>3,798,560</u>	<u>392,429</u>	<u>4,190,989</u>
<b>LIABILITIES</b>			
Accounts Payable	1,416,180	1,119,790	2,535,970
Wages and Salaries Payable	208,271	192,292	400,563
Compensated Absences Payable	639,551	-	639,551
Contracts Payable	215,670	-	215,670
Customer Deposits	6,781	713,717	720,498
Accrued Interest Payable	393,541	-	393,541
Other Current Liabilities	1,848	-	1,848
Liabilities Payable from Restricted Assets	318,263	-	318,263
Noncurrent Liabilities			
Debt Due Within One Year	5,045,001	-	5,045,001
Bonds Payable - Noncurrent	84,807,069	-	84,807,069
Net Pension Liability	2,999,615	1,032,463	4,032,078
<b>Total Liabilities</b>	<u>96,051,790</u>	<u>3,058,262</u>	<u>99,110,052</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	161,094	55,449	216,543
<b>Total Deferred Inflows of Resources</b>	<u>161,094</u>	<u>55,449</u>	<u>216,543</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	52,720,070	63,915,105	116,635,175
Restricted for:			
Restricted for Capital Improvements	-	16,957,034	16,957,034
Restricted for Other	248,725	-	248,725
Restricted for Debt Service	1,966,892	-	1,966,892
Unrestricted Net Position	13,691,139	14,298,490	27,989,629
<b>Total Net Position</b>	<u>\$ 68,626,826</u>	<u>\$ 95,170,629</u>	<u>\$ 163,797,455</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, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 7,086,422	\$ 6,307,587	-	-
Public Safety	7,101,534	46,822	106,493	-
Public Works	7,456,045	373,322	45,786	-
Culture and Recreation	3,006,348	655,509	-	-
Interest on Debt	2,853,031	-	-	-
Other Debt Service	20,425	-	-	-
Total Governmental Activities	27,523,805	7,383,240	152,279	-
BUSINESS-TYPE ACTIVITIES:				
Water Fund	6,585,910	10,189,754	-	2,302,230
Wastewater Fund	4,126,636	6,414,361	-	4,951,318
Storm Drainage Fund	536,786	1,238,345	-	2,681,276
Total Business-Type Activities	11,249,332	17,842,460	-	9,934,823
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 38,773,137</b>	<b>\$ 25,225,700</b>	<b>\$ 152,279</b>	<b>\$ 9,934,823</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes  
Property Taxes, Levied for Debt Service  
Sales Tax  
Franchise Tax  
Other Taxes

Grants and Contributions Not Restricted

Investment Earnings

Miscellaneous Revenue

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

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
\$ (778,835)	\$ -	\$ (778,835)
(6,948,219)	-	(6,948,219)
(7,036,937)	-	(7,036,937)
(2,350,839)	-	(2,350,839)
(2,853,031)	-	(2,853,031)
(20,425)	-	(20,425)
(19,988,286)	-	(19,988,286)
-	5,906,074	5,906,074
-	7,239,043	7,239,043
-	3,382,835	3,382,835
-	16,527,951	16,527,951
(19,988,286)	16,527,951	(3,460,335)
5,757,434	-	5,757,434
8,513,062	-	8,513,062
7,227,633	-	7,227,633
1,435,270	-	1,435,270
281,996	-	281,996
2,959,603	-	2,959,603
383,362	72,365	455,727
208,541	3,090,249	3,298,790
1,551,446	(1,551,446)	-
28,318,347	1,611,168	29,929,515
8,330,061	18,139,119	26,469,180
60,296,765	77,031,509	137,328,274
\$ 68,626,826	\$ 95,170,629	\$ 163,797,455

CITY OF KYLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

	General Fund	Debt Service Fund	Capital Projects
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 12,753,720	\$ -	\$ -
Restricted Cash and Cash Equivalents	-	2,033,588	18,660,995
Receivable (Net)	2,623,825	108,220	-
Due from Other Funds	331,474	-	-
<b>Total Assets</b>	<b>\$ 15,709,019</b>	<b>\$ 2,141,808</b>	<b>\$ 18,660,995</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,058,115	\$ 72,662	\$ 269,373
Wages and Salaries Payable	205,568	-	-
Contracts Payable	215,670	-	-
Customer Deposits	6,781	-	-
Due to Other Funds	6	-	-
Other Current Liabilities	1,848	-	-
Liabilities Payable from Restricted Assets	318,263	-	-
<b>Total Liabilities</b>	<b>1,806,251</b>	<b>72,662</b>	<b>269,373</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Property Tax	73,038	102,254	-
<b>Total Deferred Inflows of Resources</b>	<b>73,038</b>	<b>102,254</b>	<b>-</b>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Restricted Fund Balance - Other	-	-	-
Restricted Fund Balance - Capital Projects	-	-	18,391,622
Restricted Fund Balance - Debt Service	-	1,966,892	-
Unassigned Fund Balance	13,829,730	-	-
<b>Total Fund Balances</b>	<b>13,829,730</b>	<b>1,966,892</b>	<b>18,391,622</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 15,709,019</b>	<b>\$ 2,141,808</b>	<b>\$ 18,660,995</b>

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

Other Funds	Total Governmental Funds
\$ 220,308	\$ 12,974,028
1,434,835	22,129,418
59,189	2,791,234
-	331,474
\$ 1,714,332	\$ 38,226,154
\$ 28,069	\$ 1,428,219
2,703	208,271
-	215,670
-	6,781
-	6
-	1,848
-	318,263
30,772	2,179,058
-	175,292
-	175,292
248,725	248,725
1,434,835	19,826,457
-	1,966,892
-	13,829,730
1,683,560	35,871,804
\$ 1,714,332	\$ 38,226,154

CITY OF KYLE  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2017

<b>Total Fund Balances - Governmental Funds</b>	\$	35,871,804
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. 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 ending balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.</p>		
Other long-term liabilities, assets and deferrals		(96,865)
Deferred charge on refunding	2,658,438	
Net Pension Liability	(2,999,615)	
Deferred Inflows Property Tax	175,292	
Compensated absences	(639,551)	
Pension Plan Deferred Inflows	(161,094)	
Pension Plan Deferred Outflows	1,140,122	
Interest Accrual	(393,540)	
OPEB Asset	123,083	
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>68,626,826</b>

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, 2017

	General Fund	Debt Service Fund	Capital Projects
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 5,684,396	\$ 8,410,808	\$ -
General Sales and Use Taxes	7,227,633	-	-
Franchise Tax	1,435,270	-	-
Other Taxes	65,899	-	-
Licenses and Permits	1,853,819	-	-
Intergovernmental Revenue and Grants	1,500	-	-
Charges for Services	4,324,114	-	-
Fines	473,892	-	-
Special Assessments	-	-	-
Investment Earnings	131,796	247,324	-
Rents and Royalties	33,426	-	-
Contributions & Donations from Private Sources	72,400	-	-
Other Revenue	152,030	10,261	-
Total Revenues	<u>21,456,175</u>	<u>8,668,393</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	6,768,179	-	-
Public Safety	6,244,455	-	-
Public Works	3,484,563	-	-
Culture and Recreation	2,259,263	-	-
Debt Service:			
Principal on Debt	-	4,879,999	-
Interest on Debt	-	3,258,430	-
Other Debt Service	-	20,425	-
Capital Outlay:			
Capital Outlay	686,493	-	9,505,978
Total Expenditures	<u>19,442,953</u>	<u>8,158,854</u>	<u>9,505,978</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,013,222</u>	<u>509,539</u>	<u>(9,505,978)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	2,067,552	2,253,566	535,128
Transfers Out (Use)	(777,051)	(1,882,120)	-
Total Other Financing Sources (Uses)	<u>1,290,501</u>	<u>371,446</u>	<u>535,128</u>
Net Change in Fund Balances	3,303,723	880,985	(8,970,850)
Fund Balance - October 1 (Beginning)	<u>10,526,007</u>	<u>1,085,907</u>	<u>27,362,472</u>
Fund Balance - September 30 (Ending)	<u>\$ 13,829,730</u>	<u>\$ 1,966,892</u>	<u>\$ 18,391,622</u>

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

Other Funds	Total Governmental Funds
\$ -	\$ 14,095,204
-	7,227,633
-	1,435,270
216,097	281,996
-	1,853,819
150,780	152,280
358,093	4,682,207
-	473,892
373,323	373,323
4,242	383,362
-	33,426
1,126	73,526
<u>12,823</u>	<u>175,114</u>
<u>1,116,484</u>	<u>31,241,052</u>
138,607	6,906,786
141,998	6,386,453
-	3,484,563
162,139	2,421,402
-	4,879,999
-	3,258,430
-	20,425
<u>210,658</u>	<u>10,403,129</u>
<u>653,402</u>	<u>37,761,187</u>
<u>463,082</u>	<u>(6,520,135)</u>
147,051	5,003,297
<u>(792,680)</u>	<u>(3,451,851)</u>
<u>(645,629)</u>	<u>1,551,446</u>
<u>(182,547)</u>	<u>(4,968,689)</u>
<u>1,866,107</u>	<u>40,840,493</u>
<u>\$ 1,683,560</u>	<u>\$ 35,871,804</u>

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, 2017

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(4,968,689)
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 2017 capital outlays and debt principal payments is to increase (decrease) the change in net position.		15,283,128
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.		(4,938,032)
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 revenue 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.		2,953,655
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>8,330,061</b>

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

CITY OF KYLE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2017

	Business-Type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Total Enterprise Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 6,873,694	\$ 7,697,685	\$ 548,476	\$ 15,119,855
Restricted Cash and Cash Equivalents	4,138,333	12,777,673	-	16,916,006
Accounts Receivable-Net of Uncollectible Allowance	1,168,953	824,120	225,571	2,218,644
Due from Other Funds	2,382	150,073	-	152,455
Prepaid Items	361	234	107	702
OPEB Asset	41,028	-	-	41,028
Total Current Assets	<u>12,224,751</u>	<u>21,449,785</u>	<u>774,154</u>	<u>34,448,690</u>
<b>Noncurrent Assets:</b>				
Capital Assets:				
Nondepreciable Capital Assets	1,303,563	3,276,054	-	4,579,617
Capital Assets - Net of Accumulated Depreciation	25,993,192	30,337,639	3,004,657	59,335,488
Total Noncurrent Assets	<u>27,296,755</u>	<u>33,613,693</u>	<u>3,004,657</u>	<u>63,915,105</u>
Total Assets	<u>39,521,506</u>	<u>55,063,478</u>	<u>3,778,811</u>	<u>98,363,795</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflow Related to Pension Plan	161,698	148,135	82,596	392,429
Total Deferred Outflows of Resources	<u>161,698</u>	<u>148,135</u>	<u>82,596</u>	<u>392,429</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	509,107	375,674	235,009	1,119,790
Wages and Salaries Payable	98,733	78,970	14,589	192,292
Customer Deposits	437,905	275,812	-	713,717
Due to Other Funds	360,519	111,365	-	471,884
Total Current Liabilities	<u>1,406,264</u>	<u>841,821</u>	<u>249,598</u>	<u>2,497,683</u>
<b>NonCurrent Liabilities:</b>				
Payable from Restricted Assets - Noncurrent:				
Net Pension Liability	425,421	389,738	217,304	1,032,463
Total Noncurrent Liabilities	<u>425,421</u>	<u>389,738</u>	<u>217,304</u>	<u>1,032,463</u>
Total Liabilities	<u>1,831,685</u>	<u>1,231,559</u>	<u>466,902</u>	<u>3,530,146</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow Related to Pension Plan	22,848	20,931	11,670	55,449
Total Deferred Inflows of Resources	<u>22,848</u>	<u>20,931</u>	<u>11,670</u>	<u>55,449</u>
<b>NET POSITION</b>				
Investment in Capital Assets	27,296,755	33,613,693	3,004,657	63,915,105
Restricted for Capital Improvement- Impact Fee	4,179,361	12,777,673	-	16,957,034
Unrestricted Net Position	6,352,555	7,567,757	378,178	14,298,490
Total Net Position	<u>\$ 37,828,671</u>	<u>\$ 53,959,123</u>	<u>\$ 3,382,835</u>	<u>\$ 95,170,629</u>

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

CITY OF KYLE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Total Enterprise Funds
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 10,189,754	\$ -	\$ -	\$ 10,189,754
Charges for Sewerage Service	-	6,414,361	-	6,414,361
Storm Drainage Fee	-	-	1,238,345	1,238,345
Rents and Royalties	48,600	-	-	48,600
Other Revenue	71,320	44,101	-	115,421
Total Operating Revenues	<u>10,309,674</u>	<u>6,458,462</u>	<u>1,238,345</u>	<u>18,006,481</u>
<b>OPERATING EXPENSES:</b>				
Personnel Services - Salaries and Wages	1,482,091	1,380,297	374,148	3,236,536
Purchased Professional & Technical Services	3,969,575	1,065,327	103,344	5,138,246
Other Operating Costs	328,184	323,823	8,337	660,344
Depreciation	806,060	1,357,189	50,957	2,214,206
Total Operating Expenses	<u>6,585,910</u>	<u>4,126,636</u>	<u>536,786</u>	<u>11,249,332</u>
Operating Income	<u>3,723,764</u>	<u>2,331,826</u>	<u>701,559</u>	<u>6,757,149</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Contingency Loss	(478,404)	-	-	(478,404)
Investment Earnings	16,133	56,232	-	72,365
Other Non-Operating Revenues	1,561,670	1,842,962	-	3,404,632
Total Non-operating Revenue (Expenses)	<u>1,099,399</u>	<u>1,899,194</u>	<u>-</u>	<u>2,998,593</u>
Income Before Contributions & Transfers	4,823,163	4,231,020	701,559	9,755,742
Capital Contributions	2,302,230	4,951,318	2,681,276	9,934,824
Transfers In	710,000	1,970,000	-	2,680,000
Transfers Out (Use)	(1,681,227)	(2,550,219)	-	(4,231,446)
Change in Net Position	6,154,166	8,602,119	3,382,835	18,139,120
Total Net Position - October 1 (Beginning)	<u>31,674,505</u>	<u>45,357,004</u>	<u>-</u>	<u>77,031,509</u>
Total Net Position - September 30 (Ending)	<u>\$ 37,828,671</u>	<u>\$ 53,959,123</u>	<u>\$ 3,382,835</u>	<u>\$ 95,170,629</u>

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, 2017

	Business-Type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 9,941,422	\$ 6,150,771	\$ 1,012,774	\$ 17,104,967
Payments to Suppliers	(4,106,187)	(1,161,435)	26,218	(5,241,404)
Payment to Employees	(1,551,367)	(1,285,098)	(130,585)	(2,967,050)
Net cash provided by operating activities	\$ 4,283,868	\$ 3,704,238	\$ 908,407	\$ 8,896,513
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers Out	\$ (971,227)	\$ (580,219)	-	\$ (1,551,446)
Net cash used by non-capital financing activities	\$ (971,227)	\$ (580,219)	-	\$ (1,551,446)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	\$ (474,791)	\$ (1,580,552)	\$ (359,931)	\$ (2,415,274)
Other Non-Operating Revenues	1,561,670	1,842,962	-	3,404,632
Net cash used by capital and related financing activities	\$ 1,086,879	\$ 262,410	\$ (359,931)	\$ 989,358
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment	\$ -	\$ -	\$ -	\$ -
Interest and investment revenue received	16,133	56,232	-	72,365
Net cash used by investing activities	\$ 16,133	\$ 56,232	\$ -	\$ 72,365
Net increase in cash and cash equivalents	\$ 4,415,653	\$ 3,442,661	\$ 548,476	\$ 8,406,790
Cash and cash equivalents - beginning of year	\$ 6,596,374	\$ 17,032,697	\$ -	\$ 23,629,071
Cash and cash equivalents - end of year	<u>\$ 11,012,027</u>	<u>\$ 20,475,358</u>	<u>\$ 548,476</u>	<u>\$ 32,035,863</u>
Noncash flow information				
Capital Contribution	<u>\$ 2,302,230</u>	<u>\$ 4,951,318</u>	<u>\$ 2,681,276</u>	<u>\$ 9,934,824</u>

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, 2017

	Business-Type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Total Enterprise Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income	\$ 3,682,735	\$ 2,331,825	\$ 701,560	\$ 6,716,120
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	\$ 806,060	\$ 1,357,189	\$ 50,957	\$ 2,214,206
Changes in assets and liabilities				
Prepaid Items	\$ (2,184)	\$ (149,936)	\$ -	\$ (152,120)
Accounts receivable	(389,169)	(307,251)	(225,571)	(921,991)
Accounts payable	(3,283)	375,273	137,899	509,889
Wages and salaries payable	9,364	20,553	14,589	44,506
Customer deposits	20,917	(440)	-	20,477
Due to other funds	197,039	2,378	-	199,417
Pension Liability	(84,728)	77,873	217,304	210,449
Deferred Outflows	32,763	(18,495)	-	14,268
Deferred Inflows	14,353	15,268	11,670	41,291
Net cash provided by operating activities	<u>\$ 4,283,868</u>	<u>\$ 3,704,238</u>	<u>\$ 908,407</u>	<u>\$ 8,896,513</u>

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

**CITY OF KYLE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2017**

	<b>OPEB Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,704	\$ 151,059
Investments	967,950	
Accounts Receivable (Net)		5,441
<b>Total assets</b>	<b>977,654</b>	<b>156,500</b>
 <b>LIABILITIES</b>		
Other liability	\$ -	\$ 156,500
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 156,500</b>
 <b>NET POSITION</b>		
Net position restricted for OPEB	\$ 977,654	
<b>Total net position</b>	<b>\$ 977,654</b>	

The accompanying notes are an integral part of the financial statements.



**CITY OF KYLE**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2017**

	<u>OPEB</u> <u>Trust Fund</u>
<b>ADDITIONS</b>	
Contributions	\$ 156,500
Net Investments income	-
Interest and dividends (includes fair value changes)	109,860
<b>Total Additions</b>	<u>\$ 266,360</u>
<b>DEDUCTIONS</b>	
Benefit payments	\$ 5,123
Administrative expenses	12,427
<b>Total Deductions</b>	<u>\$ 17,550</u>
Change in net position	\$ 248,810
NET POSITION, beginning, as restated	<u>\$ 728,844</u>
NET POSITION, ending	<u><u>\$ 977,654</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**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 an amendment of GASB Statement No. 14 and No. 34*". 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 GASB Statement Implementations**

Effective October 1, 2016, the City adopted GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objectives of this statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and accessing accountability. The adoption of this statement added additional disclosures and included the reporting of fiduciary trust fund for the City's OPEB Trust.

**Future GASB Statement Implementations**

**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.

The City has not fully determined the effects that implementation of this statement will have on the City's financial statements.

**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.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

**B. Government-wide and Fund Financial Statements (Cont'd)**

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. Long term assets, such as capital assets, long-term obligations, such as debt, and any deferred inflows and outflows, are now reported in the statement of net position. 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 or interfund receivables/payables between governmental, proprietary and fiduciary funds is the balance reported in the Statement of Net Position.

The Statement of Activities demonstrates how a given function or segment 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 information on the financial position and the change in fund balance 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 are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 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).

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period they are both measurable and available. Revenues, other than grants, are considered to be available by the City when they are available and expected to be collected within the current budgetary periods or within 60 days thereafter, to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, regardless of the related cash flows. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only when the liability is matured.

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. Revenues from state and federal grants are recorded as revenue when they are expected to be collected within the current budgetary period, or within 60 days thereafter, and all eligibility requirements have been met. 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, regardless of the timing of the related cash flow. 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 investment in capital assets, restricted, 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.

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.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

**D. Fund Accounting (Cont'd)**

The City reports the following major enterprise fund:

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

**The Wastewater Fund** – is used to account for the activities necessary for the provision of wastewater services.

**The Storm Drainage Fund** – is used to for the activities necessary for the provision of drainage improvement services and flood mitigation activities including capital improvements.

In addition, the City reports the following nonmajor 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.

**Fiduciary 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). The other post-employment benefit trust fund is used to account for the accumulation of resources for post-employment benefits to qualified plan participants.

**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 amortized cost. The City's policy is to report local government investment pools, and Securities and Exchange Commission ("SEC") registered money market mutual funds at fair value using net asset value (NAV) or amortized cost if the pool meets the requirements of GASB Statement No. 79. The City carries investments in debt securities with maturities in excess of one year at fair value using other observable significant inputs including but not limited to quoted prices for similar securities, interest rates, prepayment speeds, and fixed income security pricing models. The City carries investments on debt securities with original maturities of one year or less at the date of purchase at amortized cost.

CITY OF KYLE, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

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

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

**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.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported as other financing sources/uses in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Restricted Assets**

Certain assets of the Enterprise Funds and the Governmental Funds are classified as restricted assets because their use is restricted for capital improvements or debt service.

**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 if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Construction in progress will be capitalized once the project is completed and the related asset placed in service.

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.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

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

**Compensated Absences (Cont'd)**

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 and the Kyle Police Association may be paid for their unused sick leave, in accordance with the agreement.

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 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, 2017

**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, 2017, the City has the following fund balance classifications:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total
<b>Fund Balance</b>					
<b>Non-Spendable Prepaids</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted:</b>					
Capital Projects	\$ -	\$ -	\$ 18,391,622	\$ -	\$ 18,391,622
Debt Service	-	1,966,892	-	-	1,966,892
Road and Park Improvements	-	-	-	1,434,835	1,434,835
Public Safety	-	-	-	225,918	225,918
Economic Development, HOT	-	-	-	14,844	14,844
Other Development	-	-	-	7,963	7,963
	<u>\$ -</u>	<u>\$ 1,966,892</u>	<u>\$ 18,391,622</u>	<u>\$ 1,683,560</u>	<u>\$ 22,042,074</u>
<b>Unassigned:</b>					
Unassigned	\$ 13,829,730	\$ -	\$ -	\$ -	\$ 13,829,730
	<u>\$ 13,829,730</u>	<u>\$ 1,966,892</u>	<u>\$ 18,391,622</u>	<u>\$ 1,683,560</u>	<u>\$ 35,871,804</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. For the Net Position, the City also requires restricted amounts be spent first when both restricted and unrestricted fund balances is available unless the restriction prohibits doing this.

The City Charter has a formal minimum general fund balance policy that requires a reserve of at least equal to 25% of operating budget.

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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, 2017

**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.

The City has classified all of the difference between the reacquisition price 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 accounting principles generally accepted in the US requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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 end of the year were as follows:

	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value End of Year</u>	<u>Change in Net Position</u>
<u>Capital Assets - End of Year</u>				
Non-Depreciable Assets	\$ 21,955,647		\$ 21,955,647	
Depreciable Assets	<u>144,185,153</u>	<u>43,436,843</u>	<u>100,748,310</u>	
Change in Net Position	<u>\$ 166,140,800</u>	<u>\$ 43,436,843</u>	<u>\$ 122,703,957</u>	122,703,957
 <u>Long-term Debt - End of Year</u>				
Bonds Payable			<u>\$ 89,852,070</u>	
Change in Net Position			<u>\$ 89,852,070</u>	<u>(89,852,070)</u>
Net Adjustment to Net Position				<u>\$ 32,851,887</u>

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**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**

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 Change in Net Position
Amortization of Bond Premiums	\$ 798,940	\$ 798,940
GF Contributed Capital	3,598,207	3,598,207
Compensated Absences	639,551	(639,551)
Deferred Inflows Property Tax	175,292	175,292
Pension Expense	3,355	3,355
Capital Asset Deletions	712,131	(712,131)
Interest Accrual	393,541	(393,541)
OPEB Asset	123,083	123,083
		\$ 2,953,654

**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-1.

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.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2017, the City had the following investments:

	<b>Pooled cash and investments</b>	
	Unrestricted	Restricted
General Fund	\$ 12,754,042	\$ -
Debt Service	-	2,033,588
Capital Projects	-	18,660,995
Nonmajor governmental funds	220,308	1,434,835
Water Fund	6,873,528	4,138,333
Wastewater Fund	7,697,577	12,777,673
Nonmajor enterprise	548,427	-
Fiduciary and OPEB Trust	1,128,713	-
	\$ 29,222,595	\$ 39,045,424
 Total pooled cash and investments	 \$ 68,268,019	
 Total Investments		
TexPool	\$ 27,760,920	
TexSTAR	21,136,842	
Mutual Fund	3,335,386	
Toyota CP	3,499,579	
JP Morgan CP	2,972,000	
Freddie Mac	2,985,099	
FED Home LN Discount	1,996,128	
Federal Home Loan Bank	1,995,678	
Federal Home Loan MTG	7,377	
Total Investments	\$ 65,689,009	
ADD:		
Deposits	1,601,356	
	\$ 67,290,365	
 OPEB Trust	 \$ 977,654	
	\$ 68,268,019	

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**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 and had a weighted average maturity of 37 days as of September 30, 2017.

TexPool meets the requirements of GASB Statement No. 79, and as such, measures and reports its investments at amortized cost. The City carries its investment in TexPool at amortized cost.

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 and had a weighted average maturity of 29 days at September 30, 2017.

TexSTAR does not meet the requirements of GASB Statement No. 79, and as such, measures and reports its investments at fair value. The City carries its investment in TexSTAR at fair value measured using NAV.

The City utilizes various methods to measure the fair value of investments on a recurring basis. GASB Statement No. 72, Fair Value Measurement and Application, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the City has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted prices for the identical instrument in an inactive market, and other significant inputs based on third party fixed-income pricing models.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the City’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

**A. Deposits and Investments (Cont'd)**

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

As of September 30, 2017, the City's investment of \$6,471,579 in commercial paper and \$6,984,277 in agency securities are measured at amortized cost, as the original maturity of the security at the date of purchase was less than one year. Also, the City's investment in TexPool and TexSTAR is carried at net asset value share which is based on amortized cost. Accordingly, the City is not required to disclose these investments within the GASB Statement No. 72 hierarchy for investments. The City's mutual fund invest in fixed income securities seeking current income while preserving capital and liquidity. The City's mutual fund is measured at NAV. The City's trust funds invest in a combination of mutual funds seeking long-term capital appreciation through the use of portfolios of small cap equity securities, international equities and fixed income securities. The trust fund holds exchange traded funds which are valued daily.

**Interest Rate Risk:** Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. 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. At September 30, 2017 the City holds \$6,471,579 in corporate commercial paper with weighted average maturity of 15 days and \$6,984,277 of US Agency securities, with a weighted average maturity of 140 days.

**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, 2017, 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. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside third party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the City and are held by the counterparty, its trust or agent, but not in the City's name. The City's investment securities are not exposed to custodial risk because all securities held by the City's custodial banks are in the City's name.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the City. 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 and money market fund 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. The City's trust fund investments are not rated.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy requires the investment portfolio be diversified in terms of investment instruments, maturities and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific maturity or specific issuer. As of September 30, 2017, the City had no investments exposed to concentration of credit risk. As of September 30, 2017, investments in a single issuer that exceed 5% of the investment portfolio includes \$3,499,579 held in commercial paper.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**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			Water	Wastewater	Storm	Total
	General	Debt Service	Other			Drainage	
Receivables:							
Accounts:							
Customers	\$ 823,079	\$ -	\$ -	\$ 1,485,104	\$ 1,034,889	\$ 225,571	\$ 3,568,643
Court Warrants Receivable	2,394,416	-	-	-	-	-	2,394,416
Developers	285,636	-	-	-	-	-	285,636
Property Tax	77,708	108,220	-	-	-	-	185,928
Sales Tax	1,267,019	-	-	-	-	-	1,267,019
Other	42,142	-	59,189	-	-	-	101,331
Gross Receivables	<u>\$ 4,890,000</u>	<u>\$ 108,220</u>	<u>\$ 59,189</u>	<u>\$ 1,485,104</u>	<u>\$ 1,034,889</u>	<u>\$ 225,571</u>	<u>\$ 7,802,973</u>
Less: Allowance for Uncollectibles	<u>(2,266,175)</u>	<u>-</u>	<u>-</u>	<u>(316,151)</u>	<u>(210,769)</u>	<u>-</u>	<u>(2,793,095)</u>
Net Total Receivables	<u><u>\$ 2,623,825</u></u>	<u><u>\$ 108,220</u></u>	<u><u>\$ 59,189</u></u>	<u><u>\$ 1,168,953</u></u>	<u><u>\$ 824,120</u></u>	<u><u>\$ 225,571</u></u>	<u><u>\$ 5,009,878</u></u>

**C. Property Taxes**

In accordance with Texas statutes, the City approves a tax rate and an order to levy property taxes in October of each year. Property taxes are billed by the county tax assessor collector as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are payable on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of the year following the City's order to levy taxes (the assessment date), a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessment date represents the date on which an enforceable legal claim arises and attaches as a lien on the assessed property. In the government-wide financial statements, property tax revenue is recognized as earned, net of an allowance for uncollectible taxes. In the Governmental Fund financial statements, property tax revenues are considered available when they become due and receivable within the current period.

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, 2017

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

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2017, was as follows:

<u>Governmental Activities:</u>	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 9/30/2017</u>
Capital assets not being depreciated:				
Land	\$ 3,282,742	\$ -	\$ -	\$ 3,282,742
Construction in progress	14,476,386	9,697,846	(5,501,328)	18,672,905
Total capital assets not being depreciated	<u>\$ 17,759,128</u>	<u>\$ 9,697,846</u>	<u>\$ (5,501,328)</u>	<u>\$ 21,955,647</u>
Capital assets being depreciated:				
Buildings	\$ 17,222,188	\$ -	\$ -	\$ 17,222,188
Improvements other than buildings	4,219,386	208,182	(43,641)	4,383,927
Infrastructure	108,774,645	8,663,858	-	117,438,501
Machinery and equipment	4,979,616	250,269	(89,349)	5,140,536
Total capital assets being depreciated	<u>\$ 135,195,835</u>	<u>\$ 9,122,308</u>	<u>\$ (132,990)</u>	<u>\$ 144,185,153</u>
Accumulated depreciation:				
Buildings	\$ (3,185,086)	\$ (473,468)	\$ -	\$ (3,658,555)
Improvements other than buildings	(2,154,463)	(315,008)	17,469	(2,452,002)
Infrastructure	(30,476,879)	(3,701,193)	-	(34,178,072)
Machinery and equipment	(2,785,750)	(448,363)	85,899	(3,148,213)
Total accumulated depreciation	<u>\$ (38,602,178)</u>	<u>\$ (4,938,032)</u>	<u>\$ 103,368</u>	<u>\$ (43,436,842)</u>
Total capital assets being depreciated (net)	<u>\$ 96,593,657</u>	<u>\$ 4,184,276</u>	<u>\$ (29,622)</u>	<u>\$ 100,748,310</u>
Governmental activities capital assets (net)	<u><u>\$ 114,352,785</u></u>	<u><u>\$ 13,882,122</u></u>	<u><u>\$ (5,530,950)</u></u>	<u><u>\$ 122,703,957</u></u>

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

**D. Capital Assets (Cont'd)**

<u>Business Type Activities:</u>	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 9/30/2017</u>
Capital assets not being depreciated:				
Land				
Water	\$ 415,161	\$ -	\$ -	\$ 415,161
Wastewater	276,774	-	-	276,774
Construction in progress				
Water	1,201,224	165,583	(478,404)	888,402
Wastewater	1,858,394	1,426,670	(285,783)	2,999,280
Total capital assets not being depreciated	<u>\$ 3,751,553</u>	<u>\$ 1,592,252</u>	<u>\$ (764,187)</u>	<u>\$ 4,579,618</u>
Capital assets being depreciated:				
Buildings				
Water	\$ 14,071	\$ -	\$ -	\$ 14,071
Wastewater	3,099,552	-	-	3,099,552
Improvements other than buildings				
Water	34,160,922	2,342,515	-	36,503,436
Wastewater	33,869,844	4,996,822	-	38,866,666
Storm Drainage	-	2,681,276	-	2,681,276
Machinery and equipment				
Water	727,499	268,926	-	996,425
Wastewater	747,435	394,160	-	1,141,596
Storm Drainage	-	374,338	-	374,338
Total capital assets being depreciated	<u>\$ 72,619,324</u>	<u>\$ 11,058,037</u>	<u>\$ -</u>	<u>\$ 83,677,361</u>
Accumulated depreciation:				
Buildings				
Water	\$ (6,900)	\$ (2,191)	\$ -	\$ (9,091)
Wastewater	(38,461)	(218,946)	-	(257,408)
Improvements other than buildings				
Water	(10,150,560)	(755,083)	-	(10,905,643)
Wastewater	(10,814,862)	(1,063,497)	-	(11,878,359)
Storm Drainage	-	(36,982)	-	(36,982)
Machinery and equipment				
Water	(557,220)	(48,787)	-	(606,007)
Wastewater	(559,662)	(74,746)	-	(634,408)
Storm Drainage	-	(13,975)	-	(13,975)
Total accumulated depreciation	<u>\$ (22,127,666)</u>	<u>\$ (2,214,207)</u>	<u>\$ -</u>	<u>\$ (24,341,873)</u>
Total capital assets being depreciated (net)	<u>\$ 50,491,657</u>	<u>\$ 8,843,830</u>	<u>\$ -</u>	<u>\$ 59,335,488</u>
Business type activities capital assets (net)	<u>\$ 54,243,211</u>	<u>\$ 10,436,082</u>	<u>\$ (764,187)</u>	<u>\$ 63,915,105</u>



CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**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	\$ 142,811
Public safety	420,606
Public works	3,909,863
Culture and recreation	<u>464,752</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 4,938,032</u></u>
Business Type Activities:	
Water and Wastewater	<u>\$ 2,214,206</u>
Total Depreciation Expense - Business Type Activities	<u><u>\$ 2,214,206</u></u>

**E. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of September 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and wastewater	<u><u>\$ 319,429</u></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, 2017, are as follows:

<b>Transfers In</b>	<b>Transfers out</b>					<b>Total</b>
	General Fund	Debt Service	Nonmajor Governmental	Water Fund	Wastewater Fund	
General Fund	\$ 510,000		\$ 257,552	\$ 650,000	\$ 650,000	\$ 2,067,552
Debt Service Fund	-	1,882,120	-	321,227	50,219	2,253,566
Capital Projects	73,029	-	462,099	-	-	535,128
Nonmajor Governmental	74,022	-	73,029	-	-	147,051
Water Fund	-	-	-	710,000	-	710,000
Wastewater Fund	120,000	-	-	-	1,850,000	1,970,000
	<u>\$ 777,051</u>	<u>\$ 1,882,120</u>	<u>\$ 792,680</u>	<u>\$ 1,681,227</u>	<u>\$ 2,550,219</u>	<u>\$ 7,683,297</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, 2017

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

**F. Long-term Liabilities**

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Balance 10/1/2016	Additions	Reduction	Balance 9/30/2017	Due Within One Year
<b>Governmental Activities:</b>					
Bonded Indebtedness	\$ 42,340,000	\$ -	\$ 1,845,000	\$ 40,495,001	\$ 1,380,000
Premium on Bond Issuance	5,076,009	-	798,940	4,277,069	-
Refunding Bonds	48,115,000	-	3,035,000	45,080,000	3,665,001
Pension Liability	3,260,357	1,459,429	1,720,171	2,999,615	-
Total Governmental Activities	\$ 98,791,366	\$ 1,459,429	\$ 7,399,111	\$ 92,851,685	\$ 5,045,001
	Balance 10/1/2016	Additions	Reduction	Balance 9/30/2017	Due Within One Year
<b>Business Type Activities:</b>					
Pension Liability	\$ 822,014	\$ 652,431	\$ 441,982	\$ 1,032,463	\$ -
Total Business Type Activities	\$ 822,014	\$ 652,431	\$ 441,982	\$ 1,032,463	\$ -

**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:

\$22,800,000 Combination Tax and Revenue Certificates of Obligation - Series 2008, principal due annually in series through 2033, interest due semi-annually at 3.50% to 5.00%.	\$ 700,000
\$15,315,000 General Obligation Refunding Bonds - Series 2009, principal due annually in series through 2025, interest due semi-annually at 4.125%.	4,220,000

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

**F. Long-term Liabilities (Cont'd)**

**Bonded Indebtedness (Cont'd)**

\$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%.	\$ 3,400,000
\$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%.	2,240,000
\$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%	12,915,000
\$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%	4,800,000
\$1,875,000 Tax Notes - Series 2014, principal due annually in series through 2021, interest due semi-annually at 2.0% to 3.0%	1,115,000
\$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%.	40,695,000
\$8,520,000 General Obligation Refunding Bonds - Series 2016, principal due annually in series through 2031, interest due semi-annually at 3.0% to 4.0%.	8,520,001
	\$ 85,575,001

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

**F. Long-term Liabilities (Cont'd)**

**Debt Service Requirements**

Annual debt service requirements are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2018	\$ 5,045,000	\$ 3,115,730	\$ 8,160,730
2019	5,235,000	2,931,468	8,166,468
2020	5,430,000	2,738,118	8,168,118
2021	5,630,000	2,545,913	8,175,913
2022	5,540,000	2,351,308	7,891,308
2023-2027	28,130,000	8,650,064	36,780,064
2028-2032	21,730,000	4,086,659	25,816,659
2033-2035	8,835,000	521,825	9,356,825
	<u>\$ 85,575,000</u>	<u>\$ 26,941,083</u>	<u>\$ 112,516,083</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. The City has no arbitrage liability as of September 30, 2017.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**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.

The City executed Water Supply Contracts with Guadalupe Blanco River Authority (GBRA) and a Regional Water Supply Contract with the Alliance Regional Water Authority (formerly Hays Caldwell Public Utility Agency "the Agency").

Under the raw water supply agreement with GBRA, the City agreed to pay on a take or pay basis for the appropriate share of debt service, debt service coverage and fixed Operation and Maintenance Expenses as defined in the agreement. Rates charged to the City for the treatment and delivery of treated water are determined pursuant to the terms of the Regional Agreement, plus GBRA's costs associated with any facilities required to convey the treated water. The City is also required under the agreement to pay on a take or pay basis as defined in the agreement for the treated water. For the period ending September 30, 2017, the City paid \$2,382,696 under the water supply agreement.

The Alliance Regional Water Authority (Agency) and Sponsoring Public Entities which includes the cities of Buda, Kyle and San Marcos and the Canyon Regional Water Authority have entered into a Regional Water Supply Contract dated January 15, 2008 as amended by amendment No. 1. The Agency agreed to design, finance, construct, own, acquire, maintain and operate the Project in a manner that will allow the Agency to deliver water to the Sponsoring Public Entities which includes the City. The City agreed to pay its share (28.17%) of the Project Costs and to make payments to or on behalf of the Agency in amount sufficient to meet all of the Agency's obligations under the Contract including its share of the Project Costs to allow the Agency own, operate and maintain the Project. For the period ending September 30, 2017, the City paid \$687,097 under the water supply contract.

**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.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

**Retirement Plan**

**Plan Description**

The City provides pension benefits for all 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](http://www.TMRS.com).

**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, 2016, the following employee were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	73
Active employees	<u>179</u>
Total	268

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

**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, 2015, valuation is effective for rates beginning January 2016).

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 11.52% for 2016. The City's contributions to TMRS for the year ended September 30, 2016, were \$1,127,276 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, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	3.0% per year
Investment rate of return	6.75%, 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, white blue collar adjustments, 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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 2015 valuation.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

**Long-term expected rate of return:**

The long-term expected rate of return on pension plan investments is 6.75%. 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:

**Rate of Return Target Allocation**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	100.00%	

**Discount rate:**

The discount rate used to measure the Total Pension Liability was 6.75%. 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.



CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

**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)
<b>Balance at 10/1/2016</b>	\$ 17,118,261	\$ 13,035,892	\$ 4,082,369
Changes for the year:			-
Service cost	1,565,958	-	1,565,958
Interest	1,192,749	-	1,192,749
Change of benefit terms	-	-	-
Difference between expected and actual experience	(185,089)	-	(185,089)
Changes of assumptions	-	-	-
Contributions - employer	-	1,112,797	(1,112,797)
Contributions - employee	-	639,540	(639,540)
Net investment income	-	882,061	(882,061)
Benefit payments, including refunds of employee contributions	(461,759)	(461,759)	-
Administrative expense	-	(9,950)	9,950
Other changes	-	(536)	536
Net changes	<u>2,111,859</u>	<u>2,162,153</u>	<u>(50,294)</u>
<b>Balance at 9/30/2017</b>	<u>\$ 19,230,120</u>	<u>\$ 15,198,045</u>	<u>\$ 4,032,075</u>

**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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1 % Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
City's Net Pension Liability	\$ 7,591,404	\$ 4,032,075	\$ 1,186,575

**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.tmrs.org](http://www.tmrs.org).

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

**Pension Expense**

For the year ended September 30, 2017, the City recognized pension expense of \$1,405,232, comprised as follows:

Total Service Cost	\$ 1,565,958
Interest on the Total Pension Liability	1,192,749
Current-Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	(639,540)
Projected Earnings on Plan Investments (Reduction of Expense)	(879,923)
Administrative Expense	9,950
Other Changes in Fiduciary Net Position	536
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(28,301)
Recognition of Current Year Outflow (Inflow) of Resources - Assets	(428)
Amortization of Current Year Outflow (Inflow) of Resources - Liabilities	(2,494)
Amortization of Current Year Outflow (Inflow) of Resources - Assets	<u>186,725</u>
Total Pension Expense	<u>\$ 1,405,232</u>

The funds used to liquidate the net pension obligations have been the general fund and the water/wastewater/storm drainage fund at a rate of 74% and 26% respectively, of the annual required contribution.

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

At September 30, 2017 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	\$ 32,752	\$ (216,542)
Changes in actuarial assumptions	4,262	-
Difference between projected and actual investment earnings	534,222	-
Contributions subsequent to the measurement date	961,314	-
Total	<u>\$ 1,532,550</u>	<u>\$ (216,542)</u>

The City reported \$961,314 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, 2017. 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:	
2017	\$ 155,502
2018	155,502
2019	129,549
2020	(33,976)
2021	(36,600)
Thereafter (4)	<u>(15,283)</u>
	<u>\$ 354,694</u>

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

**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, 2016, 2015, and 2014 were \$12,796, \$11,020, and \$7,849, 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](http://www.TMRS.com).

**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.

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 October 1, 2015 (the most recent actuarial valuation date):

Active Employees	56
Retired Employees	1
Total	57

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

**Annual OPEB Cost and Net OPEB Obligation under GASB Statement No. 45**

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, 2017.

	Total 2017	Government Wide	Business Type
Annual Required Contribution (ARC)	\$ 153,071	\$ 114,803	\$ 38,268
Interest on OPEB	(13,520)	(10,140)	(3,380)
Adjustment to ARC	17,057	12,793	4,264
Annual OPEB Costs	\$ 156,608	\$ 117,456	\$ 39,152
Contributions made	126,000	94,500	31,500
Increase in net OPEB obligation	\$ 30,608	\$ 22,956	\$ 7,652
Net OPEB obligation	(194,719)	(146,039)	(48,680)
Net OPEB Asset at end of year	\$ (164,111)	\$ (123,083)	\$ (41,028)

The annual OPEB contributions used to liquidate the OPEB obligations are made from the general fund and water/wastewater fund at a rate of approximately 75% and 25% respectively of the annual contribution.

The City's annual OPEB cost and the percentage cost contributed to the plan for fiscal year ended September 30, 2017:

Year Ended September 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)	Percent of Annual OPEB Contribution
2015	\$ 121,565	\$ 596,822	\$ (225,327)	490.9%
2016	156,608	126,000	(194,719)	80.5%
2017	156,608	156,500	(194,611)	99.9%

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

Funded Status

Although the City contributed \$596,822 to the OPEB benefits as of October 1, 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 is as follows:

<b>Actuarial Valuation Date</b>	<b>Value of Assets (a)</b>	<b>Liability (AAL) (b)</b>	<b>AAL (UAAL) (b-a)</b>	<b>Fund Ratio (a/b)</b>	<b>Payroll (c)</b>	<b>Percent of Covered Payroll ((b-a)/c)</b>
10/1/2013	\$ -	\$ 979,908	\$ 979,908	0.00%	\$ 3,253,000	30%
10/1/2015	552,563	1,106,326	553,763	49.95%	3,195,000	17%
10/1/2016	552,563	1,106,326	553,763	49.95%	3,195,000	17%

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	October 1, 2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years - Open
Actuarial Assumptions	
Inflation Rate	2.50%
Discount Rate	6.00%
Healthcare trends and Contributions increases	6.12 in 2016 Graded to 4.87% in 2060
Acceptance rate - medical (civilian and police)	100%
Mortality	RP 2000 projected
Turnover and retirement rates	Municipal experience

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

**Annual GASB Statement No. 74 Disclosures**

**Benefits**

Employees in Group 1 are classified as participants with 5 or more years of continuous service on April 1, 2009 and 25 or more years of continuous service at retirement have the following benefits:

- Pre- Age 65: Medical, prescription drugs, dental, vision and \$2,000 life insurance – fully paid by the City for the retiree Post Age 65: Medicare supplement and prescription drugs

Employees in Group 2 are classified as participants having fewer than 5 years of continuous service on 4/1/2009, and 25 or more years of continuous service at retirement.

- \$300 monthly stipend towards medical and prescription drug coverage (both before and after age 65). The \$300 amount is CPI indexed (\$331.17 as of 10/1/2016). The retiree pays any additional cost. The retiree pays the full cost of spouse's coverage.

Employees hired after April 1, 2009 are not eligible for benefits under the Plan.

**Medical plan provisions**

	Network	Non-Network
Calendar Year Deductible	\$250	\$500
Out-of-Pocket Limit	\$2,000 i/ \$4,000 f	None
Coinsurance	85%	55%
Preventive care and annual exam	100%	100%

The annual premiums paid for the period ending September 30, 2017 were \$5,440.

**Investments**

The long-term expected rate of return on OPEB 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 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 (3.0%) and deducting investment expenses. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2017 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>
Large Cap stock S&P 500	37%	5.70%
Mid/small cap stocks Russell 2000	12%	6.50%
International stocks MSCI EAFE	17%	5.40%
Bonds Barclays US	33%	2.50%
Multi-sector bonds	0%	3.50%
Real estate	0%	4.80%
Cash equivalents	1%	0.0%
	<u>100%</u>	

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

GASB 74 does not reduce the long-term rate of return for administrative expenses. Instead administrative expenses are an explicit component of annual OPEB expense bases of the administrative expense for the fiscal year. The resulting GASB 75 rate of return is 7.25%. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made as the same percentage of participant payroll as for the 2015-16 year and that all future retiree medical benefits will be paid from the trust fund under the terms of the plan. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 OPEB liability.

**Sensitivity of the Net OPEB Liability to changes in the discount rate**

The following presents the GASB 74 Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net OPEB Liability	544,566	238,505	7,123

**Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates**

The following presents the GASB 74 Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	5.12% Grading to 3.87%	6.12% Grading to 4.87%	7.12% Grading to 5.87%
Net OPEB Liability	7,104	238,505	539,000

The OPEB plan assets are measured at fair value, using the same valuation methods used by the OPEB Plan for purpose of preparing its statement of fiduciary net position. The money weighted rate of return is 11.21%.

CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

The components of net OPEB liability under GASB Statement 74 at September 30, 2017 were as follows:

Reconciliation of Total OPEB Liability	
Service cost	\$ 50,485
Interest on total pension liability	79,145
Expected net benefit payments	<u>(5,123)</u>
Net change in total pension liability	\$ 124,507
Total OPEB Liability at beginning of year	<u>\$ 1,091,652</u>
Total OPEB Liability at end of year (a)	<u><u>\$ 1,216,159</u></u>
Fiduciary net position:	
Employer contributions	\$ 156,500
Member contributions	-
Investment income net of investment expense	109,860
Benefit payments/refunds of contributions	(5,123)
Administrative expenses	<u>(12,427)</u>
Net change in fiduciary net position	\$ 248,810
Fiduciary net position at beginning of year	<u>\$ 728,844</u>
Fiduciary net position at end of year (b)	<u>977,654</u>
Net OPEB liability/(asset) at end of year = (a) - (b)	<u><u>\$ 238,505</u></u>
Fiduciary net position as a % of total OPEB liability	80.39%
Covered payroll	\$ 3,291,000
Net OPEB liability as a % of covered payroll	7.25%

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 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 expectations and new estimates are made about the future. The schedule of funding in progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



CITY OF KYLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**V. OTHER INFORMATION (Cont'd)**

**C. Benefit Plans (Cont'd)**

The projections of benefits for financial reporting purposes are based on the benefits provided which are considered for accounting purposes to be provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs; it may not be a long term legal commitment. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with long term perspective of the calculations. Additional information as the latest valuation follows:

**Key Assumptions for Net OPEB Liability**

Valuation Date	9/30/16 rolled forward to a measurement date of 9/30/17 for GASB 74 purposes using update procedures
Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	26 years
Asset valuation	Market value
Discount rate	7.25%
Salary scale	3.0%
Expected Return on Assets	7.25%
Healthcare Cost Trend Rates	4.62% grading to 4.87%; Group 1 retirees at 5% and Group 2 at 3% per year
Mortality	RP 2000 projected

**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, 2017, the City of Kyle abated sales and use taxes totaling \$824,086 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 \$355,812.
- A 33 percent sales and use tax abatement to Seton Family of Hospitals for development of facility and increasing employment. The abatement amounted to \$433,193.
- A 67 percent sales and use tax abatement to Nomoland to promote commercial development and increase employment. The abatement amounted to \$35,081.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)**



CITY OF KYLE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Property Taxes	\$ 5,528,900	\$ 5,528,900	\$ 5,684,396	\$ 155,496
General Sales and Use Taxes	7,395,000	7,395,000	7,227,633	(167,367)
Franchise Tax	1,233,000	1,233,000	1,435,270	202,270
Other Taxes	82,000	82,000	65,899	(16,101)
Licenses and Permits	1,425,500	1,425,500	1,853,819	428,319
Intergovernmental Revenue and Grants	-	-	1,500	1,500
Charges for Services	3,952,950	3,952,950	4,324,114	371,164
Fines	772,400	772,400	473,892	(298,508)
Investment Earnings	30,000	30,000	131,796	101,796
Rents and Royalties	10,000	10,000	33,426	23,426
Contributions & Donations from Private Sources	55,900	55,900	72,400	16,500
Other Revenue	53,000	53,000	152,030	99,030
Total Receipts	<u>20,538,650</u>	<u>20,538,650</u>	<u>21,456,175</u>	<u>917,525</u>
<b>EXPENDITURES</b>				
Current:				
General Government	7,416,015	7,936,078	6,768,178	1,167,900
Public Safety	7,125,487	7,125,487	6,244,455	881,032
Public Works	3,916,433	3,916,433	3,484,563	431,870
Culture and Recreation	2,445,945	2,460,158	2,259,263	200,895
Capital Outlay:				
Capital Outlay	936,000	1,637,960	686,493	951,467
Total Disbursements	<u>21,839,880</u>	<u>23,076,116</u>	<u>19,442,952</u>	<u>3,633,164</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>(1,301,230)</u>	<u>(2,537,466)</u>	<u>2,013,223</u>	<u>4,550,689</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	2,067,552	2,437,552	2,067,552	(370,000)
Transfers Out (Use)	(651,965)	(1,054,865)	(777,051)	277,814
Total Other Financing Sources (Uses)	<u>1,415,587</u>	<u>1,382,687</u>	<u>1,290,501</u>	<u>(92,186)</u>
Net Change in Cash Balance	114,357	(1,154,779)	3,303,724	4,458,503
Cash Balance - October 1 (Beginning)	-	10,526,007	10,526,007	-
Cash Balance - September 30 (Ending)	<u>\$ 114,357</u>	<u>\$ 9,371,228</u>	<u>\$ 13,829,731</u>	<u>\$ 4,458,503</u>

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

CITY OF KYLE  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Budgetary Information

An annual general fund budget is prepared and adopted under the modified accrual basis of accounting prior to the beginning of each fiscal year for all revenue and expenditures. 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. 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.

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFIT PLANS  
SEPTEMBER 30, 2017**

**Schedule of OPEB Contributions  
Schedule of Funding Progress - GASB Statement No. 45**

<u>Year Ending September 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Net OPEB Obligation (Asset)</u>	<u>Actual Percent Contributed</u>
2015	\$ 121,565	\$ 596,822	\$ (475,257)	\$ (225,327)	490.9%
2016	156,608	126,000	30,608	(196,719)	80.5%
2017	156,608	156,500	108	(169,111)	99.9%

Significant assumptions for the OPEB are as follows:

Actuarial Valuation date	October 1, 2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years - Open
Actuarial Assumptions	
Inflation Rate	2.50%
Discount Rate	6.00%
Healthcare trends and Contributions increases	6.12 in 2016 Graded to 4.87% in 2060
Acceptance Rate - medical	100%
Mortality	RP 2000 Projected
Turnover and retirement rates	Municipal experience

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedules of Changes in the Employers Net OPEB Liability and Related Ratios**  
**For the most Recent Year**

Reconciliation of Total OPEB Liability		
Service cost	\$	50,485
Interest on total pension liability		79,145
Expected net benefit payments		<u>(5,123)</u>
Net change in total pension liability	\$	124,507
Total OPEB Liability at beginning of year	\$	<u>1,091,652</u>
Total OPEB Liability at end of year (a)	\$	<u><u>1,216,159</u></u>
Fiduciary net position:		
Employer contributions	\$	156,500
Member contributions		-
Investment income net of investment expense		109,860
Benefit payments/refunds of contributions		(5,123)
Administrative expenses		<u>(12,427)</u>
Net change in fiduciary net position		248,810
Fiduciary net position at beginning of year	\$	<u>728,844</u>
Fiduciary net position at end of year (b)	\$	<u>977,654</u>
Net OPEB liability/(asset) at end of year = (a) - (b)	\$	<u><u>238,505</u></u>
Fiduciary net position as a % of total OPEB liability		80.39%
Covered payroll	\$	3,291,000
Net OPEB liability as a % of covered payroll		7.25%

Beginning fiscal year ending September 30, 2017, the ADC is calculated in accordance with the Employer's funding policy, if one exists. Prior to the current period, the ADC is equal to the Annual Required Contribution (ARC) calculated under GASB Statement No. 45.

Notes to Schedule

Valuation date	September 30, 2017
Actuarial cost method	Entry Age normal
Amortization period	Level dollar
Asset valuation method	Market value
Discount rate	7.25%
Salary scale	3.00%
Expected Return on Assets	7.25%
Healthcare Cost Trend Rates	4.62% grading to 4.87%; Group 1 retires at 5% and Group 2 at 3% per year
Mortality	RP 2000 projected
Money-Weighted Rate of Return	11.21%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedules of Investment Returns - OPEB**  
**For the most Recent Year**

Annual Money-Weighted Rate of Return  
Net Investment Expenses

11.21%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREMENT PLAN**  
**SEPTEMBER 30, 2017**

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Last Three Fiscal Years\***

	2017	2016	2015
<b>Total pension liability</b>			
Service Cost	\$ 1,565,958	\$ 1,315,411	\$ 1,137,933
Interest (on the Total Pension Liability)	1,192,749	1,090,180	950,075
Changes of benefit terms	-	6,942	-
Difference between expected and actual experience	(185,089)	(82,587)	59,381
Change of assumptions	-	6,064	-
Benefits Payments, including refunds of employee contributions	(461,759)	(254,208)	(228,929)
<b>Net Change in Total Pension Liability</b>	<u>\$ 2,111,859</u>	<u>\$ 2,081,802</u>	<u>1,918,460</u>
<b>Total Pension Liability - Beginning</b>	<u>17,118,261</u>	<u>15,036,461</u>	<u>13,118,001</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 19,230,120</u></u>	<u><u>\$ 17,118,263</u></u>	<u><u>\$15,036,461</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,112,797	\$ 969,980	\$ 691,539
Contributions - Employee	639,540	582,777	528,470
Net Investment Income	882,061	17,316	581,772
Benefits Payments, including refunds of employee contributions	(461,759)	(254,208)	(228,929)
Administrative Expense	(9,950)	(10,543)	(6,071)
Other	(536)	(521)	(499)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>2,162,153</u>	<u>1,304,801</u>	<u>1,566,282</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>13,035,892</u>	<u>11,731,091</u>	<u>10,164,809</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 15,198,045</u></u>	<u><u>\$ 13,035,892</u></u>	<u><u>\$11,731,091</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 4,032,075	\$ 4,082,371	\$ 3,305,370
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	79.03%	76.15%	78.02%
<b>Covered Employee Payroll</b>	\$ 9,136,279	\$ 8,325,383	\$ 8,071,984
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	44.13%	49.04%	40.95%

\* Schedules are intended to show information for ten years and the additional years' information will be displayed as it becomes available, amounts presented for the year end were determined as of December 31, the measurement date.



**REQUIRED SUPPLEMENTARY INFORMATION  
RETIREMENT PLAN  
SEPTEMBER 30, 2017**

**Schedule of Employer Contributions**

<b>Year Ending September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2008	\$ 464,867	\$ 464,867	\$ -	\$ 4,375,040	10.6%
2009	478,717	478,717	-	4,506,291	10.6%
2010	478,717	478,717	-	5,415,229	8.8%
2011	482,584	482,584	-	5,801,502	8.3%
2012	524,649	524,649	-	6,165,072	8.5%
2013	532,591	532,591	-	6,665,732	8.0%
2014	627,943	627,943	-	7,550,582	8.3%
2015	953,338	936,923	16,415	8,686,216	10.8%
2016	1,160,869	1,116,031	44,838	9,207,541	12.1%
2017	1,225,528	1,240,665	(15,137)	9,868,892	12.6%

**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 update 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, 2017

	Police Forfeiture	Police Special Revenue	Court Special Revenue	Library Building
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 23,553	\$ 17,026	\$ 185,417	\$ -
Restricted Cash and Cash Equivalents	-	-	-	-
Receivable (Net)	-	-	-	-
Total Assets	<u>\$ 23,553</u>	<u>\$ 17,026</u>	<u>\$ 185,417</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 78	\$ -
Wages and Salaries Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>78</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted Fund Balance - Other	23,553	17,026	185,339	-
Restricted Fund Balance - Capital Projects	-	-	-	-
Total Fund Balances	<u>23,553</u>	<u>17,026</u>	<u>185,339</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 23,553</u>	<u>\$ 17,026</u>	<u>\$ 185,417</u>	<u>\$ -</u>

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

General Government Grants	Hotel Occupancy	Bunton Creek PID	Blanco River Ranch PID	KAYAK Outreach Fund	Total Nonmajor Special Revenue Funds	2009 Tax Notes Fund	2010 CO Bond Fund
\$ (51,225)	\$ 37,636	\$ 5,325	\$ 1,450	\$ 1,126	\$ 220,308	\$ -	\$ -
-	-	-	-	-	-	-	-
59,189	-	-	-	-	59,189	-	-
<u>\$ 7,964</u>	<u>\$ 37,636</u>	<u>\$ 5,325</u>	<u>\$ 1,450</u>	<u>\$ 1,126</u>	<u>\$ 279,497</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,199	\$ 22,792	\$ -	\$ -	\$ -	\$ 28,069	\$ -	\$ -
2,703	-	-	-	-	2,703	-	-
<u>7,902</u>	<u>22,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,772</u>	<u>-</u>	<u>-</u>
62	14,844	5,325	1,450	1,126	248,725	-	-
-	-	-	-	-	-	-	-
<u>62</u>	<u>14,844</u>	<u>5,325</u>	<u>1,450</u>	<u>1,126</u>	<u>248,725</u>	<u>-</u>	<u>-</u>
<u>\$ 7,964</u>	<u>\$ 37,636</u>	<u>\$ 5,325</u>	<u>\$ 1,450</u>	<u>\$ 1,126</u>	<u>\$ 279,497</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KYLE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2017

	CIP Park Development Fund	Road Improvement Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 220,308
Restricted Cash and Cash Equivalents	683,771	751,064	1,434,835
Receivable (Net)	-	-	59,189
Total Assets	<u>\$ 683,771</u>	<u>\$ 751,064</u>	<u>\$ 1,714,332</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ 28,069
Wages and Salaries Payable	-	-	2,703
Total Liabilities	<u>-</u>	<u>-</u>	<u>30,772</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Restricted Fund Balance - Other	-	-	248,725
Restricted Fund Balance - Capital Projects	683,771	751,064	1,434,835
Total Fund Balances	<u>683,771</u>	<u>751,064</u>	<u>1,683,560</u>
Total Liabilities and Fund Balances	<u>\$ 683,771</u>	<u>\$ 751,064</u>	<u>\$ 1,714,332</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 - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Police Forfeiture	Police Special Revenue	Court Special Revenue	Library Building
<b>REVENUES:</b>				
Taxes:				
Other Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	3,572	-	-
Charges for Services	-	-	25,742	-
Special Assessments	-	-	-	-
Investment Earnings	8	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	12,823	-	-	-
Total Revenues	<u>12,831</u>	<u>3,572</u>	<u>25,742</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	16,981	-
Public Safety	2,458	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	14,663	-
Total Expenditures	<u>2,458</u>	<u>-</u>	<u>31,644</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,373</u>	<u>3,572</u>	<u>(5,902)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	(18,600)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(18,600)</u>	<u>-</u>
Net Change in Fund Balance	10,373	3,572	(24,502)	-
Fund Balance - October 1 (Beginning)	<u>13,180</u>	<u>13,454</u>	<u>209,841</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 23,553</u>	<u>\$ 17,026</u>	<u>\$ 185,339</u>	<u>\$ -</u>

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

General Government Grants	Hotel Occupancy	Bunton Creek PID	Blanco River Ranch PID	KAYAK Outreach Fund	Total Nonmajor Special Revenue Funds	2009 Tax Notes Fund	2010 CO Bond Fund
\$ -	\$ 216,097	\$ -	\$ -	\$ -	\$ 216,097	\$ -	\$ -
147,208	-	-	-	-	150,780	-	-
-	56,177	-	-	-	81,919	-	-
-	-	26,596	35,000	-	61,596	-	-
-	824	-	-	-	832	-	-
-	-	-	-	1,126	1,126	-	-
-	-	-	-	-	12,823	-	-
<u>147,208</u>	<u>273,098</u>	<u>26,596</u>	<u>35,000</u>	<u>1,126</u>	<u>525,173</u>	-	-
45,786	-	42,290	33,550	-	138,607	-	-
139,540	-	-	-	-	141,998	-	-
2,448	159,691	-	-	-	162,139	-	-
459	-	-	-	-	15,122	-	-
<u>188,233</u>	<u>159,691</u>	<u>42,290</u>	<u>33,550</u>	<u>-</u>	<u>457,866</u>	-	-
<u>(41,025)</u>	<u>113,407</u>	<u>(15,694)</u>	<u>1,450</u>	<u>1,126</u>	<u>67,307</u>	-	-
74,022	-	-	-	-	74,022	-	-
-	(238,952)	-	-	-	(257,552)	-	-
<u>74,022</u>	<u>(238,952)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,530)</u>	<u>-</u>	<u>-</u>
32,997	(125,545)	(15,694)	1,450	1,126	(116,223)	-	-
<u>(32,935)</u>	<u>140,389</u>	<u>21,019</u>	<u>-</u>	<u>-</u>	<u>364,948</u>	<u>-</u>	<u>-</u>
<u>\$ 62</u>	<u>\$ 14,844</u>	<u>\$ 5,325</u>	<u>\$ 1,450</u>	<u>\$ 1,126</u>	<u>\$ 248,725</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KYLE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	CIP Park Development Fund	Road Improvement Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Other Taxes	\$ -	\$ -	\$ 216,097
Intergovernmental Revenue and Grants	-	-	150,780
Charges for Services	276,174	-	358,093
Special Assessments	-	311,727	373,323
Investment Earnings	-	3,410	4,242
Contributions & Donations from Private Sources	-	-	1,126
Other Revenue	-	-	12,823
Total Revenues	<u>276,174</u>	<u>315,137</u>	<u>1,116,484</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	-	138,607
Public Safety	-	-	141,998
Culture and Recreation	-	-	162,139
Capital Outlay:			
Capital Outlay	195,536	-	210,658
Total Expenditures	<u>195,536</u>	<u>-</u>	<u>653,402</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>80,638</u>	<u>315,137</u>	<u>463,082</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	73,029	-	147,051
Transfers Out (Use)	-	(535,128)	(792,680)
Total Other Financing Sources (Uses)	<u>73,029</u>	<u>(535,128)</u>	<u>(645,629)</u>
Net Change in Fund Balance	153,667	(219,991)	(182,547)
Fund Balance - October 1 (Beginning)	<u>530,104</u>	<u>971,055</u>	<u>1,866,107</u>
Fund Balance - September 30 (Ending)	<u>\$ 683,771</u>	<u>\$ 751,064</u>	<u>\$ 1,683,560</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  
 SEPTEMBER 30, 2017

	BALANCE OCTOBER 1 2016	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2017
<b>AGENCY FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 151,809	\$ 166,943	\$ 167,693	\$ 151,059
Other Receivables	5,123	12,086	11,768	5,441
Total Assets	<u>\$ 156,932</u>	<u>\$ 179,029</u>	<u>\$ 179,461</u>	<u>\$ 156,500</u>
Liabilities:				
Other Noncurrent Liabilities	<u>\$ 156,932</u>	<u>\$ 167,693</u>	<u>\$ 168,125</u>	<u>\$ 156,500</u>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 4,424,922	\$ 22,793,304	\$ 22,165,260	\$ 19,916,516	\$ 23,683,097	\$ 14,671,989	\$ 22,888,184	\$ 35,630,219	\$ 49,390,461	\$ 52,720,071
Restricted	1,164,038	14,885,094	7,675,097	8,732,402	9,356,577	12,634,224	11,015,147	1,765,670	1,450,855	2,149,427
Unrestricted	2,526,906	(2,145,906)	2,755,182	5,623,227	3,780,819	6,125,545	8,394,091	13,019,607	9,455,449	13,101,265
Total Governmental Activities Net Assets:	\$ 8,115,866	\$ 35,532,492	\$ 32,595,539	\$ 34,272,145	\$ 36,820,493	\$ 33,431,758	\$ 42,297,422	\$ 50,415,496	\$ 60,296,765	\$ 67,970,763
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 21,821,334	\$ 46,381,859	\$ 47,161,919	\$ 47,325,520	\$ 46,132,410	\$ 47,840,753	\$ 48,085,808	\$ 50,597,881	\$ 54,243,210	\$ 63,915,105
Restricted	6,313,624	5,172,176	4,392,111	6,019,545	6,491,073	6,513,500	8,470,600	10,854,507	13,482,480	16,916,006
Unrestricted	6,430,049	6,559,611	5,509,710	2,397,371	1,490,060	3,384,379	6,520,462	8,906,182	9,305,819	14,298,489
Total Business-Type Activities Net Assets:	\$ 34,565,007	\$ 58,113,646	\$ 57,063,740	\$ 55,742,436	\$ 54,113,543	\$ 57,738,632	\$ 63,076,870	\$ 70,358,570	\$ 77,031,509	\$ 95,129,600
<b>Primary Government:</b>										
Net Investment in Capital Assets	\$ 26,246,256	\$ 69,175,163	\$ 69,327,179	\$ 67,242,036	\$ 69,815,507	\$ 62,512,742	\$ 70,973,992	\$ 86,228,100	\$ 103,633,671	\$ 116,635,176
Restricted	7,477,662	20,057,270	12,067,208	14,751,947	15,847,650	19,147,724	9,858,328	12,620,177	14,933,335	19,065,433
Unrestricted	8,956,955	4,413,705	8,264,892	8,020,598	5,270,879	9,509,924	24,541,972	21,925,789	18,761,268	27,399,754
Total Primary Government Net Position:	\$ 42,680,873	\$ 93,646,138	\$ 89,659,279	\$ 90,014,581	\$ 90,934,036	\$ 91,170,390	\$ 105,374,292	\$ 120,774,066	\$ 137,328,274	\$ 163,100,363

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**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXPENSES</b>										
Governmental Activities:										
General government	\$ 4,403,797	\$ 3,908,523	\$ 4,394,186	\$ 3,904,284	\$ 4,538,616	\$ 4,995,981	\$ 5,939,271	\$ 7,265,995	\$ 6,749,251	\$ 7,209,505
Public safety	2,980,223	3,002,585	3,551,788	3,982,409	4,282,402	4,918,997	5,052,323	5,687,000	6,196,660	7,101,534
Public Works	1,176,879	3,781,337	4,571,021	4,820,597	4,622,523	4,820,247	5,363,579	6,648,193	6,989,256	7,456,046
Transportation	N/A	11,792	14,556	-	-	-	-	-	-	-
Culture and Recreation	1,537,534	1,618,947	1,613,611	1,711,714	1,873,292	2,032,591	2,095,111	2,497,592	2,765,839	3,006,348
Term Debt	1,363,409	2,648,190	2,900,787	2,735,822	2,916,954	2,194,889	2,873,587	2,167,498	3,640,280	3,327,722
Other Debt Service Fees	23,672	60,525	150,630	163,138	73,507	122,958	(3,842)	492,049	151,273	20,425
Total Governmental Activities Expenses:	\$ 11,485,514	\$ 15,031,899	\$ 17,196,579	\$ 17,317,964	\$ 18,307,294	\$ 19,085,663	\$ 21,320,029	\$ 24,758,327	\$ 26,492,559	\$ 28,121,580
Business-Type Activities:										
Water, Wastewater & Storm Drainage	\$ 4,775,204	\$ 7,164,119	\$ 7,709,085	\$ 7,986,821	\$ 7,986,821	\$ 9,743,280	\$ 10,340,478	\$ 10,728,373	\$ 10,524,295	\$ 11,290,356
Total Business-Type Activities Expenses:	\$ 4,775,204	\$ 7,164,119	\$ 7,709,085	\$ 7,986,821	\$ 7,986,821	\$ 9,743,280	\$ 10,340,478	\$ 10,728,373	\$ 10,524,295	\$ 11,290,356
Total Primary Government Program Expenses:	\$ 16,260,718	\$ 22,196,018	\$ 24,905,664	\$ 25,304,785	\$ 27,740,468	\$ 28,828,943	\$ 31,660,507	\$ 35,486,699	\$ 37,016,854	\$ 39,411,936
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,152,923	\$ 2,626,500	\$ 2,366,033	\$ 2,533,733	\$ 3,398,356	\$ 3,243,742	\$ 3,628,935	\$ 4,299,587	\$ 3,878,720	\$ 6,482,701
Public Safety	3,844	-	-	-	-	-	-	-	12,214	46,822
Public Works	699,252	-	-	-	85,006	100,154	163,715	62,544	630,368	373,322
Culture and Recreation	367,110	353,948	298,203	494,822	297,231	281,481	263,493	449,310	815,430	655,509
Operating Grants and Contributions	112,761	7,972	73,623	44,987	179,766	99,722	271,053	135,308	129,307	93,990
Capital Grants and Contributions	-	6,661,522	1,225,852	3,264,029	564,882	6,537,651	-	-	-	-
Total Governmental Activities Program Revenues:	\$ 3,335,890	\$ 9,649,942	\$ 3,963,711	\$ 6,337,571	\$ 4,525,241	\$ 10,262,750	\$ 4,327,196	\$ 4,946,749	\$ 5,466,039	\$ 7,652,344
Business-Type Activities:										
Charges for Services:										
Water, Wastewater & Storm Drainage	\$ 6,263,208	\$ 6,403,308	\$ 6,092,391	\$ 7,208,355	\$ 10,533,330	\$ 12,761,147	\$ 15,523,262	\$ 16,226,692	\$ 17,675,893	\$ 17,842,460
Operating Grants and Contributions	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Capital Grants and Contributions	1,256,918	3,249,687	1,117,699	1,504,003	357,518	2,660,316	1,563,847	3,509,187	1,717,379	9,934,823
Total Business-Type Activities Program Revenues:	\$ 7,520,126	\$ 9,652,995	\$ 7,210,090	\$ 8,712,358	\$ 10,890,848	\$ 15,421,463	\$ 17,087,109	\$ 19,735,879	\$ 19,393,272	\$ 27,777,283
Total Primary Government Program Revenues:	\$ 10,856,016	\$ 19,302,937	\$ 11,173,801	\$ 15,049,929	\$ 15,416,089	\$ 25,684,213	\$ 21,414,305	\$ 24,682,628	\$ 24,859,311	\$ 35,429,627

\* 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>NET (EXPENSE) REVENUES</b>										
Governmental Activities	\$ (5,281,062)	\$ (5,381,957)	\$ (13,232,868)	\$ (10,980,393)	\$ (13,782,053)	\$ (8,822,913)	\$ (16,992,833)	\$ (19,811,577)	\$ (21,026,520)	\$ (20,469,236)
Business-Type Activities	1,439,486	2,488,876	(498,995)	725,537	1,477,674	5,678,183	6,746,631	9,007,506	8,868,978	16,486,927
Total Primary Government Net Expense:	<u>\$ (3,841,576)</u>	<u>\$ (2,893,081)</u>	<u>\$ (13,731,863)</u>	<u>\$ (10,254,856)</u>	<u>\$ (12,304,379)</u>	<u>\$ (3,144,730)</u>	<u>\$ (10,246,202)</u>	<u>\$ (10,804,071)</u>	<u>\$ (12,157,542)</u>	<u>\$ (3,982,309)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental Activities:										
Taxes										
Property	\$ 2,672,547	\$ 4,740,009	\$ 6,020,859	\$ 6,198,567	\$ 7,280,721	\$ 8,013,734	\$ 8,919,432	\$ 9,753,418	\$ 12,548,983	\$ 14,270,496
Sales Taxes	1,916,203	2,641,752	2,462,043	3,160,944	3,540,287	4,008,733	4,611,401	6,676,810	6,540,475	7,227,633
Occupancy Tax/ Other	82,172	131,950	95,351	132,580	142,301	175,615	200,753	244,065	267,150	281,996
Franchise Taxes	382,440	636,961	701,786	764,347	912,112	973,391	1,042,212	1,149,213	1,210,935	1,435,270
Grants and Contributions Not Restricted	N/A	N/A	N/A	N/A	534	311,942	9,241,337	9,182,145	5,528,007	2,959,602
Miscellaneous Revenue	57,883	387,510	261,351	182,388	142,433	828,499	1,391,064	1,495,354	1,607,235	383,362
Investment Earnings	619,830	472,503	258,120	87,766	33,008	65,014	19,761	27,734	162,335	33,427
Transfers In (Out)	1,354,860	1,046,255	634,323	1,046,255	2,542,575	2,267,055	2,011,505	1,359,611	3,042,671	1,551,446
Total Governmental Activities:	<u>\$ 7,085,935</u>	<u>\$ 10,056,940</u>	<u>\$ 10,397,833</u>	<u>\$ 11,572,847</u>	<u>\$ 14,593,971</u>	<u>\$ 16,643,983</u>	<u>\$ 27,437,465</u>	<u>\$ 29,888,350</u>	<u>\$ 30,907,791</u>	<u>\$ 28,143,232</u>
Business-Type Activities:										
Investment Earnings	\$ 641,310	\$ 297,500	\$ 72,358	\$ 36,957	\$ 17,221	\$ 12,201	\$ 9,109	\$ 9,602	\$ 31,606	\$ 72,365
Miscellaneous Revenue	-	-	11,054	19,708	78,194	98,402	268,519	118,034	815,026	3,090,249
Transfers	(1,354,860)	(1,046,225)	(634,323)	(1,653,506)	(2,542,575)	(2,267,055)	(2,011,505)	(1,359,610)	(3,042,670)	(1,551,446)
Total Business-Type Activities:	<u>\$ (713,550)</u>	<u>\$ (748,725)</u>	<u>\$ (550,911)</u>	<u>\$ (1,596,841)</u>	<u>\$ (2,447,160)</u>	<u>\$ (2,156,452)</u>	<u>\$ (1,733,877)</u>	<u>\$ (1,231,974)</u>	<u>\$ (2,196,038)</u>	<u>\$ 1,611,168</u>
Total Primary Government:	<u>\$ 6,372,385</u>	<u>\$ 9,308,215</u>	<u>\$ 9,846,922</u>	<u>\$ 9,976,006</u>	<u>\$ 12,146,811</u>	<u>\$ 14,487,531</u>	<u>\$ 25,703,588</u>	<u>\$ 28,656,376</u>	<u>\$ 28,711,753</u>	<u>\$ 29,754,400</u>
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	\$ 1,804,873	\$ 4,674,983	\$ (2,835,035)	\$ 1,226,606	\$ 811,918	\$ (3,388,731)	\$ 10,444,631	\$ 10,076,773	\$ 9,881,272	\$ 7,673,996
Business-Type Activities	725,936	1,740,121	(1,049,906)	(871,304)	(969,486)	3,521,731	5,012,753	7,775,532	6,672,940	18,098,095
Total Primary Government:	<u>\$ 2,530,809</u>	<u>\$ 6,415,104</u>	<u>\$ (3,884,941)</u>	<u>\$ 355,302</u>	<u>\$ (157,568)</u>	<u>\$ 133,000</u>	<u>\$ 15,457,384</u>	<u>\$ 17,852,305</u>	<u>\$ 16,554,212</u>	<u>\$ 25,772,091</u>

\* 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**

General Fund	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,543	\$ 544	\$ 274	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,117,139	3,215,956	2,395,901	2,987,923	4,499,032	6,042,113	9,197,439	10,792,030	10,579,829	13,190,179
Unassigned	-	-	-	2,987,923	4,499,032	6,042,113	9,198,982	10,792,574	10,580,103	13,190,179
<b>Total General Fund:</b>	<b>\$ 3,117,139</b>	<b>\$ 3,215,956</b>	<b>\$ 2,395,901</b>	<b>\$ 2,987,923</b>	<b>\$ 4,499,032</b>	<b>\$ 6,042,113</b>	<b>\$ 9,198,982</b>	<b>\$ 10,792,574</b>	<b>\$ 10,580,103</b>	<b>\$ 13,190,179</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,470,548	\$ 9,911,757	\$ -	\$ -	\$ -
Restricted	716,698	-	-	8,732,402	9,068,035	-	-	34,866,424	29,949,538	21,975,884
Committed	-	-	-	-	-	-	-	-	-	-
Assigned, reported in:										
Special Revenue Funds	617,224	247,978	(457,142)	-	-	2,163,676	1,103,400	447,064	397,883	-
Capital Projects Funds	13,728,465	14,885,084	7,463,344	-	-	-	-	-	-	-
Debt Service Funds	-	(10,863)	211,753	-	288,540	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(32,935)	7,901
<b>Total All Other Governmental Func</b>	<b>\$ 15,062,387</b>	<b>\$ 15,122,199</b>	<b>\$ 7,217,955</b>	<b>\$ 8,732,402</b>	<b>\$ 9,356,575</b>	<b>\$ 12,634,224</b>	<b>\$ 11,015,157</b>	<b>\$ 35,313,488</b>	<b>\$ 30,314,486</b>	<b>\$ 21,983,785</b>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Taxes	\$ 5,914,126	\$ 8,180,272	\$ 9,324,804	\$ 10,256,438	\$ 11,875,421	\$ 13,171,473	\$ 14,773,798	\$ 17,742,969	\$ 20,291,629	\$ 23,040,103
Licenses and Permits	661,828	535,815	385,522	433,095	490,914	658,889	1,133,789	1,364,274	1,288,899	1,853,819
Charges for Services	1,600,513	1,532,085	1,672,470	2,080,721	2,526,263	2,877,317	3,057,051	3,732,620	4,256,135	4,682,207
Fines	923,903	912,548	606,244	514,739	708,864	708,003	900,574	1,082,343	536,490	473,892
Intergovernmental	112,761	666,474	47,301	1,668,149	438,887	-	-	-	-	-
Claims and Reimbursements	-	183,319	-	-	-	-	-	-	-	-
Impact Fees	37,424	-	-	-	-	-	-	-	-	-
Investment Earnings	618,253	472,503	258,120	87,766	33,008	65,014	19,761	27,734	162,331	383,362
Rents and Royalties	-	-	55,964	103,230	77,020	10,170	9,541	12,193	9,990	33,426
Contributions	-	150	26,322	26,900	354,746	196,974	270,600	157,900	57,000	73,526
Grants	-	-	-	-	-	154,391	271,054	135,309	134,307	93,990
Special Assessments	-	-	-	-	85,005	100,154	163,715	62,543	630,368	373,323
Other Revenues	243,893	204,197	205,387	79,158	34,960	99,343	182,537	52,822	222,085	175,114
<b>Total Revenues:</b>	<b>\$ 10,112,701</b>	<b>\$ 12,687,363</b>	<b>\$ 12,582,134</b>	<b>\$ 15,250,196</b>	<b>\$ 16,625,098</b>	<b>\$ 18,041,728</b>	<b>\$ 20,782,420</b>	<b>\$ 24,370,707</b>	<b>\$ 27,589,234</b>	<b>\$ 31,182,762</b>
<b>EXPENDITURES</b>										
General Government	\$ 4,237,304	\$ 3,833,254	\$ 4,128,677	\$ 3,483,039	\$ 4,164,638	\$ 4,625,183	\$ 4,775,580	\$ 7,945,084	\$ 6,619,422	\$ 7,070,047
Public Safety	2,460,281	2,844,383	3,381,478	3,747,172	4,032,622	4,585,521	4,688,313	5,301,677	5,779,585	6,680,928
Public Works	1,176,879	2,052,671	2,277,370	2,309,052	2,078,669	2,271,857	2,516,122	3,190,093	3,268,313	3,546,183
Planning	-	-	-	-	-	-	-	-	-	-
Transportation	-	11,792	14,556	-	-	-	-	-	-	-
Culture and Recreation	1,427,982	1,481,231	1,469,421	1,529,912	1,652,530	1,635,161	1,759,972	2,080,956	2,360,247	2,541,596
Other - Non Departmental	-	-	-	-	-	-	-	-	-	-
Capital Outlay	14,955,670	5,100,327	7,442,027	4,363,776	1,818,360	2,444,921	3,824,684	6,098,985	9,574,476	10,403,129
Debt Service	-	-	-	-	-	-	-	-	-	-
Interest	1,556,971	2,739,522	2,225,634	2,275,777	2,439,260	2,214,346	2,907,943	2,212,231	3,894,605	3,258,430
Principal	1,093,894	1,605,688	2,145,000	2,390,000	2,630,000	3,045,000	2,735,000	3,490,000	4,400,000	4,879,999
Other Fees	882,995	2,071	85,300	1,990	3,000	494,036	(3,842)	492,049	151,273	20,425
<b>Total Expenditures:</b>	<b>\$ 27,791,976</b>	<b>\$ 19,670,939</b>	<b>\$ 23,169,463</b>	<b>\$ 20,100,718</b>	<b>\$ 18,819,099</b>	<b>\$ 21,316,025</b>	<b>\$ 23,203,772</b>	<b>\$ 30,811,075</b>	<b>\$ 36,047,921</b>	<b>\$ 38,400,737</b>



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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ (17,679,275)	\$ (6,983,582)	\$ (10,587,329)	\$ (4,850,522)	\$ (2,194,011)	\$ (3,274,297)	\$ (2,421,351)	\$ (6,440,401)	\$ (8,458,687)	\$ (7,217,975)
<b>OTHER FINANCING SOURCES (USES)</b>										
Bond Issuance Costs	22,800,000	5,600,000	-	4,290,000	-	19,240,000	1,875,000	-	8,520,000	-
Bond Sales	-	-	-	-	-	-	-	-	-	-
Proceeds from Capital Leases	25,604	-	-	-	-	511,683	72,641	3,795,604	1,048,867	-
Premium or Discount on Debt Issued	-	-	-	-	-	-	-	(22,487,886)	(9,418,419)	-
Payment to Refunded Bond Escrow Agent	2,806,506	2,009,695	3,673,032	3,108,550	3,573,832	3,854,840	4,429,076	4,285,338	8,482,551	5,003,297
Transfers In	(932,556)	(963,440)	(1,212,128)	(1,455,044)	(1,031,257)	(1,587,785)	(2,417,571)	(2,925,727)	(5,439,881)	(3,451,851)
Transfers Out	-	-	-	-	-	(13,923,709)	-	-	-	-
Other (Uses)	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 24,699,554	\$ 6,646,255	\$ 2,460,904	\$ 5,943,506	\$ 2,542,575	\$ 8,095,029	\$ 3,959,146	\$ 32,332,329	\$ 3,193,118	\$ 1,551,446
<b>NET CHANGES IN FUND BALANCES</b>	\$ 7,020,279	\$ (337,327)	\$ (8,126,425)	\$ 1,092,984	\$ 348,564	\$ 4,820,732	\$ 1,537,795	\$ 25,891,928	\$ (5,265,569)	\$ (5,666,529)
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	28%	30%	28%	30%	30%	30%	26%	23%	31%	29%

**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
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
2016	\$ 2,091,111,878	\$ 117,752,483	\$ 308,828,876	\$ 1,946,981,435	\$ 0.584800	\$ 11,385,947
2017	\$ 2,425,335,695	\$ 136,504,189	\$ 338,955,635	\$ 2,283,013,455	\$ 0.574800	\$ 13,122,761

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
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
2016	\$ 33.23	\$ 4.40	\$ 166.10	\$ 7.94	\$ 83.04	\$ 9.27	\$ 265.75	\$ 7.94
2017	\$ 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
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
2016	\$ 2,709,726	\$ 1,548,330	\$ 4,258,056
2017	\$ 2,784,796	\$ 1,650,374	\$ 4,435,170

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

FISCAL YEAR	Residential	Commercial	Total Billed Consumption
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
2016	525,859,900	180,930,600	706,790,500
2017	540,212,800	207,635,700	747,848,500

**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
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
2016	\$ 17.99	\$ 3.48	\$ 17.99	\$ 3.93
2017	\$ 17.99	\$ 3.48	\$ 17.99	\$ 3.93

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

<u>FISCAL YEAR</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total Billed</u>
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
2016	\$ 2,939,865	\$ 633,991	\$ 3,573,856
2017	\$ 3,046,286	\$ 647,438	\$ 3,693,724

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

**CITY OF KYLE, TEXAS**  
**TEN LARGEST WATER CUSTOMERS**  
**September 30, 2016**

Customer	Consumption (in gallons)	Amount Billed	% of Total Consumption
KYLE CORRECTIONAL CENTER	21,936,300	\$ 174,174	3.13%
SETON MEDICAL CENTER - HAYS	14,082,900	\$ 111,818	2.01%
VISTA AT PLUM CREEK	10,453,900	\$ 83,004	1.49%
KYLE BLUEBONNET, MHP, LLC	8,401,000	\$ 66,704	1.20%
TXKY AZTEC OAKHILL MHP, LLC	8,270,900	\$ 65,671	1.18%
SADDLECREEK APARTMENTS	6,694,000	\$ 53,150	0.96%
MADRONE VENTURES, LLC	6,094,900	\$ 48,394	0.87%
WATER WORKS AUTO SPA	5,117,800	\$ 40,635	0.73%
EDWARD R. COLEMAN	4,739,600	\$ 37,632	0.68%
KYLE APARTMENTS	4,448,300	\$ 35,320	0.63%



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

<b>Fiscal Year</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>Total</b>
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
2016	\$ 424,152	\$ 601,054	\$ 450,182	\$ 477,871	\$ 722,526	\$ 448,593	\$ 444,310	\$ 661,516	\$ 506,314	\$ 508,767	\$ 653,235	\$ 519,583	\$ 6,418,103
2017	\$ 491,669	\$ 655,907	\$ 515,743	\$ 536,291	\$ 746,924	\$ 510,619	\$ 490,365	\$ 695,240	\$ 568,871	\$ 564,812	\$ 701,981	\$ 629,767	\$ 7,108,190

**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 #5	ACC	Plum Creek Conservation	Plum Creek Groundwater		
2008	0.179000	0.093400	0.272400	1.778000	0.037900	0.071000	0.077000	0.000000	0.017800	0.018000	0.018000	2.272100
2009	0.120000	0.150700	0.270700	1.461300	0.371400	0.086000	0.077000	0.000000	0.018000	0.018000	0.018000	2.302400
2010	0.173100	0.200000	0.373100	1.461300	0.374900	0.080100	0.085000	0.000000	0.019500	0.095000	0.095000	2.488900
2011	0.183000	0.241000	0.424000	1.461300	0.418100	0.051100	0.092500	0.000000	0.018500	0.018500	0.018500	2.484000
2012	0.216073	0.199326	0.425399	1.461300	0.424800	0.044400	0.095300	0.094800	0.020000	0.020000	0.020000	2.585999
2013	0.236100	0.248400	0.484500	1.461300	0.425100	0.044000	0.100000	0.094800	0.020000	0.020000	0.020000	2.649700
2014	0.270300	0.254100	0.524400	1.461300	0.425200	0.043800	0.100000	0.094900	0.022000	0.022000	0.022000	2.693600
2015	0.270300	0.278000	0.548300	1.537700	0.425200	0.043800	0.100000	0.094200	0.220000	0.022000	0.022000	2.991200
2016	0.270300	0.278000	0.548300	1.537700	0.423200	0.043800	0.100000	0.100500	0.022500	0.021500	0.021500	2.797500
2017	0.239500	0.335300	0.574800	1.537700	0.401200	0.043800	0.100000	0.100800	0.023200	0.021400	0.021400	2.802900

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

<b>2017</b>		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
SETTLEMENT BRES LLC &	\$ 32,891,527	2.30%
DDR DB KYLE LP	\$ 30,055,078	2.10%
BRE DDR BR KYLE TX LLC	\$ 27,716,043	1.93%
AM KYLE LLC	\$ 24,783,472	1.73%
MADRONE VENTURES LLC	\$ 22,495,820	1.57%
OAKS ON GOFORTH LP	\$ 21,283,312	1.49%
AM PLUM CREEK II LLC	\$ 18,701,246	1.30%
KYLE APARTMENTS LLC	\$ 17,362,146	1.21%
STRAND KYLE HOLDINGS LLC	\$ 13,869,742	0.97%
WAL-MART REAL ESTATE BUSINESS TRUST	\$ 12,931,290	0.90%
Total	<u>\$ 222,089,676</u>	<u>15.50%</u>
<b>2012</b>		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
DDR DB KYLE LP	\$ 21,052,160	1.92%
COLE MT KYLE TX LLC	\$ 19,791,940	1.80%
SETTLEMENT APARTMENTS LP	\$ 16,895,160	1.54%
SCC KYLE PARTNERS LTD	\$ 12,933,180	1.18%
AOH - VANTAGE AT PLUM CRE	\$ 8,299,790	0.76%
TARGET CORPORATION	\$ 7,714,010	0.70%
BREMNER, DUKE	\$ 7,600,000	0.69%
LOWE'S HOME CENTERS INC	\$ 7,417,540	0.68%
HEB GROCERY CO LP	\$ 6,003,019	0.55%
HD DEVELOPMENT PROPERTIES LP	\$ 5,994,240	0.55%
Total	<u>\$ 113,701,039</u>	<u>10.53%</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
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%
2016	\$ 11,834,067.14	\$ 11,764,070.36	99.41%	\$ 11,475.29	\$ 11,775,545.65	99.51%
2017	\$ 13,470,082.98	\$ 13,407,982.47	99.54%	\$ 140,136.95	\$ 13,548,119.42	100.58%

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	Certificates of Obligation			Governmental Activities			Business-type Activities			Total	
	Obligation	General Obligation Bonds	Capital Leases	State Infrastructure Loan	Deferred Interest Payable	Capital Leases	Compensated Absences	Capital Leases	Total Primary Government	Per Capita	
2008	\$ 39,628,882	\$ 30,000	\$ -	\$ 13,446,441	\$ 790,941	\$ 3,850,775	\$ 12,851	\$ -	\$ 57,911,980	\$ 2,709.97	
2009	\$ 44,263,475	\$ -	\$ -	\$ 12,867,693	\$ 754,001	\$ 3,704,028	\$ 29,232	\$ -	\$ 61,589,197	\$ 2,421.91	
2010	\$ 41,073,068	\$ 15,290,000	\$ -	\$ 11,000,000	\$ 175,300	\$ 3,548,230	\$ 66,792	\$ -	\$ 71,086,598	\$ 2,537.36	
2011	\$ 40,105,425	\$ 18,430,000	\$ -	\$ 11,000,000	\$ 642,000	\$ 3,259,467	\$ 78,799	\$ -	\$ 73,437,692	\$ 1,838.15	
2012	\$ 37,885,750	\$ 18,010,000	\$ 93,950	\$ 11,000,000	\$ 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	
2016	\$ 6,860,000	\$ 83,595,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,455,000	\$ 2,660.44	
2017	\$ 5,215,000	\$ 80,360,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,575,000	\$ 2,171.95	

**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
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
2016	\$ 90,455,000	6.31%	\$ 2,660.44
2017	\$ 85,575,000	5.97%	\$ 2,171.95

Source: Debt Book for City of Kyle

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

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$	2,283,013,455
Debt limit (6% of assessed value)	\$	136,980,807
Debt applicable to limit:		
Total Bonded Debt	\$	85,575,000
Less: Amount set aside for repayment of general obligation debt	\$	3,875,000
Total net debt applicable to limit	\$	81,700,000
Legal debt margin	\$	55,280,807

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 65,910,984	\$ 75,689,623	\$ 77,248,071	\$ 80,811,482	\$ 82,998,155	\$ 85,984,016	\$ 90,028,539	\$ 98,417,920	\$ 116,818,886	\$ 136,980,807
Net Debt Applicable to Limit	\$ 39,658,882	\$ 44,262,475	\$ 56,363,068	\$ 58,535,425	\$ 55,895,750	\$ 70,082,849	\$ 68,260,000	\$ 93,755,000	\$ 88,035,000	\$ 81,700,000
Legal Debt Margin	<u>\$ 26,252,102</u>	<u>\$ 31,427,148</u>	<u>\$ 20,885,003</u>	<u>\$ 22,276,057</u>	<u>\$ 27,102,405</u>	<u>\$ 15,901,167</u>	<u>\$ 21,768,539</u>	<u>\$ 4,662,920</u>	<u>\$ 28,783,886</u>	<u>\$ 55,280,807</u>

Net Debt as a % of Debt Limit	60%	58%	73%	72%	67%	82%	76%	95%	75%	60%
-------------------------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

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
2008	21,370	\$	63,852	3.9%
2009	25,430	\$	65,257	5.3%
2009	28,016	\$	65,100	5.5%
2010	29,300	\$	65,100	5.3%
2011	30,700	\$	65,100	4.9%
2012	32,100	\$	65,100	4.2%
2013	33,500	\$	71,063	5.4%
2014	34,413	\$	77,406	2.5%
2016	36,800	\$	77,406	2.5%
2017	39,400	\$	82,872	3.3%

Sources:

Unemployment Rates: <http://www.tracer2.com/cgi/dataAnalysis/LabForceReport.asp>Population: <http://kyleed.com/community-profile/population>



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

Employer	2017	
	Employees	Percentage of Total City Employment
Hays County Independent School District	2,383	17.48%
Seton Medical Center Hays	610	4.47%
HEB Plus*	208	1.53%
City of Kyle	198	1.45%
Legend Oaks Healthcar & Rehabilitation	116	0.85%
Lowes	108	0.79%
Warm Springs Rehab Hospital	100	0.73%
Home Depot	100	0.73%
Austin Community College at Hays	80	0.59%
RSI, Inc	58	0.43%
Construction Metal Products	40	0.29%
Sothwestern Pneumatic	40	0.29%
Miscellaneous Steel Industries	30	0.22%
<b>Total</b>	<b>4,071</b>	<b>30%</b>
<b>Total Employed within Kyle, Texas</b>	<b>13,633</b>	

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

Function Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration	8.00	8.00	7.00	6.00	5.00	5.00	5.00	7.00	7.00	6.00
Human Resources	0.00	2.00	2.75	2.75	3.50	3.50	3.50	2.50	2.50	2.50
Finance	3.00	4.00	4.00	5.50	5.50	5.50	6.50	6.50	6.50	6.50
Municipal Court	3.50	3.50	3.50	4.00	4.50	4.50	4.00	4.00	4.00	4.00
IT	1.00	2.00	2.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Planning	2.50	4.50	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Economic Development	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Building	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00
Street Department	4.00	6.35	7.35	6.00	6.75	6.00	6.00	12.50	15.38	15.38
Police										
Administration	6.00	9.00	9.00	12.00	12.00	14.50	14.50	17.50	17.50	17.00
Operations	27.00	33.00	37.00	35.50	38.00	38.50	38.50	56.00	56.00	58.00
Public Works										
Administration	0.00	8.65	9.65	8.75	8.25	8.25	8.00	8.50	9.82	11.14
Water	9.00	5.00	7.00	14.00	14.50	12.50	12.50	12.50	12.90	12.90
Wastewater	4.00	6.00	7.00	5.00	5.50	5.50	5.50	10.50	10.90	10.90
Engineering	0.00	0.00	0.00	0.00	1.00	1.00	0.50	4.00	3.00	3.50
Parks and Recreation										
Administration	0.00	3.00	3.00	5.00	4.00	4.00	4.50	5.50	6.00	6.00
Parks Maintenance	10.00	10.50	12.00	12.00	12.00	12.00	12.00	14.00	12.00	12.00
Facilities Maintenance	5.00	3.00	3.00	3.50	4.00	4.00	4.00	4.00	4.00	4.00
Library	5.00	6.00	7.00	8.00	7.00	7.00	7.00	11.00	11.00	11.00
Utility Billing	4.00	4.00	5.00	5.00	5.00	7.00	7.00	7.00	8.00	9.00
<b>Total</b>	<b>100.00</b>	<b>127.50</b>	<b>138.25</b>	<b>147.00</b>	<b>150.50</b>	<b>152.75</b>	<b>154.00</b>	<b>198.00</b>	<b>202.50</b>	<b>206.82</b>

Source: City of Kyle  
Note: Does not include Mayor Council

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

Function Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Building permits issued	534	328	431	289	244	324	537	635	684	777
Police										
Violations	3,130	3,640	4,709	4,360	6,961	8,670	10,111	5,447	3,345	5,225
Citations	N/A	N/A	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	16	10	2	3	17
Potholes repaired	N/A	N/A	N/A	672	718	926	1,053	2,007	3,253	2,752
Street Sweeping - Miles	574	4,037	2,623	2,613	343	1,898	1,970	2,308	1,619	2,132
Parks and Recreation										
Facility Rental Bookings (Guests)	26,375	28,902	13,786	15,512	42,791	36,092	45,602	52,447	52,533	16,415
Summer Camp	1,964	1,652	3,255	6,105	5,275	5,500	5,800	4,675	4,285	5,170
Pool (patron count)	33,909	36,508	30,254	32,078	36,511	37,000	37,000	41,813	31,852	28,126
Library										
Circulation Count	50,103	86,611	99,129	100,121	125,715	144,904	155,860	165,175	188,222	191,275
Patron Count	83,627	81,019	95,371	91,207	119,194	126,824	133,154	138,458	139,501	153,998
Library Cards Issued	1,974	2,021	1,799	1,746	3,730	2,218	3,200	2,784	2,837	2,952
Water										
New Connections	2,478	2,272	2,007	1,900	2,188	2,402	2,773	3,024	2,276	3,167
Water leaks	82	88	70	117	80	91	126	108	99	78
Average Daily Consumption (millions of gallons)	2.1575	N/A	2.0891	1.6391	2.1225	2.443	1.9200	2.4190	2.5920	2.2522
Wastewater										
Average Daily Sewage Treatment (millions of gallons)	1.5012	N/A	1.5626	2.2684	1.7207	1.838	1.6950	2.3000	2.4570	2.4590

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations/ Sub-Stations	1	1	1	1	1	2	2	2	2	2
Patrol Units	16	17	18	24	29	27	27	21	21	20
Fire										
Stations	1	1	1	2	2	2	2	2	2	2
Parks and Recreation										
Acres	355	412	462	466	466	569	577	612	612	612
Streets										
Streets - Linear Feet	567,888	576,448	580,748	591,248	595,248	610,518	623,170	641,396	739,493	796,818
Water										
Fire Hydrants	783	829	833	847	859	891	905	936	993	1,093
New Water Lines - Linear Feet	15,084	35,592	7,142	2,653	1,894	6,703	9,963	16,950	28,080	37,045
Ground Water Storage	6	8	8	8	8	8	8	8	8	8
Elevated Water Storage	5	5	6	6	6	6	6	6	6	6
Wastewater										
New Wastewater Lines - Linear Ft	20,737	19,574	7,770	3,890	1,555	20,059	13,286	16,127	15,799	41,340
Storm Sewers (miles)	29,369	38,948	2,945	3,937	423	14,245	7,334	13,573	9,610	21,964
Lift Stations	10	10	10	10	9	9	9	11	11	13
Treatment Capacity (millions of gallons)	N/A	3	3	3	3	3	3	3	3	3

Source: Various City Departments, City of Kyle