

THE CITY OF KYLE, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE YEAR ENDED
SEPTEMBER 30, 2013

THE CITY OF KYLE, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



City Manager
Lanny S. Lambert

Director of Finance
Perwez A. Moheet, CPA

FOR THE YEAR ENDED
SEPTEMBER 30, 2013

Prepared by Financial Services Department



Elected Officials

Mayor
Lucy Johnson

Mayor Pro Tem
Samantha Bellows-LeMense, District 5

Council Member, District 1
Diane Hervol

Council Member, District 2
Becky Selbera

Council Member, District 3
Chad Benninghoff

Council Member, District 4
David Wilson

Council Member, District 6
Ray Bryant

**CITY OF KYLE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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INTRODUCTORY SECTION





CITY OF KYLE

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

Kyle, Texas 78640

March 18, 2013

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, 2013. The CAFR provides detailed information regarding the City's financial condition and activities to City Council, Boards and Commissions, citizens of Kyle, City management and staff, bondholders, and other interested parties.

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

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

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

REPORTING ENTITY

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

KYLE'S GOVERNMENT, ECONOMY, AND OUTLOOK

General Information

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

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

The City covers approximately nineteen square miles and had an estimated population of 34,000 in 2013. 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 27%, increase in taxable valuations has averaged 6.3% over the last six years, annual property tax collection rate has continued to surpass the 98.8% mark, and the increase in the annual sales tax collections has averaged 14.5% over the last six years as well. Total population in the City of Kyle is projected to increase 6.9% annually through the year 2015.

Long-term Planning

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

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

Major Initiatives

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

- Annexation Plan
- Tourism Plan

- Downtown Beautification Plan
- Street Maintenance Program Expansion
- Green Program Initiatives

A number of major programs were initiated and completed in the City of Kyle during fiscal year 2013. These included the following:

- Citizens authorized \$36 million in general obligation bonds for the design and construction of five major roadways which will increase commercial and industrial development
- Completion of the Austin Community College Campus
- Streamlining of the City's development and permitting process
- Widening of major roads including Dacy Lane and RM 150
- Addition of approximately 300 beds for rehabilitation hospital and assisted type living accommodations

FINANCIAL INFORMATION

Budgetary Information

The fiscal year 2014 Approved Budget totals \$45.4 million and includes \$14.7 million for the General Fund to provide public safety, code enforcement, parks, street maintenance, library, and other municipal services to the citizens of Kyle.

The budget development and adoption process was based on the City's commitment and dedication to complete transparency, openness, and inclusiveness in government. The City included an extensive public participation process including twenty (20) public hearings and seven (7) City Council workshops 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 2014 Approved Budget was adopted with a property tax rate increase of \$0.0239 to \$0.5483 per \$100 of assessed valuation. The budget provides for an average 3.5% pay increase for City employees, compliance with the meet and confer requirements for civil service employees, addition of positions for police officers, animal control, and emergency dispatch operations.

A 3-year rate plan for the Water and Wastewater Utility was considered by the City Council in fiscal year 2011 to help implement a structural balance between revenue and requirements. The 3-year rate plan provides for a planned rate increase in each of the three years ranging from 10% to 35% per year.

The Approved Budget for fiscal year 2014 provides for a rate increase of 20% for water and 10% increase for wastewater service, a 10.48% increase in solid waste collection service rates, and continued contribution to the Emergency Reserve Fund.

The City's bond rating of A+ was reaffirmed by Standard and Poor's rating agency.

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.

After an extensive public involvement process, the City Council adopted the City's first Debt Management Policy to strengthen the City's overall financial position. The City's financial policies are reviewed as part of the annual budget process and are codified in the Approved Budget document.

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.

Risk Management

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

Transparency in Financial Reporting

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

OTHER INFORMATION

Awards

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

During fiscal year 2013, 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, 2012.

For the fourth consecutive year, the City of Kyle was awarded the Gold Leadership Circle Award by the Texas Comptroller of Public Accounts. The Leadership Circle program is designed to recognize local governments across Texas that are striving to meet a high standard for financial reporting and transparency.


Acknowledgments


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

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

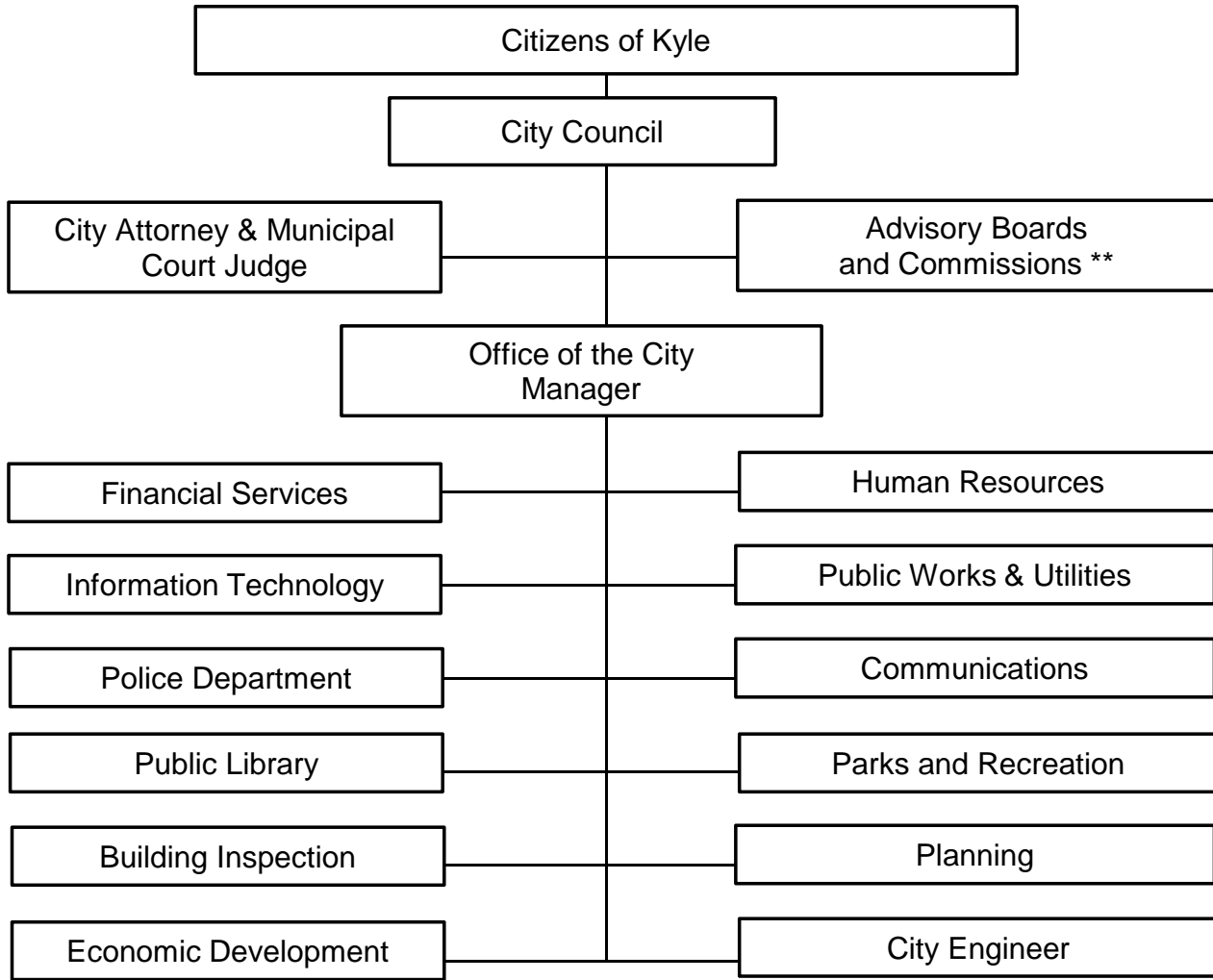
In closing, we want to express our appreciation and gratitude for the City Council's guidance, policy directives, and continued support in all aspects of City's financial management.

Respectfully submitted,


Lanny S. Lambert
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
 Community Relations Committee
 Economic Development & Tourism Committee
 Ethics Committee
 Library Board
 Long Range Planning Committee

Mobility Committee
 Parks and Recreation Committee
 Planning and Zoning Commission
 Public Works & Service Committee
 Safety and Emergency Services Committee
 Strategic Planning and Finance Committee
 Tax Increment Reinvestment Zone Committee
 Train Depot Board



Elected Officials and Executive Management Team

City Council

Lucy Johnson.....	Mayor
Samantha Bellows-LeMense	Mayor Pro-Tem, District 5
Diane Hervol.....	District 1
Becky Selbera.....	District 2
Chad Benninghoff.....	District 3
David Wilson.....	District 4
Ray Bryant.....	District 6

Executive Management Team

Lanny S. Lambert.....	City Manager
James R. Earp, CPM.....	Assistant City Manager
Mario Perez.....	Building Official
Ken Johnson.....	Attorney
Leon Barba, P.E.....	City Engineer
Amelia Sanchez.....	City Secretary
Jerry Hendrix.....	Director of Communications
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
Sofia Nelson.....	Director of Planning
Jeff Barnett.....	Chief of Police
Connie Brooks.....	Library Director
Harper Wilder.....	Director of Public Works



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

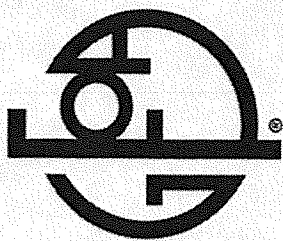
Presented to

**City of Kyle
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



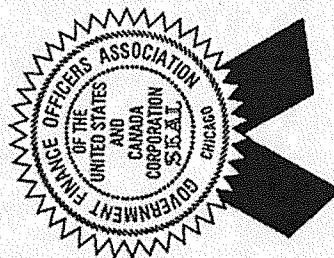
The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Financial Services Department
City of Kyle, Texas



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date October 22, 2013



FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kyle, Texas (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kyle, Texas as of September 30, 2013, 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.

SAN ANTONIO

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AUSTIN

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512 476 0717

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Emphasis of Matters

As described in Note I to the financial statements, in 2013 the City adopted the new accounting guidance contained in Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Austin, Texas
March 14, 2014

The City management is pleased to present the City of Kyle's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013.

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, 2013. 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 exceeded total liabilities at the end of fiscal year 2013 resulting in a net position of \$91.5 million as of September 30, 2013. Of the total \$91.5 million net position, \$9.5 million remained unrestricted and is available to meet any future obligations of the City.
- Net position for all governmental activities totaled \$33.4 million and \$58.1 million for business-type activities at September 30, 2013.
- \$4.8 million or 34.7% increase in the combined fund balance totaling \$18.7 million for all governmental activities at September 30, 2013 as compared to the prior fiscal year.
- \$1.5 million or 34.3% increase in the ending balance of the City's General Fund totaling \$6.0 million at September 30, 2013 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Kyle is improving or deteriorating.
- The **Statement of Activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. For the fiscal year ending September 30, 2013, the City's total assets exceeded total liabilities by \$91.5 million.

Below are summary highlights of the City's Net Position as of the end of fiscal year 2013 at September 30, 2013:

- Governmental Activities:
 - ❖ Current and Other Assets decreased by \$5.7 million or 20.3% primarily from the net results of operations, elimination of deferred charges associated with the State Infrastructure Loan and repayment of debt during the year.
 - ❖ Capital Assets increased by a net \$5.3 million or 6.8% at fiscal year-end. Contributed capital was higher than the previous year by approximately \$6.0 million.
 - ❖ Liabilities increased by a net \$2.9 million or 4.2% which included new debt issuance during FY 2012-13.

- Business-type Activities:
 - ❖ Current and Other Assets increased by a \$2.1 million or 22.1% primarily from the net results of operations and rate increases implemented during the year.
 - ❖ Capital Assets increased by a net \$2.0 million or 4.1% due to new assets acquired.
 - ❖ Total liabilities increased by a net \$0.14 million or 3.5% mainly due to the increase in the amount related to the disputed billing by Aqua Texas for wastewater treatment plant operations and maintenance.

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

City of Kyle, Texas						
Net Position						
For the Fiscal Year Ended September 30, 2013						
(With Comparative Totals for September 30, 2012)						
	Governmental Activities		Business-type Activities		Totals	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current & other assets	\$22,661,660	\$28,377,367	\$11,415,628	\$9,349,394	\$33,077,287	\$37,726,761
Capital assets	<u>84,330,863</u>	<u>78,987,172</u>	<u>51,119,129</u>	<u>49,085,304</u>	<u>135,449,992</u>	<u>128,072,476</u>
Total assets	<u>\$106,992,523</u>	<u>107,364,539</u>	<u>\$62,534,757</u>	<u>\$58,434,698</u>	<u>\$169,527,280</u>	<u>\$165,779,237</u>
Liabilities	\$2,322,924	\$2,424,177	\$1,517,748	\$1,368,261	\$3,840,672	\$3,792,438
Non-current liabilities	<u>71,237,841</u>	<u>68,119,869</u>	<u>2,952,894</u>	<u>2,952,894</u>	<u>74,190,735</u>	<u>71,072,763</u>
Total liabilities	<u>\$73,560,765</u>	<u>\$70,544,046</u>	<u>\$4,470,642</u>	<u>\$4,321,155</u>	<u>\$78,031,407</u>	<u>\$74,865,201</u>
Net Position:						
Invested in capital assets, net of related debt	\$14,671,989	\$23,683,097	\$48,166,235	\$46,132,410	\$62,838,224	69,815,507
Restricted/Designated	12,634,224	9,356,577	6,513,500	6,491,073	19,147,724	15,847,650
Unrestricted	<u>6,125,545</u>	<u>3,780,819</u>	<u>3,384,380</u>	<u>1,490,060</u>	<u>9,509,924</u>	<u>5,270,879</u>
Total Net Position	<u>\$33,431,758</u>	<u>\$36,820,493</u>	<u>\$58,064,115</u>	<u>\$54,113,543</u>	<u>\$91,495,873</u>	<u>\$90,934,036</u>

The largest portion of the City's \$91.5 million net position includes \$62.8 million or 68.7% 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 \$91.5 million net position is its restricted resources totaling \$19.1 million or 20.9% to be used for capital improvements. The City's \$91.5 million net position also includes

resources restricted for special purposes such as for the municipal court and law enforcement in the amount of \$0.4 million or 0.4% and \$0.5 million or 0.5% for debt service. The remaining balance of the City's \$91.5 million net position comprised of unrestricted resources totaling \$9.5 million or 10.4% 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 during the fiscal year 2013.

This section intentionally left blank.

City of Kyle, Texas Changes in Net Position For the Fiscal Year Ended September 30, 2013 (With Comparative Totals for September 30, 2012)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue:						
Program revenue:						
Charges for services	\$3,625,377	\$3,780,593	\$12,761,147	\$10,553,330	\$16,386,524	\$14,333,923
Operating grants and contributions	99,722	179,766	-	-	99,722	179,766
Capital grants and contributions	6,537,651	564,882	2,660,316	357,518	9,197,967	922,400
General revenue:						
Property taxes	8,013,734	7,280,721	-	-	8,013,734	7,280,721
Sales tax	4,008,733	3,540,287	-	-	4,008,733	3,540,287
Franchise tax	973,391	912,112	-	-	973,391	912,112
Other taxes	175,615	142,301	-	-	175,615	142,301
Grants and contributions not restricted	311,942	534	-	-	311,942	534
Investment earnings	65,014	33,008	12,201	17,221	77,215	50,229
Miscellaneous	828,499	142,433	98,402	78,194	926,901	220,627
Total Revenue	\$24,639,678	\$16,576,637	\$15,532,066	\$11,006,263	\$40,171,744	\$27,582,900
Expenses:						
General government	\$4,995,983	\$4,538,616	-	-	\$4,995,983	\$4,538,616
Public safety	4,918,997	4,282,402	-	-	4,918,997	4,282,402
Public works	4,820,247	4,622,523	-	-	4,820,247	4,622,523
Culture/Recreation	2,032,591	1,873,292	-	-	2,032,591	1,873,292
Interest on long term debt	2,194,889	2,916,954	-	-	2,194,889	2,916,954
Other Debt Service Expenses	122,958	73,507	-	-	122,958	73,507
Water/Wastewater	-	-	\$9,417,798	\$9,433,174	9,417,798	9,433,174
Total Expenses	\$19,085,665	\$18,307,294	\$9,417,798	\$9,433,174	\$28,503,463	\$27,740,468
Changes in net position before Special Items & Transfers	\$5,554,013	(\$1,730,657)	\$6,114,268	\$1,573,089	\$11,668,283	(\$157,568)
State Infrastructure Pmt Transfers	(11,209,801)	-	-	-	(11,209,801)	-
Transfers	<u>2,267,055</u>	<u>2,542,575</u>	<u>(2,267,055)</u>	<u>(2,542,575)</u>	-	-
Change in net position	(3,388,733)	811,918	3,847,213	(969,486)	458,480	(157,568)
Net Position - Beginning	36,820,491	34,272,145	54,216,902	55,742,436	91,037,393	90,014,581
Prior period adjustment	-	1,736,430 ^a	-	(659,407) ^b	-	1,077,023
Net Position - Ending	<u>\$33,431,758</u>	<u>\$36,820,493</u>	<u>\$58,064,115</u>	<u>\$54,113,543</u>	<u>\$91,495,873</u>	<u>\$90,934,036</u>

^a The prior period adjustments are reclassifications to properly state account balances.

^b The prior period adjustment reflects reclassification of expenses to the proper funds and properly states account balances.

Governmental Activities – Government-wide Statements

Governmental activities decreased the City's net position by \$3.4 million. Key elements of this change in net position are explained below:

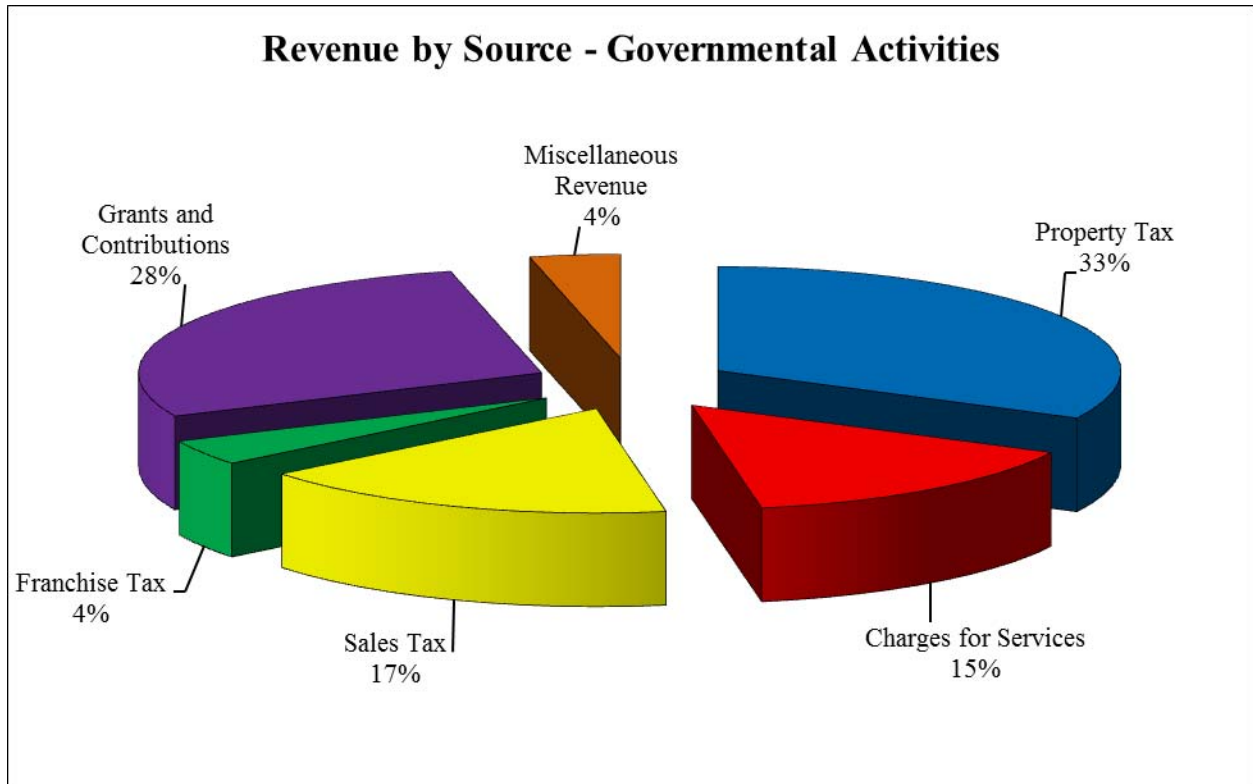
Program Revenue. Total program revenue, which are charges for services, operating grants/contributions and capital grants/contributions increased by approximately \$5.7 million from the prior year due mainly to net increase in capital grants and contributions of \$6.0 million.

General Revenue. Property taxes, sales tax and franchise fees increased by \$0.7 million or 10.1%, \$0.4 million or 13.2%, and \$0.1 million or 6.7% respectively over the prior fiscal year. The increase in sales tax is due to the addition of new businesses within Kyle. Investment earnings increased by \$0.03 million or 97.0% over the previous year.

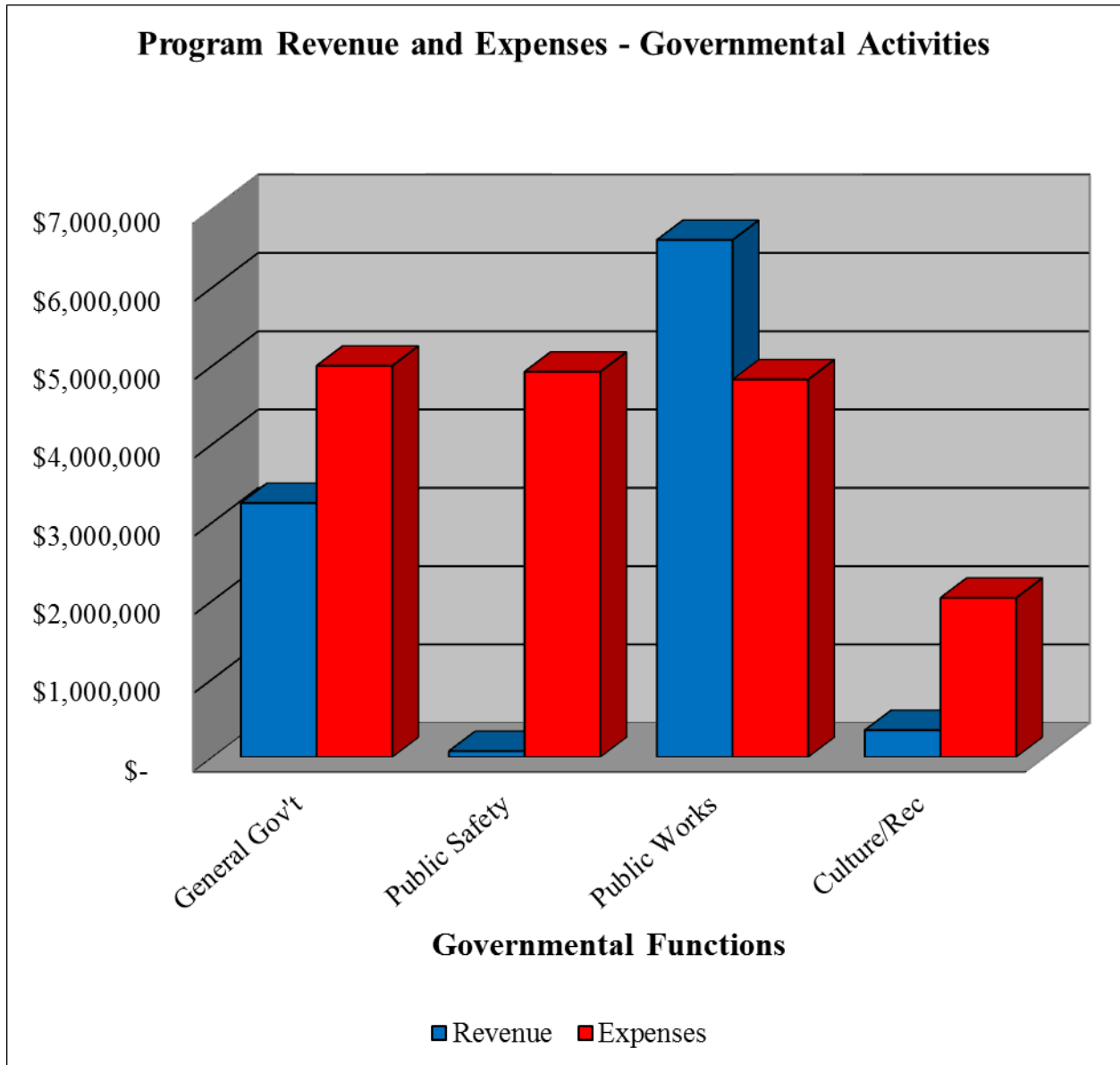
Expenses. Governmental expenses resulted in an overall increase of \$0.8 million or 4.3% compared to the prior year. Following are the main reasons for the increase in expenditures:

- General Government increased by \$0.5 million or 10.1%. This is due to the increase in the City's incentive obligations under 380 agreements and increased operating costs.
- Public Safety increased by \$0.6 million or 14.9%. 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 \$0.2 million or 4.3%. 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 8.5% and Bond Interest decreased by \$0.7 million or 24.8%.
- Other Debt Service Expense, which includes fiscal agent fees and issuance costs, decreased by \$0.04 million or 67.3%.
- Water & Wastewater decreased by \$0.02 million or 0.2%.
- 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 2013, except for the general government, by only \$2,082 for the year. 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 (\$8.0 million or 33%), charges for services (\$3.6 million or 15%), and sales tax (\$4.0 million or 16%).
- Charges for services include revenue sources such as fees for building inspections, plan review, recreational program fees, trash collection charges, etc.
- Revenue from property taxes increased by \$0.7 million or 10.1% between 2012 and 2013. This increase is due to the increase in the property tax rate and in the certified tax roll for taxable assessed valuations from \$1.43 billion in 2012 to \$1.46 billion in 2013. The property tax rate adopted effective October 2012 (fiscal year 2013) was \$0.5244 per \$100 of assessed valuation which is an increase of \$0.0399 from the previous year.
- Sales taxes which represented \$4.0 million or 16% of total revenue for governmental activities also increased significantly over the prior year.

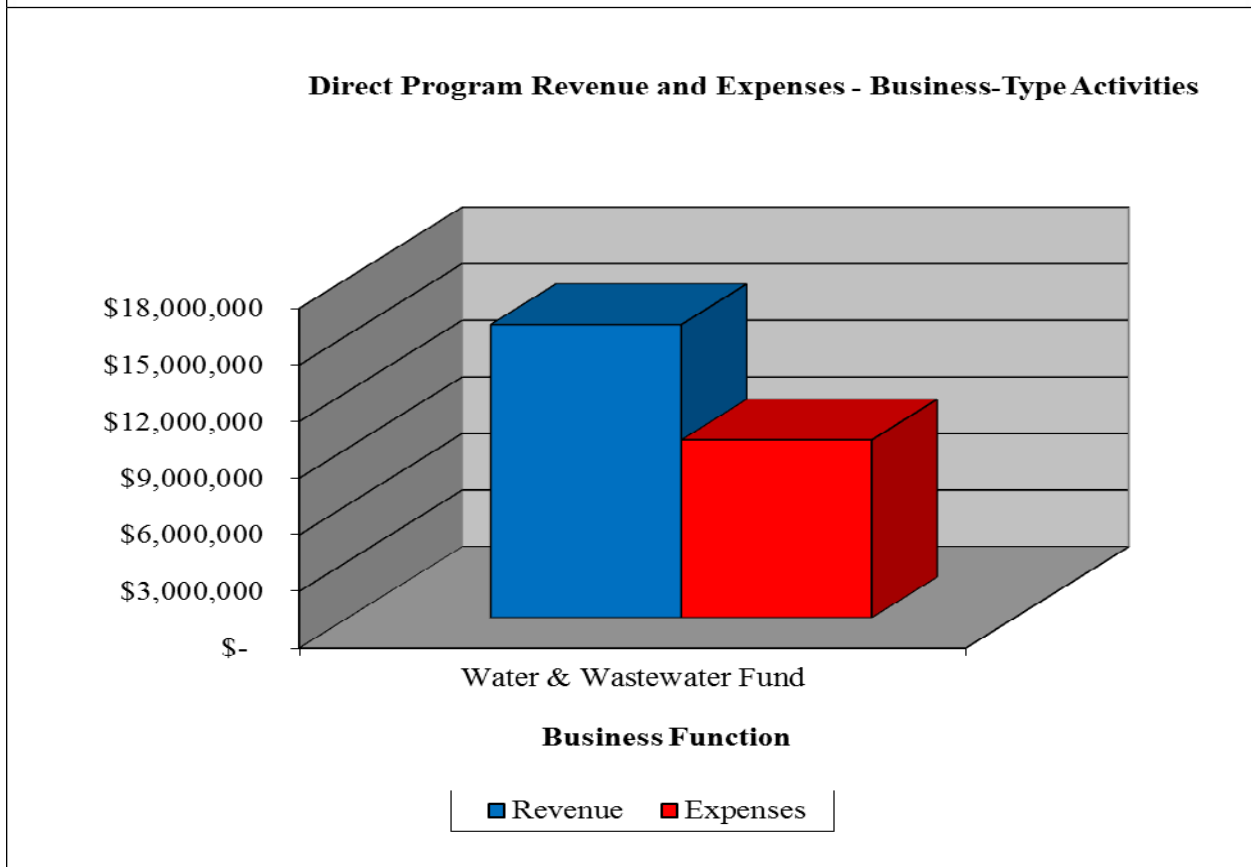
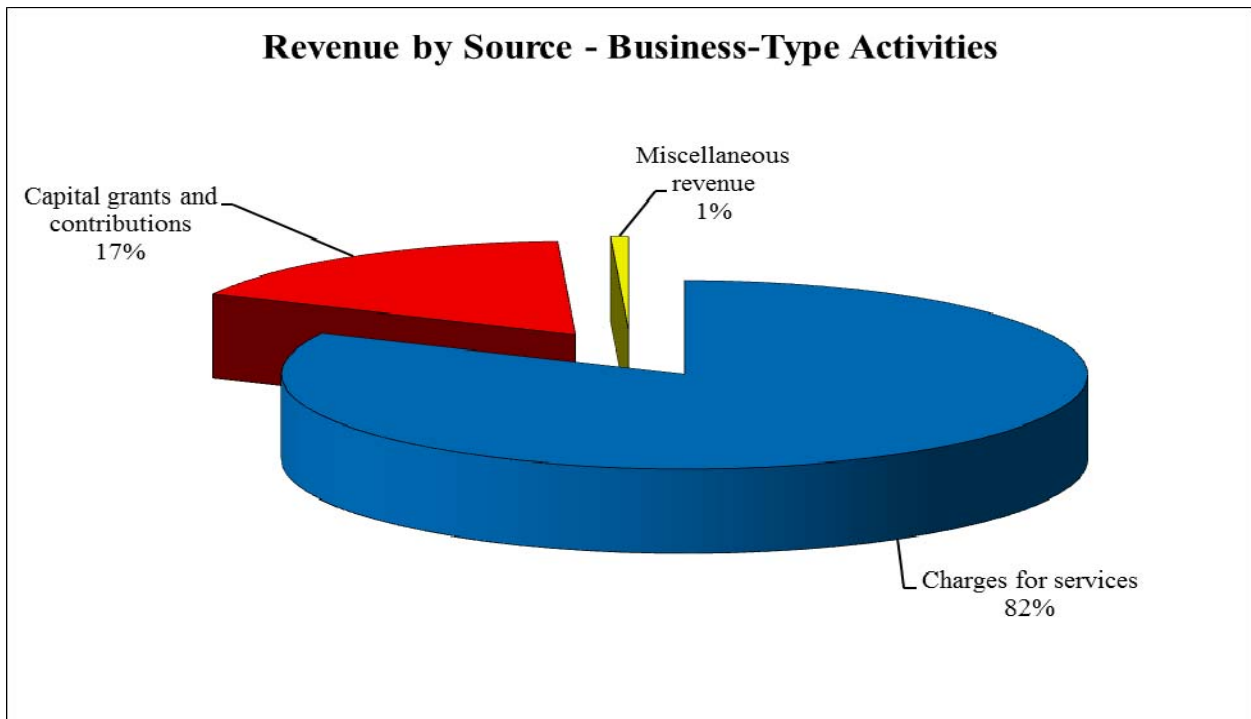


- Based on the chart above General Government is the largest expenses function (\$4.9 million or 29.8%), which includes all administrative and support functions including non-departmental expenses. This is followed by Public Safety (\$4.9 million or 29.3%), closely followed by Public Works (\$4.8 million or 28.7%), and Culture/Recreation (\$2.0 million or 12.1%).
- Interest on Debt and Other Debt Fees do not have a source of program revenue so they are not included in the above chart. The balance of funding for all of the above activities comes from property, sales and other taxes, investment income and transfers from other funds.

Business-Type Activities – Government-wide Statements

Business-type activities increased the City’s net position by \$3.8 million in fiscal year 2013. This was the net result of \$15.5 million in revenue, \$9.4 million in expenses, and \$2.2 million in transfers out.

The two charts below provide similar information as shown previously but only for business-type activities instead of governmental activities.



Revenue. Charges for services revenue for business-type activities include City's Water and Wastewater Utility operations which increased from the prior year. Revenue from charges for services increased by \$2.2 million or 20.9% from the prior year due to the addition new customers and implementation of a 20% and 10% rate increase for water and wastewater services respectively. Contributions for capital grants increased by \$2.3 million as compared to the previous year. Investment earnings decreased by \$0.01 million or 29.2% due to the use of cash and investments to pay for operating and capital activities.

Expenses. Business-type expenses totaled \$9.4 million, an overall decrease of \$.01 million or 0.2% 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, 2013, the City's governmental funds reported combined ending fund balance of \$18.7 million. Of this amount \$12.7 million is restricted and the remaining \$6.0 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, 2013, the unassigned fund balance totaled \$6.0 million. The unassigned General Fund Balance increased by \$1.5 million or 34% at September 30, 2013 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 \$1.5 million or 13.1% and actual expenditures increased by approximately \$1.3 million or 11.5% during fiscal year 2013 as compared to the prior fiscal year 2012. General government functions, which serves as a roll-up for non-specific activities, increased by \$0.6 million or 14.7% over the prior year. Public Safety increased by \$0.5 million or 11.2%, Culture/Recreation increased by \$0.01 million or 1.2% and Public Works increased by \$0.2 million or 9.3%. The increase was mainly due to increases in personnel costs and operating costs.

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, 2013, the all Other Governmental Funds reported combined ending fund balance of \$12.7 million. Please refer to Exhibit C-3 on pages 23 and 24 and Exhibit H-2 on pages 62 through 64 of the financial statements for detailed information pending to changes in fund balances for Governmental Funds.

Proprietary Funds

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

Overall, operating revenue for the Utility showed a \$2.2 million or 21.0% increase from the prior year. This is primarily due to a rate increase implemented, growth in customer base, and the continuing drought conditions during the year. Factors that contributed to the decrease 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, 2013, totaled \$135.4 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, 2013 was \$7.3 million or 5.7%.

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

City of Kyle, Texas						
Investment in Capital Assets						
For the Year Ended September 30, 2013						
(With Comparative Totals for September 30, 2012)						
	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$3,249,722	\$2,857,601	\$691,935	\$691,935	\$3,941,657	\$3,549,536
Buildings	15,897,146	15,790,661	5,434,442	5,420,371	21,331,588	21,211,032
Improvements Other Than Buildings	2,625,908	2,572,223	61,037,030	57,561,684	63,662,938	60,133,907
Machinery and Equipment	3,344,177	3,088,307	1,288,896	1,407,680	4,648,175	4,495,987
Infrastructure	81,885,828	75,838,906	-	-	81,870,726	75,838,906
Construction in Progress	3,225,992	1,104,188	1,163,160	663,335	4,389,152	1,767,523
Less: Accumulated Depreciation	<u>(25,897,910)</u>	<u>(22,264,714)</u>	<u>(18,496,333)</u>	<u>(16,659,701)</u>	<u>(44,394,243)</u>	<u>(38,924,415)</u>
Total	<u>\$84,330,863</u>	<u>\$78,987,172</u>	<u>\$51,119,129</u>	<u>\$49,085,304</u>	<u>\$135,449,992</u>	<u>\$128,072,476</u>

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

- The Public Works projects for which expenditures were completed during the year included the ACC/Plum Creek, the Bunton Creek Wastewater Interceptor – Phase 3, wastewater line and general water and wastewater system improvements.
- Park improvements totaled approximately \$0.1 million for the year.
- Restoration improvement costs for the Kyle Train Depot project totaled approximately \$0.2 million for the year.
- Contributed capital for the year totaled \$6.5 million.

Debt Management

At September 30, 2013, the City's net outstanding debt totaled \$74.0 million. This is an increase of approximately \$2.9 million primarily due to issuance of new bonds for road projects.

The City of Kyle's underlying bond rating of "A+" on its debt obligations was reaffirmed by the rating agency, Standard & Poor's during fiscal year 2013.

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, 2013, with a comparison of outstanding debt from the prior year. In addition, please refer to Note F – Long-Term Debt on page 45 in the Notes to the Financial Statement for detailed information on the changes in long-term debt.

City of Kyle, Texas						
Outstanding Debt						
For the Year Ended September 30, 2013						
(With Comparative Totals for September 30, 2012)						
	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Debt Obligations	\$39,410,000	\$37,735,000	\$ -	\$ -	\$39,410,000	\$37,735,000
Premium on Bonds	642,976	150,750	-	-	642,976	150,750
Refunding Bonds	31,140,000	18,010,000	-	-	31,140,000	18,010,000
Capital Lease - Vehicles	44,865	93,950	-	-	44,865	93,950
State Infrastructure Loan	-	12,130,169	-	-	-	12,130,169
Capital Lease - Plant	-	-	2,952,894	2,952,894	2,952,894	2,952,894
Total	<u>\$71,237,841</u>	<u>\$68,119,869</u>	<u>\$2,952,894</u>	<u>\$3,259,467</u>	<u>\$74,190,735</u>	<u>\$71,072,763</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local Economy and Outlook

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

All leading indicators during fiscal year 2013 showed that the City of Kyle's local economy has not only rebounded 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, 2013:

- 27.0% increase in building permits from the prior year
- 6.3% average annual increase in taxable valuations over the last six years
- 98.8% annual property tax collection rate
- 14.5% average annual increase in sales tax collections over the last six years
- 6.9% projected increase in population in the City of Kyle annually through the year 2015
- Citizens authorized \$36 million in general obligation bonds for the design and construction of five major roadways which will increase commercial and industrial development
- Completion of the Austin Community College Campus
- Streamlining of the City's development and permitting process
- Widening of major roads including Dacy Lane and RM 150
- Addition of approximately 300 beds for rehabilitation hospital and assisted type living accommodations
- Completion of TxDOT additions to entrance/exit ramps in Kyle, improving traffic flow. Roadway improvements will increase commercial and industrial development.
- Discussions and review underway for the Lone Star Rail project for commuter travel between Georgetown to San Antonio.

Next Year's Budget

The fiscal year 2013-14 Approved Budget totals \$45.4 million and includes \$14.7 million for the General Fund to provide public safety, code enforcement, parks, street maintenance, library, and other municipal services to the citizens of Kyle.

Preparation of the fiscal year 2013-14 budget was completed considering only a modest increase in revenue and expenditures over the previous fiscal year. The adopted budget for fiscal year 2014 includes a property tax rate increase of \$0.0239 to \$0.5483 per \$100 of taxable assessed valuation, a 20.0% increase in water and a 10.0% increase in wastewater service rates, a 10.5% rate increase for solid waste collection and recycling services, and an overall 5% increase in City fees and charges.

A 3-year rate plan for the Water and Wastewater Utility was considered by the City Council in fiscal year 2011 to help implement a structural balance between revenue and requirements. The 3-year rate plan provides for a planned rate increase in each of the three years ranging from 10% to 35% per year. The Approved Budget for fiscal year 2014 provides for a rate increase of 20% for water and 10% increase for wastewater service.

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS



CITY OF KYLE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

EXHIBIT A-1

	Primary Government		Total
	Governmental Activities	Business Type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 18,278,967	\$ 3,786,019	\$ 22,064,986
Restricted Cash	-	6,301,190	6,301,190
Restricted Investments	371,828	212,311	584,139
Receivables (net of allowance for uncollectibles)	1,675,721	1,191,135	2,866,856
Internal Balances	75,027	(75,027)	-
Prepaid Items & Other Assets	403,912	-	403,912
Developer Accounts Receivable	277,238	-	277,238
Capitalized Debt Issuance Costs	1,578,967	-	1,578,967
Capital Assets:			
Capital Assets, net	84,330,863	51,119,129	135,449,992
Total Assets	<u>106,992,523</u>	<u>62,534,757</u>	<u>169,527,280</u>
LIABILITIES			
Accounts Payable	1,993,026	934,172	2,927,198
AquaTexas Disputed Amount	-	583,576	583,576
Other Current Liabilities	7,210	-	7,210
Developer Accounts Liability	322,688	-	322,688
Noncurrent Liabilities			
Due Within One Year	2,779,865	325,482	3,105,347
Due in More Than One Year	68,457,976	2,627,412	71,085,388
Total Liabilities	<u>73,560,765</u>	<u>4,470,642</u>	<u>78,031,407</u>
NET POSITION			
Net Investment in Capital Assets	14,671,989	48,166,235	62,838,224
Restricted for:			
Restricted for Capital Improvements	11,765,293	6,513,500	18,278,793
Restricted for Special Revenue Purposes	401,780	-	401,780
Restricted for Debt Service	467,151	-	467,151
Unrestricted Net Position	6,125,545	3,384,380	9,509,925
Total Net Position	<u>\$ 33,431,758</u>	<u>\$ 58,064,115</u>	<u>\$ 91,495,873</u>

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

CITY OF KYLE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 4,995,983	\$ 3,243,742	-	-
Public Safety	4,918,997	-	74,479	-
Public Works	4,820,247	100,154	19,151	6,482,982
Culture and Recreation	2,032,591	281,481	6,092	54,669
Bond Interest	2,194,889	-	-	-
Fiscal Agent's Fees	3,400	-	-	-
Issuance Costs	119,558	-	-	-
Total Governmental Activities:	19,085,665	3,625,377	99,722	6,537,651
BUSINESS-TYPE ACTIVITIES:				
Water & Wastewater Fund	9,417,798	12,761,147	-	2,660,316
Total Business-Type Activities:	9,417,798	12,761,147	-	2,660,316
TOTAL PRIMARY GOVERNMENT:	\$ 28,503,463	\$ 16,386,524	\$ 99,722	\$ 9,197,967

General Revenues:

Taxes:

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

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

State Infrastructure Payment

Transfers In (Out)

Total General Revenues, Special Items, 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
\$ (1,752,241)	\$ -	\$ (1,752,241)
(4,844,518)	-	(4,844,518)
1,782,040	-	1,782,040
(1,690,349)	-	(1,690,349)
(2,194,889)	-	(2,194,889)
(3,400)	-	(3,400)
(119,558)	-	(119,558)
(8,822,915)	-	(8,822,915)
-	6,003,665	6,003,665
-	6,003,665	6,003,665
(8,822,915)	6,003,665	(2,819,250)
3,965,337	-	3,965,337
4,048,397	-	4,048,397
4,008,733	-	4,008,733
973,391	-	973,391
175,615	-	175,615
311,942	-	311,942
828,499	98,402	926,901
65,014	12,201	77,215
(11,209,801)	-	(11,209,801)
2,267,055	(2,267,055)	-
5,434,182	(2,156,452)	3,277,730
(3,388,733)	3,847,213	458,480
36,820,491	54,216,902	91,037,393
\$ 33,431,758	\$ 58,064,115	\$ 91,495,873

CITY OF KYLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS			
Cash and Cash Equivalents	\$ 5,941,629	\$ 540,213	\$ 9,631,569
Investments	-	-	371,828
Receivables (Net)	1,653,371	-	-
Due from Other Funds	75,027	-	-
Prepaid Items	372	-	-
Developer Accounts Receivable	277,238	-	-
Total Assets	<u>\$ 7,947,637</u>	<u>\$ 540,213</u>	<u>\$ 10,003,397</u>
LIABILITIES			
Accounts Payable	\$ 732,729	\$ 73,062	\$ -
Wages and Salaries Payable	688,063	-	-
Contracts Payable	146,755	-	-
Deposits Payable	8,079	-	-
Other Current Liabilities	7,210	-	-
Developer Accounts Liability	322,688	-	-
Total Liabilities	<u>1,905,524</u>	<u>73,062</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
Other Restricted Fund Balance	-	467,151	10,003,397
Unassigned Fund Balance	6,042,113	-	-
Total Fund Balances	<u>6,042,113</u>	<u>467,151</u>	<u>10,003,397</u>
Total Liabilities and Fund Balances	<u>\$ 7,947,637</u>	<u>\$ 540,213</u>	<u>\$ 10,003,397</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,165,556	\$ 18,278,967
-	371,828
22,350	1,675,721
-	75,027
-	372
-	277,238
\$ 2,187,906	\$ 20,679,153
\$ 24,230	\$ 830,021
-	688,063
-	146,755
-	8,079
-	7,210
-	322,688
24,230	2,002,816
2,163,676	12,634,224
-	6,042,113
2,163,676	18,676,337
\$ 2,187,906	\$ 20,679,153

CITY OF KYLE, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2013

Total Fund Balances - Governmental Funds	\$	18,676,337
Capital assets and other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$113,669,576 and the accumulated depreciation was \$22,264,715. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		23,284,992
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase net position.		5,539,006
The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(3,650,094)
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, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(10,418,483)
Net Position of Governmental Activities	\$	33,431,758

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

CITY OF KYLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Debt Service Fund	Capital Projects Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 3,965,337	\$ 4,048,397	\$ -
General Sales and Use Taxes	4,008,733	-	-
Franchise Tax	973,391	-	-
Other Taxes	18,777	-	-
Licenses and Permits	658,889	-	-
Intergovernmental Revenue and Grants	4,465	-	-
Charges for Services	2,795,434	-	-
Fines	708,003	-	-
Special Assessments	-	-	-
Investment Earnings	5,385	44,706	13,907
Rents and Royalties	10,170	-	-
Contributions & Donations from Private Sources	66,974	-	-
Other Revenue	35,395	27,279	-
Total Revenues	<u>13,250,953</u>	<u>4,120,382</u>	<u>13,907</u>
EXPENDITURES:			
Current:			
General Government	4,613,598	-	-
Public Safety	4,479,756	-	-
Public Works	2,271,857	-	-
Culture and Recreation	1,544,931	-	-
Debt Service:			
Bond Principal	-	3,045,000	-
Bond Interest	-	2,214,346	-
Fiscal Agent's Fees	-	3,400	-
Issuance Costs	-	248,196	242,440
Capital Outlay:			
Capital Outlay	139,123	-	1,692,880
Total Expenditures	<u>13,049,265</u>	<u>5,510,942</u>	<u>1,935,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>201,688</u>	<u>(1,390,560)</u>	<u>(1,921,413)</u>
OTHER FINANCING SOURCES (USES):			
Capital-related Debt Issued (Regular Bonds)	-	13,720,000	5,520,000
Transfers In	1,743,433	2,103,102	-
Premium or Discount on Issuance of Bonds	-	379,243	132,440
Transfers Out (Use)	(402,038)	(709,465)	(425,000)
Payment to Refunded Bond Escrow	-	(13,923,709)	-
Total Other Financing Sources (Uses)	<u>1,341,395</u>	<u>1,569,171</u>	<u>5,227,440</u>
Net Change in Fund Balances	1,543,083	178,611	3,306,027
Fund Balance - October 1, 2012 (Beginning) - Restated	<u>4,499,032</u>	<u>288,540</u>	<u>6,697,370</u>
Fund Balance - September 30 (Ending)	<u>\$ 6,042,115</u>	<u>\$ 467,151</u>	<u>\$ 10,003,397</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 8,013,734
-	4,008,733
-	973,391
156,838	175,615
-	658,889
149,926	154,391
81,883	2,877,317
-	708,003
100,154	100,154
1,016	65,014
-	10,170
130,000	196,974
36,669	99,343
656,486	18,041,728
11,585	4,625,183
105,765	4,585,521
-	2,271,857
90,230	1,635,161
-	3,045,000
-	2,214,346
-	3,400
-	490,636
612,918	2,444,921
820,498	21,316,025
(164,012)	(3,274,297)
-	19,240,000
8,305	3,854,840
-	511,683
(51,282)	(1,587,785)
-	(13,923,709)
(42,977)	8,095,029
(206,989)	4,820,732
2,370,665	13,855,607
\$ 2,163,676	\$ 18,676,339

CITY OF KYLE, TEXAS
 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, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	4,820,732
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 2013 capital outlays and debt principal payments is to increase (decrease) the change in net position.		5,539,006
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.		(3,650,094)
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.		(10,098,375)
Change in Net Position of Governmental Activities	\$	(3,388,731)

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

CITY OF KYLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business Type Activities
	Water & Wastewater Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,786,019
Restricted Cash	6,301,190
Restricted Investment	212,311
Accounts Receivable-Net of Uncollectible Allowance	1,191,135
Total Current Assets	<u>11,490,655</u>
Noncurrent Assets:	
Capital Assets:	
Capital Assets - Net of Accumulated Depreciation	51,119,129
Total Noncurrent Assets	<u>51,119,129</u>
Total Assets	<u>62,609,784</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	290,719
Wages/Compensated Absences Payable	119,321
Customer Deposits	524,132
Due to Other Funds	75,027
AquaTexas Disputed Amount	583,576
Capital Leases Payable - Current	325,482
Total Current Liabilities	<u>1,918,257</u>
NonCurrent Liabilities:	
Capital Lease Payable - Noncurrent	2,627,412
Total Noncurrent Liabilities	<u>2,627,412</u>
Total Liabilities	<u>4,545,669</u>
NET POSITION	
Net Investments in Capital Assets	48,166,235
Restricted for Capital Improvements	6,513,500
Unrestricted Net Position	3,384,380
Total Net Position	<u>\$ 58,064,115</u>

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

CITY OF KYLE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT D-2

	Business Type Activities
	Water & Wastewater Fund
OPERATING REVENUES:	
Charges for Services	\$ 19,782
Charges for Water Services	7,484,370
Charges for Sewerage Service	5,256,995
Other Revenue	98,402
Total Operating Revenues	12,859,549
OPERATING EXPENSES:	
Personnel Services - Salaries and Wages	
Water	509,327
Wastewater	259,520
Administration	1,098,397
Total Personnel Services - Salaries and Wages	1,867,244
Purchased Professional & Technical Services	
Water	3,594,167
Wastewater	1,065,941
Administration	181,041
Total Purchased Professional & Technical Services	4,841,149
Other Operating Expenses	
Water	103,727
Wastewater	526,891
Administration	102,828
Total Other Operating Expenses	733,446
Depreciation	1,975,959
Total Operating Expenses	9,417,798
Operating Income	3,441,751
NON-OPERATING REVENUES (EXPENSES):	
Investment Earnings	12,201
Total Non-operating Revenue (Expenses)	12,201
Income Before Contributions & Transfers	3,453,952
Capital Contributions	2,660,316
Transfers In	2,199,716
Transfers Out	(4,466,771)
Change in Net Position	3,847,213
Total Net Position - October 1, 2012 (Beginning) - Restated	54,216,902
 Total Net Position - September 30 (Ending)	 \$ 58,064,115

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, 2013

	Business-Type Activities Water & Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 12,792,523
Payments to suppliers	(4,885,496)
Payment to employees	(1,892,737)
Cash provided by operating activities	6,014,290
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(1,246,108)
Transfers (net)	(2,267,055)
Interest payments on capital lease	(493,804)
Cash provided (used) by capital and related financing activities	(4,006,967)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment revenue received	12,201
Cash provided by investing activities	12,201
Net increase in cash and cash equivalents	2,019,524
Cash and cash equivalents - beginning of year	8,279,995
Cash and cash equivalents - end of year	\$ 10,299,519
Noncash flow information	
Capital Contribution	\$ 2,199,716

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, 2013

	Business-Type Activities Water & Wastewater Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income	\$ 3,441,751
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	\$ 1,975,959
Capital lease interest classified as capital and related financing activities	\$ 493,804
Changes in assets and liabilities	
Accounts receivable	\$ (106,299)
Accounts payable	\$ (66,646)
Wages and salaries payable	\$ (25,492)
Customer deposits	\$ 39,273
Due to other funds	\$ 59,588
Aqua Texas disputed amount	\$ 202,352
Net cash provided by operating activities	<u>\$ 6,014,290</u>

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

CITY OF KYLE, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2013

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 521,458
Total Assets	<u>\$ 521,458</u>
LIABILITIES	
Other Noncurrent Liabilities	\$ 521,458
Total Liabilities	<u>\$ 521,458</u>

The accompanying notes are an integral part of this statement.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Effective September 1, 2012, the City adopted GASB Statement No. 61, The Financial Reporting Entity: Omnibus ("Statement No. 61"); GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements ("Statement No. 62"); and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position ("Statement No. 63"). Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. Statement No. 61 also amends criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Statement No. 62 incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board's Statements, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedures. Statement No. 63 renames the Statement of Net Assets as the Statement of Net Position and provides guidance for reporting deferred outflows of resources and deferred inflows of resources within the financial statements of governmental entities. The adoption of these standards did not have a significant impact 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.

The statement of activities demonstrates how other entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The "grants and contributions" columns include amounts paid by organizations outside the city to help meet the operational or capital requirements of a given function. If a revenue 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.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues from local sources consist primarily of property taxes and sales taxes. Property 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 considers them "available" when received. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City's revenue recognition policy allows for court warrants at the fund level to not adhere to the measurable and available criterion due to the City's Court methodology for processing of related fines within the system. Court warrants are recorded as revenue on an accrual basis of accounting. These balances are assessed for collectability by the City and a related allowance for uncollectible accounts is set up.

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

D. Fund Accounting

The City reports the following major governmental funds:

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, and 2007 Certificate of Obligation Fund, and 2008 Certificate of Obligation Fund.

The City reports the following major proprietary fund:

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

In addition, the City reports the following fund types:

Governmental Funds:

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

Capital Project Funds - are used to account for funds restricted to, or designated for, capital projects by the City or a grantor.

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

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities 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

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

Short-term Interfund Receivables/Payables

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

Restricted Assets

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

Capital Assets

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

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

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Compensated Absences

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

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

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted - 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 - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the City Council.

Unassigned - 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.

At September 30, 2013, the City does not have any non-spendable, committed, or assigned fund balances.

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

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

Net Position

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

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value Beginning of Year</u>	<u>Change in Net Position</u>
Escrow Account for Debt Payment			\$ 11,209,801	\$ 11,209,801
Capitalized Debt Issuance Costs			\$ 1,207,889	\$ 1,207,889
<u>Capital Assets - Beginning of Year</u>				
Non-Depreciable Assets	\$ 3,961,790		\$ 3,961,790	
Depreciable Assets	97,290,096	22,264,715	75,025,381	
Change in Net Position	<u>\$ 101,251,886</u>	<u>\$ 22,264,715</u>	<u>\$ 78,987,171</u>	78,987,171
<u>Long-term Debt - Beginning of Year</u>				
Bonds Payable			\$ 55,989,700	
SIB Loan Payable			12,130,169	
Change in Net Position			<u>\$ 68,119,869</u>	(68,119,869)
Net Adjustment to Net Position				<u>\$ 23,284,992</u>

**CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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

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

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

	Amount	Adjustment to	
		Change in Net Position	Net Position
<u>Current Year Capital Outlay Amount</u>			
Depreciable Assets	\$ 2,444,921		
Non-Depreciable Assets	-		
Total Capital Outlay	\$ 2,444,921	\$ 2,444,921	\$ 2,444,921
<u>Debt Principal Payments</u>			
Bond Principal	\$ 3,045,000		
Loan Principal	49,085		
Total Principal Payments	\$ 3,094,085	3,094,085	3,094,085
Total Adjustment to Net Position		\$ 5,539,006	\$ 5,539,006

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

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	Net Position
Reclassify Proceeds of 2013 GO Bond	5,520,000	(5,520,000)	(5,520,000)
Reclassify Proceeds of 2013 GO Refunding Bond			
New Bond Issue	13,720,000	(13,720,000)	(13,720,000)
Refunding Payment on 2007 CO bond	1,390,000	1,390,000	1,390,000
Refunding Payment on SIB Loan	12,533,709	12,533,709	12,533,709
Net Offering Premiums	511,683	(511,683)	(511,683)
Compensated Absences Payable - GF Only	320,108	(320,108)	(320,108)
Principal portion of lease payments for police vehicles	49,085	(49,085)	-
Record Amortization of Bond Premium	19,457	19,457	19,457
Unamortized Premium	642,976	-	642,976
Adjustment for FY 2013 Capitalized Issuance Costs	371,078	371,078	-
GF Contributed Capital	6,597,950	6,597,950	6,597,950
State Infrastructure Payment	11,209,801	(11,209,801)	(11,209,801)
Misc other adjustments	875	-	(875)
		<u>\$ (10,418,483)</u>	<u>\$ (10,098,375)</u>

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:

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Data (Continued)

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 15,874,860	1
TexStar	10,665,173	1
VSR Evergreen Money Market	584,137	1
Total Investments	<u>27,124,170</u>	
Cash in Bank	1,826,144	
Total Cash, Cash Equivalents & Investments	<u><u>\$ 28,950,314</u></u>	

The City's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All of the City's investments in investment pools are short term and liquid and therefore are included in Cash and Cash Equivalents.

Interest Rate Risk In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolio to a maximum of 180 days.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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, 2013, any deposit balance exceeding the \$250,000 covered by FDIC insurance was collateralized with securities held by the pledging financial institution in the City's name.

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

B. Receivables

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

	Governmental Funds		Enterprise Fund	Total
	General	Other	Water and Wastewater	
Receivables:				
Accounts:				
Customers	\$ 789,171	\$ -	\$ 1,230,620	\$ 2,019,791
Court Warrants Receivable	2,935,390	-	-	2,935,390
Developers	277,238	-	-	277,238
Other	10,804	22,350	-	33,154
Gross Receivables	4,012,603	22,350	1,230,620	5,265,573
Less: Allowance for Uncollectibles	(2,081,994)	-	(39,485)	(2,121,479)
Net Total Receivables	<u>\$ 1,930,609</u>	<u>\$ 22,350</u>	<u>\$ 1,191,135</u>	<u>\$ 3,144,094</u>

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Taxes

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

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

D. Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>10/1/2012</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>9/30/2013</u>
Capital assets not being depreciated:				
Land	\$ 2,857,602	\$ 392,120	\$ -	\$ 3,249,722
Construction in progress	1,104,188	2,132,692	(10,887)	3,225,992
Total capital assets not being depreciated	<u>\$ 3,961,790</u>	<u>\$ 2,524,812</u>	<u>\$ (10,887)</u>	<u>\$ 6,475,714</u>
Capital assets being depreciated:				
Buildings	\$ 15,790,660	\$ 106,486	\$ -	\$ 15,897,146
Improvements other than buildings	2,572,221	59,667	(5,980)	2,625,908
Infrastructure	75,838,906	6,046,922	-	81,885,828
Machinery and equipment	3,088,308	270,971	(15,103)	3,344,177
Total capital assets being depreciated	<u>\$ 97,290,096</u>	<u>\$ 6,484,046</u>	<u>\$ (21,083)</u>	<u>\$ 103,753,058</u>
Accumulated depreciation:				
Buildings	\$ (1,440,216)	\$ (415,969)	\$ -	\$ (1,856,185)
Improvements other than buildings	(974,357)	(340,056)	1,796	(1,312,617)
Infrastructure	(18,336,485)	(2,512,636)	-	(20,849,122)
Machinery and equipment	(1,513,656)	(381,434)	15,103	(1,879,987)
Total accumulated depreciation	<u>\$ (22,264,715)</u>	<u>\$ (3,650,094)</u>	<u>\$ 16,899</u>	<u>\$ (25,897,910)</u>
Total capital assets being depreciated (net)	<u>\$ 75,025,381</u>	<u>\$ 2,833,951</u>	<u>\$ (4,184)</u>	<u>\$ 77,855,148</u>
Governmental activities capital assets (net)	<u>\$ 78,987,171</u>	<u>\$ 5,358,763</u>	<u>\$ (15,071)</u>	<u>\$ 84,330,863</u>

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

<u>Business Type Activities:</u>	<u>Balance</u> <u>10/1/2012</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>9/30/2013</u>
Capital assets not being depreciated:				
Land	\$ 691,935	\$ -	\$ -	\$ 691,935
Construction in progress	663,333	539,485	(39,659)	1,163,160
Total capital assets not being depreciated	<u>\$ 1,355,268</u>	<u>\$ 539,485</u>	<u>\$ (39,659)</u>	<u>\$ 1,855,095</u>
Capital assets being depreciated:				
Buildings	\$ 5,420,371	\$ 14,071	\$ -	\$ 5,434,442
Improvements other than buildings	57,565,149	3,495,885	(24,004)	61,037,030
Machinery and equipment	1,404,218	-	(115,322)	1,288,896
Total capital assets being depreciated	<u>\$ 64,389,738</u>	<u>\$ 3,509,956</u>	<u>\$ (139,326)</u>	<u>\$ 67,760,368</u>
Accumulated depreciation:				
Buildings	\$ (1,522,891)	\$ (160,857)	\$ -	\$ (1,683,748)
Improvements other than buildings	(14,193,591)	(1,688,930)	24,004	(15,858,516)
Machinery and equipment	(943,219)	(126,172)	115,322	(954,069)
Total accumulated depreciation	<u>\$ (16,659,701)</u>	<u>\$ (1,975,959)</u>	<u>\$ 139,326</u>	<u>\$ (18,496,333)</u>
Total capital assets being depreciated (net)	<u>\$ 47,730,037</u>	<u>\$ 1,533,998</u>	<u>\$ -</u>	<u>\$ 49,264,035</u>
Business type activities capital assets (net)	<u><u>\$ 49,085,305</u></u>	<u><u>\$ 2,073,483</u></u>	<u><u>\$ (39,659)</u></u>	<u><u>\$ 51,119,129</u></u>

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

Governmental Activities:	
General government	\$ 370,798
Public safety	333,476
Public works	2,548,390
Culture and recreation	397,430
	<u>\$ 3,650,094</u>
Business Type activities:	
Water and Wastewater	<u>\$ 1,975,959</u>
	<u><u>\$ 1,975,959</u></u>

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and wastewater	<u>\$ 75,027</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, 2013, are as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Water and wastewater	\$ 1,335,000
Debt service	Water and wastewater	<u>932,055</u>
		<u>\$ 2,267,055</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, 2013

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Balance 10/1/2012	Additions	Reduction	Balance 9/30/2013	Due Within One Year
<u>Governmental Activities:</u>					
Bonded Indebtedness	\$ 37,735,000	\$ 5,520,000	\$ 3,845,000	\$ 39,410,000	\$ 1,755,000
Premium on Bond Issuance	150,750	511,683	19,457	642,976	-
Refunding Bonds	18,010,000	13,720,000	590,000	31,140,000	980,000
Lease Purchase Vehicles	93,950	-	49,085	44,865	44,865
2010 State Infrastructure	12,130,169	-	12,130,169	-	-
Total Governmental Activities	<u>\$ 68,119,869</u>	<u>\$ 19,751,683</u>	<u>\$ 16,633,711</u>	<u>\$ 71,237,841</u>	<u>\$ 2,779,865</u>
<u>Business Type Activities:</u>					
Capital Lease Obligation	\$ 2,952,894	\$ 161,000	\$ 161,000	\$ 2,952,894	\$ 325,482
Total Business Type Activities	<u>\$ 2,952,894</u>	<u>\$ 161,000</u>	<u>\$ 161,000</u>	<u>\$ 2,952,894</u>	<u>\$ 325,482</u>

Bonded Indebtedness

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

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

Governmental Activities:

\$9,910,000 Combination Tax and Revenue Certificates of Obligation - Series 2007, principal due annually in series through 2027, interest due semi-annually at 4.00%.	6,825,000
\$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%.	20,380,000

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term Debt (Continued)

Bonded Indebtedness (Continued)

\$5,600,000 Tax Notes - Series 2009 principal due annually in series through 2016, interest due semi-annually at 2.50% to 3.50%.	2,560,000
\$15,315,000 General Obligation Refunding Bonds - Series 2009, principal due annually in series through 2025, interest due semi-annually at 2.00% to 4.125%.	14,080,000
\$4,290,000 Combination Tax and Revenue Certificates of Obligation - Series 2010, principal due annually in series through 2030, interest due semi-annually at 3.00% to 4.05%.	4,125,000
\$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%.	3,340,000
\$13,720,000 General Obligation Refunding Bonds - Series 2013, principal due annually in series through 2033, interest due semi-annually at 2.0% to 3.25%	13,720,000
\$5,520,000 General Obligation Bonds - Series 2013, principal due annually in series through 2033, interest due semi-annually at 1.75% to 4.0%	5,520,000
	\$ 70,550,000

Capital Lease Obligation

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

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

During the year ended September 30, 2011, the City entered into a lease-purchase contract with Acme Auto Leasing, LLC for the lease of three police department vehicles. The lease includes a bargain purchase option at the end of the 36 month lease. Total monthly payments for the three vehicles are \$4,698.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term Debt (Continued)

Debt Service Requirements

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 2,735,000	\$ 2,634,942	\$ 5,369,942
2015	3,085,000	2,348,088	5,433,088
2016	3,370,000	2,242,406	5,612,406
2017	3,555,000	2,413,943	5,968,943
2018	3,700,000	2,286,043	5,986,043
2019-2023	20,775,000	9,257,689	30,032,689
2024-2028	19,600,000	5,038,702	24,638,702
2029-2033	13,730,000	1,741,183	15,471,183
	<u>\$ 70,550,000</u>	<u>\$ 27,962,996</u>	<u>\$ 98,512,996</u>

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 179,528	\$ 314,271	\$ 493,799
2015	199,624	294,175	493,799
2016	222,049	271,828	493,877
2017	247,055	246,966	494,021
2018	274,860	219,305	494,165
2019-2021	1,829,778	559,637	2,389,415
	<u>\$ 2,952,894</u>	<u>\$ 1,906,182</u>	<u>\$ 4,859,076</u>

G. Contingent Arbitrage Liabilities

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

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION

A. Risk Management

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

B. Commitments and Contingencies

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

C. Benefit Plans

1. Retirement Plan

Plan Description

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

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

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION (Continued)

C. Benefit Plans (Continued)

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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, 2012, valuation is effective for rates beginning January 2013).

Assumptions and Schedule of Actuarial Liabilities and Funding Progress

A. Plan Provisions	<u>2013</u>	<u>2012</u>	<u>2011</u>
Employee Deposit Rate	7.00%	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	10	10	10
Service Retirement eligibility (Expressed as age/years of service)	60/10,0/20	60/10,0/20	60/10,0/20
Updated service credit	100% Repeating	100% Repeating	100% Repeating
	Transfers	Transfers	Transfers
Annually repeating (Y/N)	Y	Y	Y
Annuity increases to retirees	70%	70%	70%
Annually repeating (Y/N)	Y	Y	Y

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION (Continued)

C. Benefit Plans (Continued)

B. 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. Note that there is a time delay in the valuation and when the rate becomes effective - for example, the January 1, 2014 contribution rate is based on the 12/31/2013 valuation results; if a change in plan provisions is elected by the City, this rate can change. The actuary determines contribution rates on a calendar-year basis; the City discloses the annual pension costs (which equal the required contributions) based on the calculated rate(s) for the City's fiscal year.

Assumptions and Schedule of Actuarial Liabilities and Funding Progress As of December 31, 2012

C. Actuarial Information

	<u>2012</u>
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization	20 Years
Asset Valuation Method	Closed Period 10-yr Smoothed Market
Investment Rate of Return	7.0%
Projected Salary Increases	Varies by Age and Service
Includes Inflation at	3.00%
Cost of Living Adjustments	2.1% (3.0% CPI)
Specific City Assumptions	
Payroll Growth Assumption	3.00%

D. Schedule of Funding Information

Actuarial Valuation Date	<u>2012</u>
Actuarial Valuation of Assets	\$ 8,154,041
Actuarial Valuation of Liabilities	<u>9,829,064</u>
Percentage Funded	<u>83.0%</u>
Unfunded (Overfunded) Actuarial	
Accrued Liability (UAAL)	\$ 1,675,023
Annual Covered Payroll	<u>6,665,732</u>
UAAL as a Percentage of Covered Payroll	<u>25.1%</u>

The schedule of funding progress, presented as RSI, presents multiyear trend information about whether the Actuarial value of plan assets is increasing or decreasing relative to the Actuarial accrued liability for benefits over time.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION (Continued)

C. Benefit Plans (Continued)

1. Retirement Plan (Continued)

Assumptions and Schedule of Actuarial Liabilities and Funding Progress (Continued)

	<u>2012</u>	<u>2012</u>	<u>2011</u>
Net Pension Obligation (NPO)			
at the Beginning of the Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Annual Required Contribution (ARC)	532,591	524,649	482,584
Contribution Made	<u>532,591</u>	<u>524,649</u>	<u>482,584</u>
NPO at the End of Period	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

2. 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, 2012, 2011, and 2010 were \$8,264, \$9,986, and \$9,657, 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.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION (Continued)

C. Benefit Plans (Continued)

3. Post Retirement Health Insurance Plan

Implementation of GASB 45: Other Post Employment Benefits

Effective October 1, 2012, the City adopted the accounting guidance contained in GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The adoption of this statement requires for the City to assess the measurement, recognition and financial reporting for its other postemployment benefits.

Since 1997, the City of Kyle has offered health insurance coverage for its retirees who have completed twenty-five (25) years or more of continuous service as a full-time employee. In 2009, the City amended its health insurance coverage benefits plan and as a result, three groups of employees for purposes of eligibility were established with different benefit coverage.

The adoption of this standard requires for the City to adhere to the parameters for the measurement and financial reporting of the related other postemployment benefits. As of September 30, 2013, the City has not taken all the steps necessary to reflect the impact of adopting the requirements of the standard.

The adoption of this standard required for the City to establish a dedicated trust (City's agency type OPEB Fund) to account for assets and associated estimated accrued liability. Plan assets (accumulated cash balance) in the City's OPEB Fund totaled \$521,458 as of September 30, 2013.

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. The first actuarial valuation of the City's OPEB Plan was completed on February 24, 2014 for the year ended September 30, 2013. Funded Status at the end of the fiscal year is as follows:

1. OPEB liability (accrued actuarial liability) at October 1, 2012	\$	877,418
2. Interest		39,484
3. Normal Cost with interest		67,699
4. Claims net of retiree contributions		(4,591)
5. OPEB liability (accrued actuarial liability) at September 30, 2013	\$	979,908

The OPEB liability (accrued actuarial liability) amount of \$979,908 is based on the actuarial valuation at September 30, 2013.

Due to the requirements outlined within the standard for measurement of the liability, the accrued actuarial liability does not take into account the dedicated Plan assets totaling \$521,458 held in the City's OPEB Fund at September 30, 2013 primarily because these funds were not held in an irrevocable trust. Accordingly, the City did not reflect the impact of adopting this standard as of September 30, 2013. In future years, the City intends to complete the administrative steps necessary to adhere to the requirement of this standard to allow for consideration of the assets set aside for this liability. Once this is completed, the funding can be considered on the required actuarial calculation.

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION (Continued)

C. Benefit Plans (Continued)

3. Post Retirement Health Insurance Plan (Continued)

Implementation of GASB 45: Other Post Employment Benefits

The following impact which is not recorded within the accompanying financials is noted with regard to adoption of Statement No. 45:

Government Wide Statements:

Governmental Activities	
Net Position, beginning (at transition)	\$ 701,832
Current period OPEB expense	82,074
Net Position, ending	783,906
Business Type Activities	
Net Position, beginning (at transition)	175,484
Current period OPEB expense	20,518
Net Position, ending	196,002

Fund Financial Statements:

Net Position, beginning (at transition)	175,484
Current period OPEB expense	20,518
Net Position, ending	196,002

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.

Other Post Employment Benefits (OPEB)

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

Active Employees	66
Retired Employees	<u>1</u>
Total	67

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION (Continued)

C. Benefit Plans (Continued)

3. Post Retirement Health Insurance Plan (Continued)

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. In the fiscal year 2014 the City intends to establish the OPEB Trust. 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, 2013.

	2013
Annual Required Contribution (ARC)	\$ 121,565
Adjustment to ARC	-
Annual OPEB Costs	121,565
Contributions made	(4,591)
Increase in net OPEB obligation	116,974
Net OPEB obligation at transition	862,934
Net OPEB obligation at end of year	\$ 979,908

The City's annual OPEB cost and the percentage cost contributed to the plan for fiscal year ended September 30, 2013:

Year Ended September 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 116,974	-	\$ 116,974

Funded Status

Although the City contributed 521,000 to the OPEB benefits as of September 30, 2013, no contributions had been made to a trust. The funded status of the City's OPEB plan as of the last actuarial valuation performed on September 30, 2013 is as follows:

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

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION (Continued)

C. Benefit Plans (Continued)

3. Post Retirement Health Insurance Plan (Continued)

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

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

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

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

CITY OF KYLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. OTHER INFORMATION (Continued)

D. Prior Period Adjustment

In the current year, the City discovered certain prior year errors which required adjustments to fund and net position opening balances as follows:

Non-Major Government Funds

Fund Balance - September 30 (Ending) - per prior year audited financial statements	\$ 3,078,083
Less: balances moved to Capital Projects	<u>(707,418)</u>
Fund Balance - October 1 (Beginning)	<u><u>\$ 2,370,665</u></u>

Capital Projects Fund

Fund Balance - September 30 (Ending) - per prior year audited financial statements	\$ 5,989,952
Plus: balances moved from Non-Major Government	<u>707,418</u>
Fund Balance - October 1 (Beginning)	<u><u>\$ 6,697,370</u></u>

Enterprise Fund

Net Position - September 30 (Ending) - per prior year audited financial statements	\$ 54,113,543
Plus: correctly state 2012 expenses	<u>103,359</u>
Net Position - October 1 (Beginning)	<u><u>\$ 54,216,902</u></u>



**REQUIRED
SUPPLEMENTARY
INFORMATION
(UNAUDITED)**



CITY OF KYLE, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 3,793,541	\$ 3,793,541	\$ 3,965,337	\$ 171,796
General Sales and Use Taxes	3,678,855	3,678,855	4,008,733	329,878
Franchise Tax	864,574	864,574	973,391	108,817
Other Taxes	6,000	6,000	18,777	12,777
Licenses and Permits	415,356	415,356	658,889	243,533
Intergovernmental Revenue and Grants	-	-	4,465	4,465
Charges for Services	2,448,661	2,448,661	2,795,434	346,773
Fines	643,000	643,000	708,003	65,003
Investment Earnings	7,500	7,500	5,385	(2,115)
Rents and Royalties	2,500	2,500	10,170	7,670
Contributions & Donations from Private Sources	55,800	55,800	66,974	11,174
Other Revenue	25,000	25,000	35,395	10,395
Total Revenues	<u>11,940,787</u>	<u>11,940,787</u>	<u>13,250,953</u>	<u>1,310,166</u>
EXPENDITURES:				
Current:				
General Government	4,462,715	4,611,516	4,613,598	(2,082)
Public Safety	4,565,613	4,600,673	4,479,756	120,917
Public Works	2,293,878	2,319,865	2,271,857	48,008
Culture and Recreation	1,710,270	1,754,270	1,544,931	209,339
Capital Outlay:				
Capital Outlay	57,276	200,000	139,123	60,877
Total Expenditures	<u>13,089,752</u>	<u>13,486,324</u>	<u>13,049,265</u>	<u>437,059</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,148,965)</u>	<u>(1,545,537)</u>	<u>201,688</u>	<u>1,747,225</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,393,433	1,743,433	1,743,433	-
Transfers Out (Use)	(394,933)	(394,933)	(402,038)	(7,105)
Total Other Financing Sources (Uses)	<u>998,500</u>	<u>1,348,500</u>	<u>1,341,395</u>	<u>(7,105)</u>
Net Change	(150,465)	(197,037)	1,543,083	1,740,120
Fund Balance - October 1 (Beginning)	-	4,499,032	4,499,032	-
Fund Balance - September 30 (Ending)	<u>\$ (150,465)</u>	<u>\$ 4,301,995</u>	<u>\$ 6,042,115</u>	<u>\$ 1,740,120</u>

Required Supplementary Information
 Retirement and Other Post Employment Benefit Plans
 September 30, 2013

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

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability ("AAL")	(3) Unfunded AAL ("UAAL") (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll*	(6) UAAL as a % of Covered Payroll ((2)-(1))/(5)
Retirement Plan - Trend Information:						
12/31/2010	\$ 5,664,341	\$ 7,470,724	\$ 1,806,383	75.82%	\$ 5,801,502	31.14%
12/31/2011	6,834,887	8,653,722	1,818,835	78.98%	6,165,072	29.50%
12/31/2012	8,154,041	9,829,064	1,675,023	82.96%	6,665,732	25.13%
Other Post Employment Benefit Plan:						
9/30/2013	\$ -	\$ 979,908	\$ 979,908	0.00%	\$ 7,333,897	13.36%



COMBINING STATEMENTS



CITY OF KYLE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2013

	Police Forfeiture Fund	Police Special Revenue	Court Special Revenue
ASSETS			
Cash and Cash Equivalents	\$ 4,748	\$ 6,495	\$ 174,004
Receivables (Net)	-	-	-
Total Assets	<u>\$ 4,748</u>	<u>\$ 6,495</u>	<u>\$ 174,004</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 1,007
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,007</u>
FUND BALANCES			
Restricted Fund Balance:			
Other Restricted Fund Balance	4,748	6,496	172,996
Total Fund Balances	<u>4,748</u>	<u>6,496</u>	<u>172,996</u>
Total Liabilities and Fund Balances	<u>\$ 4,748</u>	<u>\$ 6,496</u>	<u>\$ 174,003</u>

Library Building Fund	General Government Grants	Hotel Occupancy Fund	Total Nonmajor Special Revenue Funds	2009 Tax Notes Fund	2010 CO Bond Fund	CIP Park Development Fund	Road Improvement Fund
\$ -	\$ 101,989	\$ 116,424	\$ 403,660	\$ 123,122	\$ 65,970	\$ 87,623	\$ 1,485,181
-	22,350	-	22,350	-	-	-	-
<u>\$ -</u>	<u>\$ 124,339</u>	<u>\$ 116,424</u>	<u>\$ 426,010</u>	<u>\$ 123,122</u>	<u>\$ 65,970</u>	<u>\$ 87,623</u>	<u>\$ 1,485,181</u>
\$ -	\$ 10,380	\$ 12,843	\$ 24,230	\$ -	\$ -	\$ -	\$ -
-	10,380	12,843	24,230	-	-	-	-
-	113,959	103,581	401,780	123,122	65,970	87,623	1,485,181
-	113,959	103,581	401,780	123,122	65,970	87,623	1,485,181
<u>\$ -</u>	<u>\$ 124,339</u>	<u>\$ 116,424</u>	<u>\$ 426,010</u>	<u>\$ 123,122</u>	<u>\$ 65,970</u>	<u>\$ 87,623</u>	<u>\$ 1,485,181</u>

CITY OF KYLE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2013

	Total Non-Major Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,761,896	\$ 2,165,556
Receivables (Net)	-	22,350
Total Assets	<u>\$ 1,761,896</u>	<u>\$ 2,187,906</u>
LIABILITIES		
Accounts Payable	\$ -	\$ 24,230
Total Liabilities	<u>-</u>	<u>24,230</u>
FUND BALANCES		
Restricted Fund Balance:		
Other Restricted Fund Balance	1,761,896	2,163,676
Total Fund Balances	<u>1,761,896</u>	<u>2,163,676</u>
Total Liabilities and Fund Balances	<u>\$ 1,761,896</u>	<u>\$ 2,187,906</u>

CITY OF KYLE, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Police Forfeiture Fund	Police Special Revenue	Court Special Revenue
REVENUES:			
Taxes:			
Other Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-
Charges for Services	-	-	56,258
Special Assessments	-	-	-
Investment Earnings	-	-	-
Contributions & Donations from Private Sources	-	-	-
Other Revenue	2,354	-	-
Total Revenues	<u>2,354</u>	<u>-</u>	<u>56,258</u>
EXPENDITURES:			
Current:			
General Government	-	-	4,847
Public Safety	19,226	325	-
Culture and Recreation	-	-	-
Capital Outlay:			
Capital Outlay	-	-	-
Total Expenditures	<u>19,226</u>	<u>325</u>	<u>4,847</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,872)</u>	<u>(325)</u>	<u>51,411</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Transfers Out (Use)	(1,200)	-	(13,500)
Total Other Financing Sources (Uses)	<u>(1,200)</u>	<u>-</u>	<u>(13,500)</u>
Net Change in Fund Balance	(18,072)	(325)	37,911
Fund Balance - October 1, 2012 (Beginning)	<u>22,819</u>	<u>6,821</u>	<u>135,085</u>
Fund Balance - September 30 (Ending)	<u>\$ 4,748</u>	<u>\$ 6,496</u>	<u>\$ 172,996</u>

Library Building Fund	General Government Grants	Hotel Occupancy Fund	Total Nonmajor Special Revenue Funds	2009 Tax Notes Fund	2010 CO Bond Fund	CIP Park Development Fund	Road Improvement Fund
\$ -	\$ -	\$ 156,838	\$ 156,838	\$ -	\$ -	\$ -	\$ -
-	149,926	-	149,926	-	-	-	-
-	-	-	56,258	-	-	25,625	-
-	-	-	-	-	-	-	100,154
6	-	144	150	200	73	-	593
-	130,000	-	130,000	-	-	-	-
-	29,855	4,460	36,669	-	-	-	-
<u>6</u>	<u>309,781</u>	<u>161,442</u>	<u>529,841</u>	<u>200</u>	<u>73</u>	<u>25,625</u>	<u>100,747</u>
-	6,738	-	11,585	-	-	-	-
-	86,214	-	105,765	-	-	-	-
-	6,428	83,802	90,230	-	-	-	-
7,198	284,231	-	291,429	52,222	999	-	268,268
<u>7,198</u>	<u>383,611</u>	<u>83,802</u>	<u>499,009</u>	<u>52,222</u>	<u>999</u>	<u>-</u>	<u>268,268</u>
<u>(7,192)</u>	<u>(73,830)</u>	<u>77,640</u>	<u>30,832</u>	<u>(52,022)</u>	<u>(926)</u>	<u>25,625</u>	<u>(167,521)</u>
-	8,305	-	8,305	-	-	-	-
-	-	(36,582)	(51,282)	-	-	-	-
-	8,305	(36,582)	(42,977)	-	-	-	-
(7,192)	(65,525)	41,058	(12,145)	(52,022)	(926)	25,625	(167,521)
<u>7,192</u>	<u>179,485</u>	<u>62,523</u>	<u>413,925</u>	<u>175,144</u>	<u>66,896</u>	<u>61,998</u>	<u>1,652,702</u>
<u>\$ -</u>	<u>\$ 113,959</u>	<u>\$ 103,581</u>	<u>\$ 401,780</u>	<u>\$ 123,122</u>	<u>\$ 65,970</u>	<u>\$ 87,623</u>	<u>\$ 1,485,181</u>

CITY OF KYLE, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Total Non-Major Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:		
Taxes:		
Other Taxes	\$ -	\$ 156,838
Intergovernmental Revenue and Grants	-	149,926
Charges for Services	25,625	81,883
Special Assessments	100,154	100,154
Investment Earnings	866	1,016
Contributions & Donations from Private Sources	-	130,000
Other Revenue	-	36,669
Total Revenues	<u>126,645</u>	<u>656,486</u>
EXPENDITURES:		
Current:		
General Government	-	11,585
Public Safety	-	105,765
Culture and Recreation	-	90,230
Capital Outlay:		
Capital Outlay	<u>321,489</u>	<u>612,918</u>
Total Expenditures	<u>321,489</u>	<u>820,498</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(194,844)</u>	<u>(164,012)</u>
OTHER FINANCING SOURCES (USES):		
Transfers In	-	8,305
Transfers Out (Use)	-	(51,282)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(42,977)</u>
Net Change in Fund Balance	(194,844)	(206,989)
Fund Balance - October 1, 2012 (Beginning)	<u>1,956,740</u>	<u>2,370,665</u>
Fund Balance - September 30 (Ending)	<u>\$ 1,761,896</u>	<u>\$ 2,163,676</u>

CITY OF KYLE, TEXAS
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 SEPTEMBER 30, 2013

	BALANCE OCTOBER 1, 2012	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2013
AGENCY FUND				
Assets:				
Cash and Cash Equivalents	\$ 446,420	\$ 80,000	\$ 4,962	\$ 521,458
Liabilities:				
Other Noncurrent Liabilities	\$ 446,420	\$ 80,000	\$ 4,962	\$ 521,458
 TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 446,420	\$ 80,000	\$ 4,962	\$ 521,458
Liabilities:				
Other Noncurrent Liabilities	\$ 446,420	\$ 80,000	\$ 4,962	\$ 521,458



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										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Governmental activities:											
Net Investment in Capital Assets	\$ 1,517,500	\$ 11,238,699	\$ 16,261,740	\$ 5,517,430	\$ 4,424,922	\$ 22,793,304	\$ 22,165,260	19,916,516	23,683,097	14,671,989	
Restricted	778,642	1,490,511	1,542,012	1,412,009	1,164,038	14,885,094	7,675,097	8,732,402	9,356,577	12,634,224	
Unrestricted	(137,156)	(10,941,450)	(10,921,237)	1,848,511	2,526,906	(2,145,906)	2,755,182	5,623,227	3,780,819	6,125,545	
Total governmental activities net position	\$ 2,158,986	\$ 1,787,760	\$ 6,882,515	\$ 8,777,950	\$ 8,115,866	\$ 35,532,492	\$ 32,595,539	\$ 34,272,145	\$ 36,820,493	\$ 33,431,758	
Business-type activities:											
Net Investment in Capital Assets	\$ 7,103,471	\$ 11,264,001	\$ 15,135,831	\$ 19,086,953	\$ 21,821,334	\$ 46,381,859	\$ 47,161,919	\$ 47,325,520	\$ 46,132,410	\$ 47,840,753	
Restricted	9,153,902	11,500,615	14,295,599	11,461,408	6,313,624	5,172,176	4,392,111	6,019,545	6,491,073	6,513,500	
Unrestricted	4,758,320	5,540,042	3,089,328	2,698,333	6,430,049	6,559,611	5,509,710	2,397,371	1,490,060	3,384,379	
Total business-type activities net position	\$ 21,015,693	\$ 28,304,658	\$ 32,520,758	\$ 33,246,694	\$ 34,565,007	\$ 58,113,646	\$ 57,063,740	\$ 55,742,436	\$ 54,113,543	\$ 57,738,632	
Primary government:											
Net Investment in Capital Assets	\$ 8,620,971	\$ 22,502,700	\$ 31,397,571	\$ 24,604,383	\$ 26,246,256	\$ 69,175,163	\$ 69,327,179	\$ 67,242,036	\$ 69,815,507	\$ 62,512,742	
Restricted	9,932,544	12,991,126	15,837,611	12,873,507	7,477,662	20,057,270	12,067,208	14,751,947	15,847,650	19,147,724	
Unrestricted	4,621,164	(5,401,408)	(7,831,909)	4,546,844	8,956,955	4,413,705	8,264,892	8,020,598	5,270,879	9,509,924	
Total primary government net position	\$ 23,174,679	\$ 30,092,418	\$ 39,403,273	\$ 42,024,734	\$ 42,680,873	\$ 93,646,138	\$ 89,659,279	\$ 90,014,581	\$ 90,934,036	\$ 91,170,390	

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental activities:										
General government	\$ 1,423,829	\$ 1,960,806	\$ 2,877,175	\$ 3,955,568	\$ 4,403,797	\$ 3,908,523	\$ 4,394,186	\$ 3,904,284	\$ 4,538,616	\$ 4,995,981
Public safety	1,080,551	1,514,895	1,824,283	2,105,733	2,980,223	3,002,585	3,551,788	3,982,409	4,282,402	4,918,997
Public Works	1,272,891	14,035,339	1,081,442	988,707	1,176,879	3,781,337	4,571,021	4,820,597	4,622,523	4,820,247
Transportation	N/A	N/A	N/A	N/A	N/A	11,792	14,556	-	-	-
Culture and Recreation/ Community services	596,420	959,297	1,427,826	1,621,687	1,537,534	1,618,947	1,613,611	1,711,714	1,873,292	2,032,591
Term Debt	304,480	1,474,952	917,749	687,860	1,363,409	2,648,190	2,900,787	2,735,822	2,916,954	2,194,889
Other Debt Service Fees	N/A	N/A	N/A	N/A	23,672	60,525	150,630	163,138	73,507	122,958
Total governmental activities expenses	\$ 4,678,171	\$ 19,945,289	\$ 8,128,475	\$ 9,359,555	\$ 11,485,514	\$ 15,031,899	\$ 17,196,579	\$ 17,317,964	\$ 18,307,294	\$ 19,085,663
Business-type activities:										
Water & Sewer	2,582,378	3,230,499	3,844,883	4,689,867	4,775,204	7,164,119	7,709,085	7,986,821	7,986,821	9,743,280
Total business-type activities expenses	2,582,378	3,230,499	3,844,883	4,689,867	4,775,204	7,164,119	7,709,085	7,986,821	7,986,821	9,743,280
Total primary government program expenses	\$ 7,260,549	\$ 23,175,788	\$ 11,973,358	\$ 14,049,422	\$ 16,260,718	\$ 22,196,018	\$ 24,905,664	\$ 25,304,785	\$ 27,740,468	\$ 28,828,943
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General Government	\$ 911,043	\$ 1,007,358	\$ 1,219,497	\$ 1,315,568	\$ 2,152,923	\$ 2,626,500	\$ 2,366,033	\$ 2,533,733	\$ 3,398,356	\$ 3,243,742
Public Safety	3,221	96,961	34,685	38,142	3,844	-	-	-	-	-
Public Works	1,058,970	1,074,015	1,240,524	846,010	699,252	-	-	-	85,006	100,154
Culture and Recreation/ Community services	164,194	227,274	260,454	327,743	367,110	353,948	298,203	494,822	297,231	281,481
Operating grants and contributions	35,359	256,619	131,940	68,617	112,761	7,972	73,623	44,987	179,766	99,722
Capital grants and contributions	389,259	11,561,017	4,815,777	1,482,413	0	6,661,522	1,225,852	3,264,029	564,882	6,537,651
Total governmental activities program revenues	2,562,046	14,223,244	7,702,877	4,078,493	3,335,890	9,649,942	3,963,711	6,337,571	4,525,241	\$ 10,262,750
Business-type activities:										
Charges for services:										
Water & Sewer	3,552,295	3,732,825	4,509,997	4,482,197	6,263,208	6,403,308	6,092,391	7,208,355	10,533,330	12,761,147
Operating grants and contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital grants and contributions	2,613,135	7,121,087	3,743,406	1,647,156	1,256,918	3,249,687	1,117,699	1,504,003	357,518	2,660,316
Total business-type activities program revenues	6,165,430	10,853,912	8,253,403	6,129,353	7,520,126	9,652,995	7,210,090	8,712,358	10,890,848	15,421,463
Total primary government program revenues	\$ 20,388,674	\$ 25,077,156	\$ 15,956,280	\$ 10,207,846	\$ 10,856,016	\$ 19,302,937	\$ 11,173,801	\$ 15,049,929	\$ 15,416,089	\$ 25,684,213

* 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									
	2004	2005	2006	2008	2008	2009	2010	2011	2012	2013
NET (EXPENSE) REVENUES										
Governmental activities	\$ (2,116,125)	\$ (5,722,045)	\$ (425,598)	\$ (5,281,062)	\$ (5,281,062)	\$ (5,381,957)	\$ (13,232,868)	\$ (10,980,393)	\$ (13,782,053)	\$ (8,822,913)
Business-type activities	3,583,052	7,623,413	4,408,520	1,439,486	1,439,486	2,488,876	(498,995)	725,537	1,477,674	5,678,183
Total primary government net expense	1,466,927	1,901,368	3,982,922	(3,841,576)	(3,841,576)	(2,893,081)	(13,731,863)	(10,254,856)	(12,304,379)	(3,144,730)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	1,441,777	1,787,916	2,245,943	2,672,547	2,672,547	4,740,009	6,020,859	6,198,567	7,280,721	8,013,734
Sales Taxes	784,422	1,194,337	1,512,432	1,916,203	1,916,203	2,641,752	2,462,043	3,160,944	3,540,287	4,008,733
Occupancy Tax/ Other	-	158,750	75,923	82,172	82,172	131,950	95,351	132,580	142,301	175,615
Franchise Taxes	190,293	272,457	369,503	382,440	382,440	636,961	701,786	764,347	912,112	973,391
Grants and Contributions Not Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	534	311,942
Miscellaneous Revenue	24,145	31,195	31,195	57,883	57,883	387,510	261,351	182,388	142,433	828,499
Investment Earnings	117,436	1,022,075	420,438	619,830	619,830	472,503	258,120	87,766	33,008	65,014
Transfers In (Out)	(1,862,717)	5,350,819	864,919	1,354,860	1,354,860	1,046,255	634,323	1,046,255	2,542,575	2,267,055
Total Governmental Activities	\$ 695,356	\$ 10,416,379	\$ 5,520,353	\$ 7,085,935	\$ 7,085,935	\$ 10,056,940	\$ 10,397,833	\$ 11,572,847	\$ 14,593,971	\$ 16,643,983
Business-type activities:										
Investment earnings	122,824	295,577	672,499	641,310	641,310	297,500	72,358	36,957	17,221	12,201
Miscellaneous Revenue	-	(630,025)	-	-	-	-	11,054	19,708	78,194	98,402
Transfers	1,862,717	(334,448)	(864,919)	(1,354,860)	(1,354,860)	(1,046,225)	(634,323)	(1,653,506)	(2,542,575)	(2,267,055)
Total business-type activities	1,985,541	(668,896)	(192,420)	(713,550)	(713,550)	(748,725)	(550,911)	(1,596,841)	(2,447,160)	(2,156,452)
Total primary government	\$ 2,680,897	\$ 9,747,483	\$ 5,327,933	\$ 6,372,385	\$ 6,372,385	\$ 9,308,215	\$ 9,846,922	\$ 9,976,006	\$ 12,146,811	\$ 14,487,531
CHANGE IN NET POSITION										
Governmental activities	(1,420,769)	(371,226)	5,094,755	1,804,873	1,804,873	4,674,983	(2,835,035)	1,226,606	811,918	(3,388,731)
Business-type activities	5,568,593	7,288,965	4,216,100	725,936	725,936	1,740,121	(1,049,906)	(871,304)	(969,486)	3,521,731
Total primary government	\$ 4,147,824	\$ 6,917,739	\$ 9,310,855	\$ 2,530,809	\$ 2,530,809	\$ 6,415,104	\$ (3,884,941)	\$ 355,302	\$ (157,568)	\$ 133,000

* GASB 34 implemented 2004

* Statement of Activities - Audit Report

* Reported as Net Position beginning 2013

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	121,795	84,940	84,940	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,664,907	3,149,094	3,889,862	2,864,378	3,117,139	3,215,956	2,395,901	-	-	-
Unassigned	-	-	-	-	-	-	-	2,987,923	4,499,032	6,042,113
Total General Fund	2,786,702	3,234,034	3,974,802	2,864,378	3,117,139	3,215,956	2,395,901	2,987,923	4,499,032	6,042,113
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	110,014	123,963	473,496	560,561	716,698	-	-	8,732,402	9,068,035	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned, reported in:										
Special revenue funds	315,110	1,648,329	1,304,399	9,595,402	617,224	247,978	(457,142)	-	-	2,163,676
Capital projects funds	2,786,108	1,626,334	(484,867)	(825,133)	13,728,465	14,885,084	7,463,344	-	-	10,003,397
Debt service funds	-	-	-	-	-	(10,863)	211,753	-	288,540	467,151
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,211,232	\$ 3,398,626	\$ 1,293,028	\$ 9,330,830	\$ 15,062,387	\$ 15,122,199	\$ 7,217,955	\$ 8,732,402	\$ 9,356,575	\$ 12,634,224

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 2,417,469	\$ 3,402,780	\$ 4,192,078	\$ 5,042,524	\$ 5,914,126	\$ 8,180,272	\$ 9,324,804	\$ 10,256,438	\$ 11,875,421	\$ 13,171,473
Licenses and permits	1,058,970	989,089	1,239,221	843,800	661,828	535,815	385,522	433,095	490,914	658,889
Charges for services	677,154	936,087	1,010,607	1,202,839	1,600,513	1,532,085	1,672,470	2,080,721	2,526,263	2,877,317
Fines	401,304	480,432	505,332	480,824	923,903	912,548	606,244	514,739	708,864	708,003
Intergovernmental	25,950	150,697	126,042	57,793	112,761	666,474	47,301	1,668,149	438,887	-
Claims and Reimbursements	-	-	-	-	-	183,319	-	-	-	-
Impact Fees	389,259	434,006	1,115,612	687,017	37,424	-	-	-	-	-
Investment Earnings	117,436	285,259	420,438	619,830	618,253	472,503	258,120	87,766	33,008	65,014
Rents and Royalties	-	-	-	-	-	-	55,964	103,230	77,020	10,170
Contributions	-	104,704	5,039	202,762	-	150	26,322	26,900	354,746	196,974
Grants	-	-	-	-	-	-	-	-	-	154,391
Special Assessments	-	-	-	-	-	-	-	-	85,005	100,154
Other revenues	33,554	7,687	32,054	57,883	243,893	204,197	205,387	79,158	34,960	99,343
Total revenues	5,121,096	6,790,741	8,646,423	9,195,272	10,112,701	12,687,363	12,582,134	15,250,196	16,625,088	18,041,728
EXPENDITURES										
General government	1,420,480	1,919,184	2,504,147	3,978,837	4,237,304	3,833,254	4,128,677	3,483,039	4,164,638	4,625,183
Public Safety	1,043,638	1,456,469	1,734,290	2,019,279	2,460,281	2,844,383	3,381,478	3,747,172	4,032,622	4,585,521
Public Works	1,283,583	13,772,340	825,582	907,296	1,176,879	2,052,671	2,277,370	2,309,052	2,078,689	2,271,857
Planning	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	11,792	14,556	-	-	-
Culture and Recreation	551,970	878,591	1,358,450	1,264,682	1,427,982	1,481,231	1,469,421	1,529,912	1,652,530	1,635,161
Other - Non Departmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,769,046	764,177	3,629,801	4,454,382	14,955,670	5,100,327	7,442,027	4,363,776	1,818,360	2,444,921
Debt service	-	-	-	-	-	-	-	-	-	-
Interest	337,447	1,540,279	353,903	601,591	1,556,971	2,739,522	2,225,634	2,275,777	2,439,260	2,214,346
Principal	220,000	455,000	470,000	485,000	1,093,894	1,605,688	2,145,000	2,390,000	2,630,000	3,045,000
Other Fees	-	-	-	-	882,995	2,071	85,300	1,990	3,000	494,036
Total expenditures	\$ 7,626,164	\$ 20,786,040	\$ 10,876,173	\$ 13,711,067	\$ 27,791,976	\$ 19,670,939	\$ 23,169,463	\$ 20,100,718	\$ 18,819,099	\$ 21,316,025

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,505,068)	\$ (13,995,299)	\$ (2,229,750)	\$ (4,515,795)	\$ (17,679,275)	\$ (6,983,582)	\$ (10,587,329)	\$ (4,850,522)	\$ (2,194,011)	\$ (3,274,297)
OTHER FINANCING SOURCES (USES)										
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Bond sales	2,340,000	14,000,000	-	9,910,000	22,800,000	5,600,000	-	4,290,000	-	19,240,000
Proceeds from capital leases	-	-	-	-	25,604	-	-	-	-	-
Premium or Discount on debt issued	-	-	-	87,661	-	-	-	-	-	511,683
Payment to refunded bond escrow agen	-	-	-	-	-	-	-	-	-	-
Transfers in	722,190	889,935	875,534	2,093,271	2,806,506	2,009,695	3,673,032	3,108,550	3,573,832	3,854,840
Transfers out	(2,584,907)	(259,910)	(10,615)	738,411	(932,556)	(963,440)	(1,212,128)	(1,455,044)	(1,031,257)	(1,587,785)
Other (Uses)	-	-	-	-	-	-	-	-	-	(13,923,709)
Total other financing sources (uses)	477,283	14,630,025	864,919	11,352,521	24,699,554	6,646,255	2,460,904	5,943,506	2,542,575	8,095,029
NET CHANGES IN FUND BALANCES	\$ (2,027,785)	\$ 634,726	\$ (1,364,831)	\$ 6,836,726	\$ 7,020,279	\$ (337,327)	\$ (8,126,425)	\$ 1,092,984	\$ 348,564	\$ 4,820,732
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	11%	10%	11%	12%	28%	30%	28%	30%	30%	30%

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

FISCAL YEAR	Real Property	Personal Property	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Collected
	Estimated Actual Value	Estimated Actual Value				
2003	N/A	N/A	N/A	\$ 197,731,140	\$ 0.354500	\$ 700,957
2004	N/A	N/A	N/A	\$ 302,600,981	\$ 0.319000	\$ 965,297
2005	\$ 614,051,580	\$ 20,820,450	\$ 30,384,390	\$ 604,487,640	\$ 0.287100	\$ 1,735,484
2006	\$ 794,837,155	\$ 23,480,984	\$ 36,063,458	\$ 782,254,681	\$ 0.277700	\$ 2,172,321
2007	\$ 905,927,940	\$ 30,486,826	\$ 38,234,100	\$ 898,180,666	\$ 0.272400	\$ 2,446,644
2008	\$ 1,118,790,278	\$ 37,347,727	\$ 57,621,607	\$ 1,079,609,015	\$ 0.270700	\$ 2,922,502
2009	\$ 1,289,040,523	\$ 54,271,922	\$ 81,818,725	\$ 1,240,437,167	\$ 0.373100	\$ 4,628,071
2010	\$ 1,360,483,304	\$ 45,995,398	\$ 119,010,849	\$ 1,287,467,853	\$ 0.424000	\$ 5,458,864
2011	\$ 1,453,209,263	\$ 90,011,627	\$ 196,362,851	\$ 1,346,858,039	\$ 0.415399	\$ 5,594,835
2012	\$ 1,485,776,573	\$ 92,074,324	\$ 194,548,307	\$ 1,383,302,590	\$ 0.484500	\$ 6,702,101
2013	\$ 1,561,358,772	\$ 96,042,503	\$ 99,100,342	\$ 1,433,066,933	\$ 0.524400	\$ 7,515,003

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
2004	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2005	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2006	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2007	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2008	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2009	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60	N/A	\$ 3.12
2010	\$ 17.75	\$ 2.35	\$ 88.73	\$ 4.24	\$ 44.36	\$ 4.95	\$ 141.96	\$ 4.24
2011	\$ 17.75	\$ 2.35	\$ 88.73	\$ 4.24	\$ 44.36	\$ 4.95	\$ 141.96	\$ 4.24
2012	\$ 23.08	\$ 3.06	\$ 115.35	\$ 5.51	\$ 57.76	\$ 6.44	\$ 184.55	\$ 5.51
2013	\$ 27.69	\$ 3.67	\$ 138.42	\$ 6.61	\$ 69.20	\$ 7.72	\$ 221.46	\$ 6.61

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

FISCAL YEAR	Residential	Commercial	Total Billed
2004	\$ 966,394	\$ 103,026	\$ 1,069,420
2005	\$ 1,939,399	\$ 107,497	\$ 2,046,896
2006	\$ 1,380,895	\$ 110,317	\$ 1,491,212
2007	\$ 1,321,424	\$ 128,378	\$ 1,449,802
2008	\$ 2,534,102	\$ 692,774	\$ 3,226,876
2009	\$ 2,857,468	\$ 740,075	\$ 3,597,543
2010	\$ 2,711,226	\$ 746,337	\$ 3,457,563
2011	\$ 3,348,985	\$ 1,082,257	\$ 4,431,242
2012	\$ 4,142,899	\$ 1,321,486	\$ 5,464,385
2013	\$ 4,041,171	\$ 1,583,061	\$ 5,624,231

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

FISCAL YEAR	Residential	Commercial	Total Billed Consumption
2004	3,380,102	507,560	3,887,662
2005	7,139,762	533,979	7,673,741
2006	35,299,931	555,722	35,855,653
2007	11,430,218	625,758	12,055,976
2008	437,364,754	167,554,289	604,919,043
2009	565,634,600	195,042,170	760,676,770
2010	492,748,500	178,422,903	671,171,403
2011	540,554,250	211,750,300	752,304,550
2012	523,772,450	207,926,400	731,698,850
2013	537,766,800	206,600,100	744,366,900

**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
2004	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60
2005	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60
2006	\$ 8.25	\$ 1.60	\$ 8.25	\$ 1.60
2007	\$ 9.08	\$ 1.76	\$ 9.08	\$ 1.98
2008	\$ 9.08	\$ 1.76	\$ 9.08	\$ 1.98
2009	\$ 9.08	\$ 1.76	\$ 9.08	\$ 1.98
2010	\$ 9.08	\$ 1.76	\$ 9.08	\$ 1.98
2011	\$ 10.90	\$ 2.11	\$ 10.90	\$ 2.11
2012	\$ 13.63	\$ 2.64	\$ 13.63	\$ 2.98
2013	\$ 16.35	\$ 3.17	\$ 16.35	\$ 3.57

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

FISCAL YEAR	Residential	Commercial	Total Billed
2004	\$ 865,327	\$ 79,763	\$ 945,090
2005	\$ 1,762,631	\$ 83,419	\$ 1,846,050
2006	\$ 1,288,212	\$ 94,570	\$ 1,382,782
2007	\$ 1,386,736	\$ 110,492	\$ 1,497,228
2008	\$ 1,713,192	\$ 268,675	\$ 1,981,867
2009	\$ 1,912,803	\$ 223,424	\$ 2,136,227
2010	\$ 1,922,014	\$ 213,776	\$ 2,135,789
2011	\$ 2,006,249	\$ 322,319	\$ 2,328,568
2012	\$ 2,268,508	\$ 512,167	\$ 2,780,675
2013	\$ 3,164,765	\$ 615,426	\$ 3,780,191

CITY OF KYLE, TEXAS
TEN LARGEST WATER CUSTOMERS
September 30, 2013

Customer	Consumption (in gallons)	Amount Billed	% of Total Consumption
Kyle Correctional Center	27,586,400	\$ 182,346	3.71%
Seton Medical Center at Hays	13,794,400	\$ 91,181	1.85%
Hays Co. Independent School District	11,303,200	\$ 66,978	1.52%
Vantage at Plum Creek	9,224,500	\$ 60,974	1.24%
Aztec Village/ Oakhill Comm.	8,572,200	\$ 56,662	1.15%
Plum Creek HOA	7,181,800	\$ 47,472	0.96%
Bluebonnet Estates	5,924,900	\$ 39,164	0.80%
Saddlecreek Apartments	4,992,000	\$ 32,997	0.67%
Legend Oaks Healthcare & Rehab	4,523,900	\$ 29,903	0.61%
Hunter Industries, LTD	3,183,800	\$ 21,045	0.43%

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

Fiscal Year	October	November	December	January	February	March	April	May	June	July	August	September	Total
2004	\$ 50,110	\$ 75,136	\$ 50,619	\$ 55,772	\$ 66,997	\$ 56,668	\$ 36,869	\$ 67,098	\$ 70,397	\$ 68,085	\$ 72,505	\$ 62,752	\$ 733,007
2005	\$ 74,336	\$ 102,325	\$ 60,264	\$ 59,616	\$ 69,632	\$ 105,392	\$ 74,903	\$ 123,354	\$ 109,019	\$ 86,750	\$ 137,925	\$ 114,103	\$ 1,117,619
2006	\$ 98,840	\$ 153,856	\$ 105,582	\$ 101,570	\$ 141,751	\$ 107,744	\$ 99,459	\$ 154,556	\$ 121,679	\$ 108,383	\$ 158,174	\$ 139,791	\$ 1,491,383
2007	\$ 123,391	\$ 149,643	\$ 131,032	\$ 117,783	\$ 151,746	\$ 116,440	\$ 140,560	\$ 185,877	\$ 146,027	\$ 146,272	\$ 219,894	\$ 162,659	\$ 1,791,324
2008	\$ 175,097	\$ 220,841	\$ 178,492	\$ 158,377	\$ 219,687	\$ 164,544	\$ 141,720	\$ 222,905	\$ 181,993	\$ 170,570	\$ 206,162	\$ 180,536	\$ 2,220,923
2009	\$ 152,824	\$ 293,362	\$ 202,720	\$ 163,713	\$ 244,361	\$ 194,190	\$ 175,689	\$ 291,357	\$ 191,341	\$ 189,912	\$ 293,591	\$ 212,424	\$ 2,605,483
2010	\$ 190,866	\$ 287,557	\$ 193,086	\$ 198,193	\$ 329,379	\$ 183,839	\$ 186,005	\$ 307,208	\$ 227,390	\$ 250,891	\$ 322,535	\$ 224,068	\$ 2,901,017
2011	\$ 216,921	\$ 333,590	\$ 216,162	\$ 226,155	\$ 377,557	\$ 199,597	\$ 179,339	\$ 316,730	\$ 257,077	\$ 249,528	\$ 350,685	\$ 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

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

FISCAL YEAR	City Direct Rates			Overlapping Rates							Total Direct & Overlapping Rate
	Operating	Debt Service	Total	School District	County	Special Road	Emergency Services	ACC	Plum Creek Conservation	Plum Creek Groundwater	
2004	0.196400	0.122600	0.319000	1.729500	0.375100	0.071000	0.045000	0.000000	0.016500	0.018900	2.575000
2005	0.149200	0.137900	0.287100	1.794500	0.392000	0.071000	0.045000	0.000000	0.017200	0.018900	2.625700
2006	0.169700	0.108000	0.277700	1.876300	0.384400	0.071000	0.050300	0.000000	0.017200	0.017500	2.694400
2007	0.179000	0.093400	0.272400	1.778000	0.037900	0.071000	0.077000	0.000000	0.017800	0.018000	2.272100
2008	0.120000	0.150700	0.270700	1.461300	0.371400	0.086000	0.077000	0.000000	0.018000	0.018000	2.302400
2009	0.173100	0.200000	0.373100	1.461300	0.374900	0.080100	0.085000	0.000000	0.019500	0.095000	2.488900
2010	0.183000	0.241000	0.424000	1.461300	0.418100	0.051100	0.092500	0.000000	0.018500	0.018500	2.484000
2011	0.216073	0.199326	0.425399	1.461300	0.424800	0.044400	0.095300	0.094800	0.020000	0.020000	2.585999
2012	0.236100	0.248400	0.484500	1.461300	0.425100	0.044000	0.100000	0.094800	0.020000	0.020000	2.649700
2013	0.270000	0.254400	0.524400	1.461300	0.425200	0.043800	0.100000	0.094900	0.022000	0.022000	2.693600

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

2013		Percentage of
Taxpayer	Taxable Assessed Value	Total City Taxable Assessed Value
DDR DB KYLE LP	\$ 21,059,490	1.47%
COLE MT KYLE TX LLC	\$ 19,791,940	1.38%
SETTLEMENT APARTMENTS LP	\$ 16,895,160	1.18%
SCC KYLE PARTNERS	\$ 12,933,180	0.90%
AOH - VANTAGE AT PLUM CREEK LLC	\$ 8,299,790	0.58%
TARGET CORPORATION	\$ 7,714,010	0.54%
BREMNER, DUKE	\$ 7,600,000	0.53%
LOWE'S HOME CENTERS INC	\$ 7,417,540	0.52%
HEB FOOD STORE #014	\$ 6,003,019	0.42%
HD DEVELOPMENT PROPERTIES LP	\$ 5,994,240	0.42%
Total	<u>\$ 113,708,369</u>	<u>7.93%</u>
2009		Percentage of
Taxpayer	Taxable Assessed Value	Total City Taxable Assessed Value
KYLE MARKETPLACE LTD	\$ 19,543,130	1.78%
HEB FOOD STORE #014	\$ 8,642,327	0.79%
HD DEVELOPMENT PROPERTIES LP	\$ 7,108,910	0.65%
SCC KYLE PARTNERS LTD	\$ 6,589,640	0.60%
DDR DB KYLE LP	\$ 6,186,840	0.56%
HOME DEPOT	\$ 5,378,573	0.49%
KYLE 35 RETAIL LTD	\$ 3,987,680	0.36%
STERLING/BABCOCK & BROWN LP	\$ 3,589,260	0.33%
FC SUNSET RIDGE LP	\$ 3,361,540	0.31%
HOUSING ASSOCIATES OF KYLE LTD	\$ 2,879,100	0.26%
Total	<u>\$ 67,267,000</u>	<u>6.23%</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
2004	\$ 1,420,805	\$ 1,385,639	97.52%	\$ 31,089	\$ 1,416,729	99.71%
2005	\$ 1,736,772	\$ 1,691,692	97.40%	\$ 37,725	\$ 1,729,416	99.58%
2006	\$ 2,175,118	\$ 2,138,652	98.32%	\$ 34,472	\$ 2,173,125	99.91%
2007	\$ 2,540,651	\$ 2,501,096	98.44%	\$ 37,370	\$ 2,538,466	99.91%
2008	\$ 2,972,356	\$ 2,936,623	98.80%	\$ 32,265	\$ 2,968,889	99.88%
2009	\$ 4,706,355	\$ 4,659,480	99.00%	\$ 40,185	\$ 4,699,665	99.86%
2010	\$ 5,657,998	\$ 5,602,150	99.01%	\$ 48,001	\$ 5,650,150	99.86%
2011	\$ 5,782,063	\$ 5,728,466	99.07%	\$ 42,067	\$ 5,770,533	99.80%
2012	\$ 6,928,118	\$ 6,881,454	99.33%	\$ 23,852	\$ 6,905,306	99.67%
2013	\$ 7,710,302	\$ 7,614,187	98.75%	\$ 7,734	\$ 7,621,920	98.85%

Source: City of Kyle Internal Reports

Note: Subsequent years includes penalties

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

Fiscal Year	Governmental Activities				Business-type Activities				Total	
	Certificates of Obligation	General Obligation Bonds	Capital Leases	State Infrastructure Loan	Deferred Interest Payable	Compensated Absences	Capital Leases	Compensated Absences	Total Primary Government	Per Capita
2004	\$ 8,640,000	\$ 115,000	N/A	\$ -	\$ -	\$ -	\$ 2,494,317	\$ -	\$ 11,249,317	\$ 1,055.68
2005	\$ 8,205,000	\$ 95,000	N/A	\$ 14,000,000	\$ -	\$ -	\$ 2,432,560	\$ -	\$ 24,732,560	\$ 1,950.36
2006	\$ 7,755,000	\$ 75,000	N/A	\$ 14,000,000	\$ 637,000	\$ 100,035	\$ 2,366,017	\$ 8,396	\$ 24,941,448	\$ 1,652.85
2007	\$ 17,287,661	\$ 55,000	N/A	\$ 14,000,000	\$ 826,276	\$ 116,243	\$ 2,294,316	\$ 8,396	\$ 34,587,892	\$ 1,926.04
2008	\$ 39,628,882	\$ 30,000	N/A	\$ 13,446,441	\$ 790,941	\$ 152,090	\$ 3,850,775	\$ 12,851	\$ 57,911,980	\$ 2,709.97
2009	\$ 44,263,475	\$ -	N/A	\$ 12,867,693	\$ 754,001	\$ 169,718	\$ 3,704,028	\$ 29,232	\$ 61,589,197	\$ 2,421.91
2010	\$ 41,073,068	\$ 15,290,000	N/A	\$ 11,000,000	\$ 175,300	\$ 270,434	\$ 3,548,230	\$ 66,792	\$ 71,086,598	\$ 2,537.36
2011	\$ 40,105,425	\$ 18,430,000	N/A	\$ 11,000,000	\$ 642,000	\$ 382,412	\$ 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	\$ 474,679	\$ 2,952,895	\$ 93,124	\$ 71,640,567	\$ 2,113.29
2013	\$ 33,890,000	\$ 36,660,000	\$ 44,865	\$ -	\$ -	\$ 473,963	\$ 2,627,412	\$ 64,514	\$ 73,760,754	\$ 2,169.43

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

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

Fiscal Year	General Bonded Debt Outstanding		
	Gross Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2004	\$ 6,195,000	2.05%	\$ 581.36
2005	\$ 5,970,000	0.99%	\$ 470.78
2006	\$ 5,625,050	0.72%	\$ 372.77
2007	\$ 19,095,853	2.13%	\$ 1,063.36
2008	\$ 53,237,400	4.93%	\$ 2,491.22
2009	\$ 60,921,157	4.91%	\$ 2,395.64
2010	\$ 61,860,798	4.80%	\$ 2,208.05
2011	\$ 70,837,951	5.26%	\$ 2,299.93
2012	\$ 68,207,951	4.93%	\$ 2,012.03
2013	\$ 70,550,000	4.92%	\$ 2,075.00

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

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$	1,433,066,933
Debt limit (6% of assessed value)	\$	85,984,016
Debt applicable to limit:		
Total Bonded Debt	\$	70,550,000
Less: Amount set aside for repayment of general obligation debt	\$	467,151
Total net debt applicable to limit	\$	70,082,849
Legal debt margin	\$	15,901,167

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 18,156,059	\$ 36,269,258	\$ 46,935,281	\$ 53,890,840	\$ 65,910,984	\$ 75,689,623	\$ 77,248,071	\$ 80,811,482	\$ 82,998,155	\$ 85,984,016
Net Debt Applicable to Limit	\$ 8,755,000	\$ 8,300,000	\$ 7,830,000	\$ 17,342,661	\$ 39,658,882	\$ 44,262,475	\$ 56,363,068	\$ 58,535,425	\$ 55,895,750	\$ 70,082,849
Legal Debt Margin	\$ 9,401,059	\$ 27,969,258	\$ 39,105,281	\$ 36,548,179	\$ 26,252,102	\$ 31,427,148	\$ 20,885,003	\$ 22,276,057	\$ 27,102,405	\$ 15,901,167
Net Debt as a % of Debt Limit	48%	23%	17%	32%	60%	58%	73%	72%	67%	82%

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Average Household Income</u>	<u>Unemployment Rate</u>
2004	10,656	\$ 58,529	5.2%
2005	12,681	\$ 59,817	3.8%
2006	15,090	\$ 61,133	3.5%
2007	17,958	\$ 62,478	3.2%
2008	21,370	\$ 63,852	3.9%
2009	25,430	\$ 65,257	5.3%
2010	28,016	\$ 65,100	5.5%
2011	30,800	\$ 65,100	5.3%
2012	33,900	\$ 65,100	4.9%
2013	34,000	\$ 65,100	4.2%

Sources: Unemployment Rates: <http://www.tracer2.com/cgi/dataAnalysis/LabForceReport>;
2011 & 2012 stats are based on Census 2011 information (Excluding
Unemployment Rate) and City of Kyle

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

Employer	2013	
	Employees	Percentage of Total City Employment
Hays County Independent School District	2,383	17%
Seton Medical Center Hays	582	4%
HEB Plus*	400	3%
City of Kyle	153	1%
Kyle Correctional Facility	151	1%
Xtreme Power*	119	1%
Lowes*	108	1%
Home Depot*	100	1%
Target	81	1%
Austin Community College at Hays	80	1%
Kohl's	69	1%
Construction Metal Products	52	0%
RSI, Inc	45	0%
Total	4,323	32%
Total Employed within Kyle, Texas	13,633	

* Employer Counts are from 2012 CAFR. Current Counts not available.

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

Function Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration	5.50	8.83	8.83	8.33	8.00	8.00	7.00	6.00	5.00	5.00
Human Resources	0.00	0.00	0.00	0.00	0.00	2.00	2.75	2.75	3.50	3.50
Finance	1.00	2.00	3.00	3.00	3.00	4.00	4.00	5.50	5.50	5.50
Municipal Court	2.50	2.50	2.50	3.50	3.50	3.50	3.50	4.00	4.50	4.50
IT	0.00	0.00	0.00	1.00	1.00	2.00	2.00	3.00	3.00	3.00
Planning	0.00	0.00	0.00	1.00	2.50	4.50	3.00	3.00	3.00	3.00
Economic Development	0.00	0.00	0.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Building	5.00	8.00	8.00	8.00	7.00	7.00	7.00	6.00	6.00	6.00
Street Department	3.00	11.67	11.67	4.67	4.00	6.35	7.35	6.00	6.75	6.00
Police										
Administration	N/A	5.00	5.00	6.00	6.00	9.00	9.00	12.00	12.00	14.50
Operations	21.00	22.00	22.00	22.00	27.00	33.00	37.00	35.50	38.00	38.50
Public Works										
Administration	1.00	0.00	3.00	1.67	0.00	8.65	9.65	8.75	8.25	8.25
Water	4.00	0.00	3.00	5.00	9.00	5.00	7.00	14.00	14.50	12.50
Wastewater	2.00	0.00	2.00	2.00	4.00	6.00	7.00	5.00	5.50	5.50
Engineering	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Parks and Recreation										
Administration	2.00	2.00	5.00	5.00	0.00	3.00	3.00	5.00	4.00	4.00
Parks Maintenance	6.00	7.00	4.00	6.00	10.00	10.50	12.00	12.00	12.00	12.00
Facilities Maintenance	0.00	0.00	0.00	4.00	5.00	3.00	3.00	3.50	4.00	4.00
Library	3.00	4.50	4.50	5.00	5.00	6.00	7.00	8.00	7.00	7.00
Utility Billing	0.00	0.00	0.00	0.00	4.00	4.00	5.00	5.00	5.00	7.00
Total	56.00	73.50	82.50	87.17	100.00	127.50	138.25	147.00	150.50	152.75

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

Function Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building permits issued	1,169	975	961	653	534	328	431	289	244	164
Police										
Violations	6,785	6,539	5,856	3,672	3,130	3,640	4,709	4,360	6,961	7,450
Citations	5,123	4,891	4,452	2,803	N/A	N/A	N/A	N/A	N/A	N/A
Other Public Works										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16
Potholes repaired	N/A	N/A	N/A	N/A	N/A	N/A	N/A	672	718	926
Street Sweeping - Miles	N/A	N/A	N/A	N/A	574	4,037	2,623	2,613	343	1,898
Parks and Recreation										
Facility Rental Bookings (Guests)	293	16,444	18,281	18,992	26,375	28,902	13,786	15,512	42,791	36,092
Summer Camp	-	1,100	1,215	1,881	1,964	1,652	3,255	6,105	5,275	5,500
Pool (patron count)	30,667	32,749	29,837	17,283	33,909	36,508	30,254	32,078	36,511	37,000
Library										
Circulation Count	24,687	31,143	36,744	39,233	50,103	86,611	99,129	100,121	125,715	100,000
Patron Count	38,344	47,349	52,658	42,342	83,627	81,019	95,371	91,207	119,194	100,000
Library Cards Issued	1,373	1,616	1,657	1,912	1,974	2,021	1,799	1,746	3,730	1,500
Water										
New Connections	2,468	2,673	3,109	2,929	2,478	2,272	2,007	1,900	2,188	2,000
Water leaks	N/A	N/A	N/A	61	82	88	70	117	80	91
Average Daily Consumption (millions of gallons)	1.3193	1.6414	1.7579	1.7221	2.1575	N/A	2.0891	1.6391	2.1225	2.443
Wastewater										
Average Daily Sewage Treatment (millions of gallons)	1.0638	1.4742	1.6102	1.3748	1.5012	N/A	1.5626	2.2684	1.7207	1.838

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations/ Sub-Stations	1	1	1	1	1	1	1	1	1	2
Patrol Units	3	7	11	12	16	17	18	24	29	27
Fire										
Stations	1	1	1	1	1	1	1	2	2	2
Parks and Recreation										
Acreage	68	119	191	283	355	412	462	466	466	569
Streets										
Streets - Linear Feet	461,556	499,556	526,073	541,873	567,888	576,448	580,748	591,248	595,248	610,518
Water										
Fire Hydrants	547	636	698	750	783	829	833	847	859	891
New Water Lines - Linear Feet	52,620	31,932	37,730	28,730	15,084	35,592	7,142	2,653	1,894	6,703
Ground Water Storage	3	3	4	4	6	8	8	8	8	8
Elevated Water Storage	N/A	N/A	4	4	5	5	6	6	6	6
Wastewater										
New Wastewater Lines - Linear Ft	39,600	31,195	32,150	14,059	20,737	19,574	7,770	3,890	1,555	20,059
Storm Sewers (miles)	19,268	24,589	24,227	1,721	29,369	38,948	2,945	3,937	423	14,245
Lift Stations	N/A	N/A	11	11	10	10	10	10	9	9
Treatment Capacity (millions of gallons)	N/A	N/A	N/A	N/A	N/A	3	3	3	3	3