

CITY OF TYLER, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2002**

**Daniel Crawford, Chief Financial Officer
Finance Department
City Hall
Tyler, Texas**

CITY OF TYLER, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

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January 31, 2003

The Honorable Mayor and Members of the City Council
City of Tyler
Tyler, Texas

The Finance Department and the City Manager's office are pleased to submit the Comprehensive Annual Financial Report for the City of Tyler, Texas (City) for the fiscal year ended September 30, 2002.

This report is published to provide the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of the City as measured by the financial activity of its various funds and account groups. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORT

This report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The introductory section includes this transmittal letter, a listing of the city officials, an award for achievement and an organizational chart of the City. The financial section includes Management's Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules, as well as the independent auditors' report on the basic financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Tyler's MD&A can be found immediately following the report of the independent auditors. The statistical section includes financial and demographic information, usually presented on a multi-year basis that is relevant to a financial statement reader. The Single Audit section contains a schedule of federal expenditures and reports required by the Federal Single Audit Act of 1996.

The Financial Section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations, as applicable.

CITY PROFILE

Location

The City of Tyler, Texas, the county seat of Smith County, is an important East Texas commercial and industrial center located on U.S. Highway 69 just south of Interstate 20. The City is equal distance (approximately 100 miles) between the cities of Dallas, Texas and Shreveport, Louisiana. The City, encompassing approximately 52 square miles, had a 2000 census population of 83,650 which is a 9% increase from the 1990 census population of 76,440. Currently, the City's population is estimated to be 85,603. The City is commonly referred to as the City of Roses.

The City is a home rule city operating under the Council-Manager form of government. The City Council is comprised of the Mayor and six Council members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria no other governmental organizations are included in this report.

Services Provided

The City provides to its citizens those services that have proven to be necessary and meaningful and which the City at the least cost can provide. Major services provided under general government and enterprise functions are: police and fire protection, water and sewer services, sanitation services, park and recreational facilities, library services, street improvements and general administrative services. The City also offers an airport and a convention center. Internal services of the City, accounted for on a cost reimbursement basis, are the fleet services operations, technology services, property and facility management services, productivity, the risk management services, and the employee health and disability coverage.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records of the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City charter provides that the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departmental and divisional management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personal expenditures are monitored and controlled at a position level and capital expenditures (items over \$3,000 and having a useful life of three or more years) are monitored and controlled item by item. Revenue budgets are reviewed monthly.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Tyler has a diversified industrial base with over 250 manufacturers, distributors, and processors.

Three institutions of higher education are located here. They are The University of Texas at Tyler, Tyler Junior College, and Texas College.

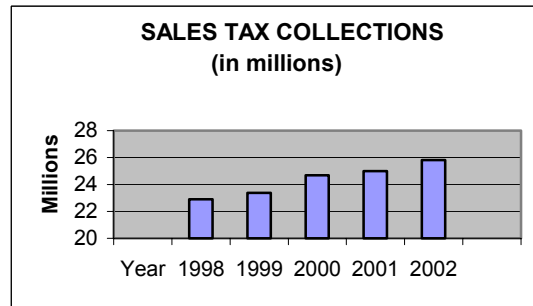
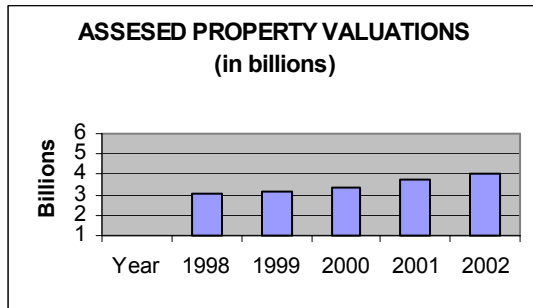
Tyler is also the medical center of East Texas with six hospitals and clinics. Including nursing homes and retirement centers, there are more than 2,000 beds available in health care facilities. There are more than 350 medical doctors and 95 dentists.

The area became involved in the oil and gas industry in 1931 when the East Texas oil field was discovered. The City still has several oil-related service and manufacturing companies located within the City limits.

The City actively works with the Tyler Economic Development Corporation and local industries to encourage expansions and relations to our community. Land is available for development and area has an abundant water supply. Incentives are also available to facilitate business expansions or relocations.

The outlook is encouraging with industrial, commercial, and residential development expected to continue. The potential for sustained development is present, and many people are working to promote positive economic growth.

Economic Signs...



Cash Management

The City awards its depository contract through official bidding procedures for a three-year period with an option to extend the contract for an additional two years. The current depository contract with Bank of America expires December 31, 2003.

The City has a services-only contract, where a minimum amount of cash is held in interest bearing checking accounts to meet the City's operational needs.

The remaining idle cash is invested by City officials in securities as allowed by Texas Statutes and by the City's investment policy.

The average balance of the City's investment portfolio for fiscal year 2002 was approximately \$82,911,086. The overall portfolio provided \$2,632,674 in investment income, which represents interest revenue net of realized and unrealized gains and losses and investment expenses.

It is the City's policy that all demand deposits and time deposits are secured by pledged collateral with a market value equal to no less than 100% of the deposits less an amount insured by the FDIC. The Finance Department and a third party financial institution maintains evidence of the pledged collateral. Collateral is reviewed monthly to assure the market value of the securities pledged equals or exceeds the related bank balances.

All safekeeping arrangements are in accordance with a safekeeping agreement approved by the City Manager that clearly defines the procedural steps for gaining access to pledge collateral on deposits should the City of Tyler determine that the City's funds are in jeopardy. The safekeeping institution, or Custodian, is the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral. The safekeeping agreement is a three-party contract between the City, the depository bank and the Federal Reserve Bank as Custodian. Other investments are safe-kept by the City's depository bank, currently Bank of America.

All investments transacted by the City are purchased using the delivery versus payment method. That is, funds are not wired or paid until verification has been made that the Custodian has received the correct security. The security is held in the name of the City or held on behalf of the City. The Custodian's records must assure the notation of the City's ownership or explicit claim on the securities. The original copy of all safekeeping statements is delivered to the City.

All collateral is subject to inspection and audit by the Chief Financial Officer and the City's independent auditors.

Risk Management

Property and Liability Plans

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. A comprehensive Self-Insurance plan for property and casualty, airport liability, and general liability coverage has been established. Third-party administrators handle property and casualty claims review and processing. The administrators also coordinate excess coverage claims with insurance companies that provide individual stop-loss for property claims at \$25,000, aggregate stop-loss at \$975,000, and a blanket limit of insurance at \$53,596,667; and individual stop-loss for liability claims at \$50,000 with an aggregate stop-loss at \$3,000,000. All claims and maximums are calculated for a plan year ending each September 30. The amount of settlements has not exceeded insurance coverage for the last three fiscal years.

Worker's Compensation Plan

The City is exposed to risk of loss due to injuries incurred by employees while performing work-related duties. The City has established and maintains a comprehensive self-insurance worker's compensation plan. Third party administrators also co-ordinate excess coverage claims with insurance companies that provide individual stop-loss for worker's compensation claims at \$300,000 and aggregate protection at \$1,000,000. The city tracks worker's compensation premiums and claim payments in the Employee Benefits Fund.

Health, Dental, and Life Plans

The City implemented a self-insured health plan for employees, their dependents and retirees under the age of 65. The employees can choose between a traditional health plan or a PPO-type plan. The employee

pays a portion of the insurance premiums and the City pays the remainder. The City maintains an Employee Benefit Fund to track premiums and claim payments. The City has retained an insurance policy for specific and aggregate stop-loss coverage. There is an individual stop-loss of \$100,000 per illness. A Medicare Risk Plan is also in place for retirees and dependents over the age of 65. A third-party administrator administers health claims and payments.

The Dental Plan is also self-insured with a portion of the premiums paid by employees and retirees. Employees and retirees may elect to provide dental coverage for their dependents and are required to pay a portion of these premiums as well. A third-party administrator administers dental Plan claims.

The City's Employee Benefit Fund pays the premium on an insured life insurance plan for which coverage amounts are: \$10,000 for participants under 70 years of age and \$5,000 for participants over 70 years of age. Active employees may insure dependents or take additional or optional life insurance by paying the additional coverage premiums.

INDEPENDENT AUDIT

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Gollob, Morgan, Peddy & Co., P.C. was selected by the City's audit committee to perform the fiscal 2002 audit. In addition to meeting City Charter requirements, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements and combining and individual fund and account group is in the financial section.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tyler, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2001.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of all City Departments. We would like to express our appreciation to all members of the City's staff who assisted and contributed to its preparation. We would also like to thank the mayor and city council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Pinkney L. Butler
City Manager

Daniel Crawford
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tyler,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Robert Vate
President

Jeffrey L. Essler
Executive Director

CITIZENS OF TYLER

City Boards & Commissions

CITY COUNCIL

Citizens Task Force Committees

CITY MANAGER

COMPETITIVE/CONTRACTUAL SERVICE DELIVERY
ORGANIZATIONAL CULTURE

BLUEPRINT

PUBLIC SAFETY SERVICES

Police
Fire

PUBLIC INFORMATION/
TECHNOLOGY SERVICES

City Clerk/Public Records
Public/Media Relations
Citizens Information
Library
Technology/Computer
Systems

ENGINEERING/
DEVELOPMENT SERVICES

Building Inspection
Planning & Zoning
Engineering
Capital Projects
Traffic Engineering
Transit System
Transportation Planning

ENTERPRISE/MAINTENANCE
OPERATIONS

Water Utilities/Purchasing
Solid Waste
Airport
Streets/Environmental Control
Parks/Landscape Maintenance
Labor Support Pool

◆ Highest premium placed on responsiveness to citizens' needs
◆ All city services competitively or contractually delivered

◆ Department Heads value being in accountable leadership; zero tolerance for static, status quo performance; sense of urgency & strategic fast track thinking to keep organization as streamlined, adaptable to change, and competitive as possible

◆ Organizational mindset for pro-action, innovation, service excellence and results
◆ All employees trained and quantifiably productive

◆ Postured with 21st century technology

◆ Excellence in minimizing liabilities and costs, improving service quality & delivery, identifying and implementing efficiency alternatives, measuring service costs, and managing contracts for services

◆ Constantly audited for performance productivity and operational effectiveness

◆ City Manager as business manager for city's new blueprint for competitive services, productive staff, & technologically correct processes

MUNICIPAL COURT SERVICES

Judicial
Administrative

COMMUNITY/STAFF SERVICES

Community Development
Housing Assistance
Recreation/Tourism
Staff Services
Clerical/Support Services Pool

BUSINESS/INTERDEPARTMENTAL
SERVICES

Legal
Risk Management
Accounting
Vehicle/Equipment Management
Property/Facility Management

CITY OF TYLER, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2002

MAYOR – JOEY SEEBER

Members of City Council:

Joyce Scurry
Ron Shaffer
Laura Corbett
Larry Snodgrass
Derrick Choice
Felicity Reedy

City Manager - Pinkney L. Butler

Chief Financial Officer - Daniel Crawford

City Clerk - Cassandra Brager

FINANCIAL SECTION

Gollob,
Morgan,
Peddy & Co., P. C.

Cer tified Public Accountants

MICHAEL D. GOLLOB, CPA
TONY K. MORGAN, CPA
ROBERT W. PEDDY, CPA
BARBARA R. BASS, CPA
TOMMY J. CHAMBERS, CPA
LISA G. ROBINSON, CPA
SHARON C. FORSYTH, CPA
JOE WYLLIE, CPA

HARVEY W. JACKSON, CPA
KEVIN R. CASHION, CPA
JOHN W. WILLIAMS, CPA
BRENDA G. WATSON, CPA
DIANNE C. JOHNSTON, CPA
JEANNE C. LEWIS, CPA
KRISTEN L. GUSA, CPA
JENNIFER H. KIDD, CPA
PATRICIA L. KINNAIRD, CPA
JENNY D. CLARK, CPA
CYNTHIA R. HALE, CPA
MICHAEL W. STEVENS, CPA
ROBERT SHANE ROHRBACH, CPA
JAIME NICOLE KIRKLAND, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND PRIVATE COMPANIES
PRACTICE SECTION

OFC: (903) 534-0088
FAX: (903) 581-3915

3620 OLD BULLARD ROAD, SUITE 100
TYLER, TEXAS 75701

INDEPENDENT AUDITORS' REPORT

To the Honorable City Council and Audit Committee
City of Tyler, Texas

We have audited the accompanying basic financial statements of the City of Tyler, Texas as of and for the year ended September 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Tyler, Texas as of September 30, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2003 on our consideration of the City of Tyler's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 3-13 is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City of Tyler, Texas taken as a whole. The accompanying financial information listed as supplementary schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Tyler, Texas. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information contained in the statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on this data.

Certified Public Accountants

Tyler, Texas
January 31, 2003

CITY OF TYLER, TEXAS

Management's Discussion and Analysis
For Year Ended September 30, 2002
(Unaudited)

As management of the City of Tyler, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. The City implemented Governmental Accounting Standards Board Statement 34- Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments for the first time this year. As discussed in footnote 1, Statement 34 allows for certain transition treatments in regards to infrastructure.

FINANCIAL HIGHLIGHTS

- The assets of the City of Tyler exceeded its liabilities at the close of the most recent fiscal year by \$398,460,558 (Net assets). Of this amount, \$97,455,989 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$12,969,888.
- As of the close of the current fiscal year, the city of Tyler's governmental funds reported combined ending fund balances of \$23,198,491. (\$8,717,636 is unrestricted and available for use within the City's designation and policies.)
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,124,888 or 16.7% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF TYLER, TEXAS

Management's Discussion and Analysis
For Year Ended September 30, 2002
(Unaudited)

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 similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes earned but unused and compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 and administration, public safety, library, and parks and recreation. The business-type activities of the City include water and sewer, airport and sanitation operations.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories- governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

CITY OF TYLER, TEXAS

Management's Discussion and Analysis
For Year Ended September 30, 2002
(Unaudited)

However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 15 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and the Capital Projects Fund, both of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, airport and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its fleet services, risk management, technology, property and facility management, productivity and employee health and disability programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

CITY OF TYLER, TEXAS

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For Year Ended September 30, 2002
(Unaudited)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Airport, and Sanitation funds since they are considered to be major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Tyler, assets exceeded liabilities by \$398,460,558 as of September 30, 2002.

The largest portion of the City's net assets, 72%, (\$285,483,312), reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending.

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Although the City's investment in its capital assets is reported net of 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.

With the first year implementation of GASB Statement 34, the City is not presenting comparable columns in the various comparisons and analyses for the prior year.

CITY OF TYLER'S NET ASSETS

	Governmental Activities <u>2002</u>	Business-Type Activities <u>2002</u>	<u>Total</u>
Current and other assets	\$39,352,952	\$ 65,028,839	\$104,381,791
Capital Assets	223,488,053	143,148,398	366,636,451
Total Assets	262,841,005	208,177,237	471,018,242
Long-term liabilities	14,497,052	48,007,604	62,504,656
Other liabilities	6,060,573	3,992,455	10,053,028
Total Liabilities	20,557,625	52,000,059	72,557,684
Net Assets:			
Invested in capital assets, Net of related debt	191,659,914	93,823,398	285,483,312
Restricted	14,480,855	1,040,402	15,521,257
Unrestricted	36,142,611	61,313,378	97,455,989
Total Net Assets	\$242,283,380	\$156,177,178	\$398,460,558

An additional 4%, (\$15,521,257) of the City's net assets represents resources that are subject to restriction on how they may be used. The remaining balance of unrestricted net assets 24%, (\$97,455,989) may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF TYLER, TEXAS

Management's Discussion and Analysis
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As of September 30, 2002, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate categories-governmental and business-type activities.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended September 30, 2002. The City first implemented GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, in 2002, therefore comparative data is not presented. Governmental activities increased the City of Tyler's net assets by \$1,910,701, accounting for 15% of the total growth in net assets. Business-type activities increased the City's net assets by \$11,059,187, accounting for 85% of the total growth in net assets.

CITY OF TYLER'S CHANGES IN NET ASSETS

	Governmental Activities <u>2002</u>	Business-Type Activities <u>2002</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for services	\$10,279,912	\$26,534,565	\$36,814,477
Operating grants and contributions	6,530,677	-0-	6,530,677
Capital grants and contributions	4,586,916	-0-	4,586,916
General revenues:			
Property taxes	10,710,574	-0-	10,710,574
Franchise taxes	8,282,437	-0-	8,282,437
Sales taxes	25,805,742	-0-	25,805,742
Investment earnings	1,158,852	1,473,822	2,632,674
Gain on sale of assets	200,220	36,940	237,160
Total revenues	\$67,555,330	\$28,045,327	\$95,600,657

CITY OF TYLER, TEXAS

Management's Discussion and Analysis
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 (Unaudited)

CITY OF TYLER'S CHANGES IN NET ASSETS

	Governmental Activities <u>2002</u>	Business-Type Activities <u>2002</u>	<u>Total</u>
Expenses:			
General government	\$ 8,496,768	-0-	\$ 8,496,768
Public safety	25,823,437	-0-	25,823,437
Streets	5,157,064	-0-	5,157,064
Public Services	12,737,742	-0-	12,737,742
Culture and Recreation	5,862,162	-0-	5,862,162
Interest on long-term debt	575,516	-0-	575,516
Water and Sewer	-0-	15,458,795	15,458,795
Solid Waste	-0-	6,925,144	6,925,144
Airport	-0-	1,594,141	1,594,141
Total Expenses	58,652,689	23,978,080	82,630,769
Increases in net assets			
Before Transfers	8,902,641	4,067,247	12,969,888
Transfers	<6,991,940>	6,991,940	-0-
Change in net assets	1,910,701	11,059,187	12,969,888
Net assets – October 1, 2001	240,372,679	145,117,991	385,490,670
Net assets – September 30, 2002	\$242,283,380	\$156,177,178	\$398,460,558

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds – The focus of the City of Tyler's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$23,198,491. Approximately 38% of this total amount (\$8,717,636) constitutes unreserved fund balance.

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The remainder of the fund balance is reserved to indicate that is not available for new spending because it has already been committed 1) to provide for prepaid items (\$232,846), 2) to pay for debt service (\$5,297,472) and 3) to provide for capital projects and other commitments (\$8,950,537).

In the general fund, the City budgeted for a decrease in the fund balance of \$5,453,768, which was partly due to capital expenditures of \$1,417,112. This was a planned reduction of excess fund balance. Due to actual revenues being more than budgeted and actual expenses being less than budgeted, the actual fund balance decrease for fiscal year 2002 was \$829,272. Debt service fund balance increased in 2002 by \$109,694 and was primarily due to interest earnings on investments. Capital projects fund balance decreased in 2002 by \$3,667,006, down to \$6,017,199 from \$9,684,205.

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the respective proprietary funds are Water and Sewer- \$56,562,129, Airport- \$198,598 and Sanitation- \$4,656,397. All funds had a net assets increase in 2002 as follows: Water and Sewer- \$4,310,763, Airport- \$6,676,279, and Sanitation- \$175,891.

General Fund Budgetary Highlights – The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in an increase from the original budget of 3% or \$1,293,055. The majority of increase was due to projects not being completed in prior year as planned.

The City's overall budgeted revenue increased 1%, and was the result of revised revenue projections in grants, and other revenue. The City had not budgeted for an increase in sales tax revenue from the prior year collections. However, actual sales tax revenue exceeded the budgeted amount by \$868,135, which is 5.2% greater than expected.

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CAPITAL ASSETS

The City of Tyler's investment in capital assets for its governmental and business-type activities as of September 30, 2002 amounts to \$366,726,451, (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress.

Major capital asset events during the current fiscal year included the following:

- The completion of an Airport Terminal Building \$17,190,568.
- A new Library Automation System was installed for approximately \$385,864.
- Approximately \$4,264,980 in drainage projects were completed.
- Approximately \$965,337 in park improvements were completed.
- Approximately \$1,186,911 in various street projects were completed.
- \$23,196,029 has been completed on the \$53,000,000 Lake Palestine project to build pipeline and a water treatment plant.

Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental Activities <u>2002</u>	Business-type Activities <u>2002</u>	<u>Total</u>
Land	\$ 5,299,501	\$ 5,609,931	\$ 10,909,432
Buildings	16,127,433	33,223,441	49,350,874
Improvements	73,003,531	64,532,506	137,536,037
Machinery & Equipment	14,145,814	1,991,965	16,137,779
Infrastructure	108,945,799	-0-	108,945,799
Construction in Progress	5,965,975	37,790,555	43,756,530
Total	\$223,488,053	\$143,148,398	\$366,636,451

CITY OF TYLER, TEXAS

Management's Discussion and Analysis
 For Year Ended September 30, 2002
 (Unaudited)

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Tyler had a total bonded debt of \$60,520,000. Of this amount, \$11,195,000 comprises bonded debt backed by the full faith and credit of the government and \$49,325,000 represents bonds secured solely by water and sewer revenues.

Outstanding Debt at Year End Bonds and Notes Payable

	Governmental Activities <u>2002</u>	Business-type Activities <u>2002</u>	<u>Totals</u>
General Obligations	\$ 11,195,000	\$ -0-	\$ 11,195,000
Revenue Bonds Payable	-0-	49,325,000	49,325,000
Total	\$ 11,195,000	\$ 49,325,000	\$ 60,520,000

On September 15, 2002, the City issued \$14,350,000 in water and sewer system revenue bonds to be used to complete construction of the Lake Palestine Water Project.

The City's General Obligation, Water Works and Sewer system Revenue Bond ratings are listed below.

	<u>Moody's Investors Service</u>	<u>Standard & Poor's</u>
General Obligation Bonds	Aa	AA
Revenue Bonds	Aa	AA

Several of the City's Bonds are insured thus holding a Triple A credit rating from both Moody's and Standard & Poor's.

CITY OF TYLER, TEXAS

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2002-03 Budget, General fund revenues and transfers in are budgeted to increase by 4.9 % from the budget year with sales taxes making up about 41.5 % of general fund budgeted revenues and transfers in. Certified assessed valuations increased 4.5 % over the preceding year. The City has one of the lowest unemployment rates at 4.6 % as compared to the State of Texas, which is 5.8%. The City's budgets for all funds has benefited from a strong and expanding economy for the past several years, but in this coming fiscal year, the City's budget has been impacted by the slow down in economic growth. Sales tax receipts have not grown due to the slowing economy. This revenue source is the most volatile and subject to decline if the economic slowdown continues. A decrease in the amount of interest income could also be a factor during this budget year based upon the Federal Reserve's decision to lower rates.

As a result of the potential impact in revenue, the City has made a concerted effort to limit appropriations to only those items truly necessary. This includes a reduction in the amount spent by the City for capital acquisitions.

The 2002-03 budget year represents the third year with a water and sewer rate increase. An analysis on actual revenue in fiscal year 2001-02 showed that the new rates actually produced more revenues than the prior rate. Planned capital improvements make a water and sewer rate increase likely for the 2004 budget.

The 2002-03 sanitation operations are budgeted to break even. Revenue for the Sanitation Fund is budgeted to remain the same

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Chief Financial Officer at P.O. Box 2039, Tyler, Texas 75710, call (903) 531-1140, or email dcrawford@tylertexas.com.

BASIC FINANCIAL STATEMENTS

**CITY OF TYLER, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2002**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 15,266,711	\$ 17,403,172	\$ 32,669,883
Receivables (net of allowance for doubtful accounts)	7,756,892	17,363,421	25,120,313
Internal balances	(396,254)	396,254	-
Inventories	131,129	276,378	407,507
Prepaid items and deferred charges	232,846	820,969	1,053,815
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	14,232,706	16,244,445	30,477,151
Permanently restricted	1,806,298	-	1,806,298
Water rights - Lake Palestine	-	12,524,200	12,524,200
Investment in joint venture	322,624	-	322,624
Capital Assets (net of accumulated depreciation):			
Land	5,299,501	5,609,931	10,909,432
Buildings	16,127,433	33,223,441	49,350,874
Improvements, other than buildings	73,003,531	64,532,506	137,536,037
Machinery and equipment	14,145,814	1,991,965	16,137,779
Construction in progress	5,965,975	37,790,555	43,756,530
Infrastructure	108,945,799	-	108,945,799
Total Assets	262,841,005	208,177,237	471,018,242
LIABILITIES			
Accounts payable	3,169,276	1,823,863	4,993,139
Deposits and other refundable balances	126,587	257,350	383,937
Insurance claims payable	768,000	-	768,000
Accrued interest payable	65,941	178,309	244,250
Deferred revenues	530,062	-	530,062
Non-current liabilities:			
Due within one year	1,400,707	1,732,933	3,133,640
Due in more than one year	14,497,052	48,007,604	62,504,656
Total Liabilities	20,557,625	52,000,059	72,557,684
NET ASSETS			
Investment in capital assets, net of related debt	191,659,914	93,823,398	285,483,312
Restricted for:			
Debt service	5,297,472	1,040,402	6,337,874
Perpetual care	1,806,298	-	1,806,298
Capital projects	6,017,199	-	6,017,199
Grants and donations	801,231	-	801,231
Other purposes	558,655	-	558,655
Unrestricted	36,142,611	61,313,378	97,455,989
Total Net Assets	\$ 242,283,380	\$ 156,177,178	\$ 398,460,558

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

EXHIBIT 2

CITY OF TYLER, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2002

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental activities:							
General government	\$ 8,496,768	\$ 5,116,991	\$ 180,199	\$ 3,927,459	\$ 727,881	\$ -	\$ 727,881
Public safety	25,823,437	3,620,232	460,043	-	(21,743,162)	-	(21,743,162)
Highways and streets	5,157,064	113,675	-	27,541	(5,015,848)	-	(5,015,848)
Public services	12,737,742	858,344	5,837,766	132,580	(5,909,052)	-	(5,909,052)
Culture and recreation	5,862,162	570,670	52,669	499,336	(4,739,487)	-	(4,739,487)
Interest on long term debt	575,516	-	-	-	(575,516)	-	(575,516)
Total governmental activities	<u>58,652,689</u>	<u>10,279,912</u>	<u>6,530,677</u>	<u>4,586,916</u>	<u>(37,255,184)</u>	<u>-</u>	<u>(37,255,184)</u>
Business-type activities:							
Water and sewer	15,458,795	19,422,795	-	-	-	3,964,000	3,964,000
Sanitation	6,925,144	6,900,825	-	-	-	(24,319)	(24,319)
Airport	1,594,141	210,945	-	-	-	(1,383,196)	(1,383,196)
Total business-type activities	<u>23,978,080</u>	<u>26,534,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,556,485</u>	<u>2,556,485</u>
Total primary government	<u>\$ 82,630,769</u>	<u>\$ 36,814,477</u>	<u>\$ 6,530,677</u>	<u>\$ 4,586,916</u>	<u>(37,255,184)</u>	<u>2,556,485</u>	<u>(34,698,699)</u>
General revenues:							
Property taxes					10,710,574	-	10,710,574
Franchise taxes					8,282,437	-	8,282,437
Sales and use taxes					25,805,742	-	25,805,742
Unrestricted investment earnings and use of money and property					1,158,852	1,473,822	2,632,674
Gain on sale of assets					200,220	36,940	237,160
Transfers					(6,991,940)	6,991,940	-
Total general revenues and transfers					<u>39,165,885</u>	<u>8,502,702</u>	<u>47,668,587</u>
Change in net assets					1,910,701	11,059,187	12,969,888
Net assets - beginning of year					<u>240,372,679</u>	<u>145,117,991</u>	<u>385,490,670</u>
Net assets - end of year					<u>\$ 242,283,380</u>	<u>\$ 156,177,178</u>	<u>\$ 398,460,558</u>

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

CITY OF TYLER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2002

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 8,378,612	\$ 6,225,694	\$ 10,064,406	\$ 24,668,712
Investments	-	-	-	-
Receivables (net of allowance for doubtful accounts) :				
Property taxes	873,735	-	-	873,735
Other taxes	-	-	-	-
Accrued interest	-	-	-	-
Other	404,085	1,000,000	1,054,455	2,458,540
Due from other funds	849,380	-	-	849,380
Inventories	6,991	-	-	6,991
Prepaid expenses	232,846	-	-	232,846
Advances to other funds	-	-	-	-
Total assets	\$ 10,745,649	\$ 7,225,694	\$ 11,118,861	\$ 29,090,204
LIABILITIES and FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,171,678	\$ 708,495	\$ 217,141	\$ 3,097,314
Contracts payable	15,625	-	110,962	126,587
Insurance claims payable	-	-	-	-
Due to other funds	-	500,000	849,380	1,349,380
Deferred revenues	906,014	-	412,418	1,318,432
Total liabilities	3,093,317	1,208,495	1,589,901	5,891,713
Fund Balances:				
Reserved for:				
Inventory	6,991	-	-	6,991
Prepaid assets	232,846	-	-	232,846
Perpetual care	-	-	1,806,298	1,806,298
Court ordered disbursements	-	-	31,211	31,211
Debt service	-	-	5,297,472	5,297,472
Grants / Donations	-	-	801,231	801,231
Capital projects	-	6,017,199	-	6,017,199
Court security	46,130	-	-	46,130
Court technology	241,477	-	-	241,477
Total reserved fund balances	527,444	6,017,199	7,936,212	14,480,855
Unreserved fund balances				
Designated reported in:				
General Fund				
Utility rate litigation	500,000	-	-	500,000
Operating reserve	2,000,000	-	-	2,000,000
Total designated fund balances	2,500,000	-	-	2,500,000
Undesignated reported in:				
General Fund				
General Fund	4,624,888	-	-	4,624,888
Special Revenue Fund	-	-	481,422	481,422
Permanent Fund	-	-	1,111,326	1,111,326
Total undesignated fund balances	4,624,888	-	1,592,748	6,217,636
Total fund balances	7,652,332	6,017,199	9,528,960	23,198,491
Total liabilities and fund balances	\$ 10,745,649	\$ 7,225,694	\$ 11,118,861	

(continued)

CITY OF TYLER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2002

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS (Exhibit 1)

	TOTAL GOVERNMENTAL FUNDS
Total fund balances governmental funds (Exhibit 3 page 1)	<u>23,198,491</u>
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet	215,565,385
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	4,982,580
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.	(65,941)
Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. (Net of the amount allocated to business-type activities)	14,462,846
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(15,859,981)</u>
Net Assets of governmental activities	<u>\$ 242,283,380</u>

CITY OF TYLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>ELIMINATIONS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes:					
Property	\$ 9,127,166	\$ -	\$ 1,671,230	\$ -	\$ 10,798,396
Franchise	6,994,657	-	1,287,780	-	8,282,437
Sales and use	17,456,635	8,605,667	-	-	26,062,302
Licenses and permits	674,411	-	-	-	674,411
Fines, forfeitures, and penalties	3,736,417	-	24,162	-	3,760,579
Revenues from use of money or property	355,870	173,963	538,905	-	1,068,738
Charges for current services	2,635,072	-	200,737	-	2,835,809
Revenues from other agencies	699,346	1,000,000	9,670,961	-	11,370,307
Donations	-	-	207,941	-	207,941
Miscellaneous	363,016	-	7,624	-	370,640
Total revenues	<u>42,042,590</u>	<u>9,779,630</u>	<u>13,609,340</u>	<u>-</u>	<u>65,431,560</u>
EXPENDITURES					
Current:					
General government	5,919,103	-	11,359	-	5,930,462
Public safety	24,784,622	-	17,524	-	24,802,146
Public services	727,715	-	8,875,152	-	9,602,867
Highways and streets	7,696,866	-	188,658	-	7,885,524
Culture and recreation	3,477,896	-	894,130	-	4,372,026
Capital outlay	-	6,282,078	3,133,722	-	9,415,800
Debt service:					
Principal retirement	-	-	1,090,000	-	1,090,000
Interest and fiscal charges	-	-	576,021	-	576,021
Total expenditures	<u>42,606,202</u>	<u>6,282,078</u>	<u>14,786,566</u>	<u>-</u>	<u>63,674,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(563,612)</u>	<u>3,497,552</u>	<u>(1,177,226)</u>	<u>-</u>	<u>1,756,714</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	101,690	937,963	801,661	(797,696)	1,043,618
Transfers out	(377,066)	(8,102,521)	(349,893)	797,696	(8,031,784)
Sale of capital assets	9,716	-	-	-	9,716
Total other financing sources (uses)	<u>(265,660)</u>	<u>(7,164,558)</u>	<u>451,768</u>	<u>-</u>	<u>(6,978,450)</u>
Net change in fund balances	(829,272)	(3,667,006)	(725,458)	-	(5,221,736)
Fund balances - beginning of year	<u>8,481,604</u>	<u>9,684,205</u>	<u>10,254,418</u>	<u>-</u>	<u>28,420,227</u>
Fund balances - end of year	<u>\$ 7,652,332</u>	<u>\$6,017,199</u>	<u>\$ 9,528,960</u>	<u>\$ -</u>	<u>\$ 23,198,491</u>

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

EXHIBIT 5

**CITY OF TYLER, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds	\$ (5,221,736)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,296,222
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(17,987)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(323,416)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,090,000
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	667,450
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	6,541
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities, net of amount allocated to business-type activities of (\$ 103,746).	413,627
Change in net assets of governmental activities	<u>\$ 1,910,701</u>

**CITY OF TYLER, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Property tax collections	\$ 8,968,461	\$ 8,968,461	\$ 9,127,166	\$ 158,705
Franchise fees	6,093,700	6,093,700	6,994,657	900,957
Sales and use taxes	16,588,500	16,588,500	17,456,635	868,135
Licenses and permits	549,200	549,200	674,411	125,211
Fines, forfeitures, and penalties	3,114,900	3,114,900	3,736,417	621,517
Revenues from use of money or property	345,100	345,100	355,870	10,770
Charges for current services	2,769,368	2,769,368	2,635,072	(134,296)
Revenues from other agencies	449,152	693,759	699,346	5,587
Miscellaneous	64,500	64,500	363,016	298,516
Total revenues	<u>38,942,881</u>	<u>39,187,488</u>	<u>42,042,590</u>	<u>2,855,102</u>
EXPENDITURES				
GENERAL GOVERNMENT:				
General government services	3,267,550	3,267,550	3,326,862	(59,312)
City Manager	343,598	343,598	347,508	(3,910)
City Clerk	91,105	91,105	90,262	843
City Hall	288,557	288,557	300,225	(11,668)
Accounting	418,538	418,538	372,121	46,417
Legal	348,631	348,631	357,204	(8,573)
Information services	693,080	997,387	891,224	106,163
Staff services	221,714	221,714	233,697	(11,983)
Total General Government	<u>5,672,773</u>	<u>5,977,080</u>	<u>5,919,103</u>	<u>57,977</u>
POLICE	<u>15,647,991</u>	<u>15,651,085</u>	<u>15,178,620</u>	<u>472,465</u>
FIRE	<u>8,410,241</u>	<u>8,463,958</u>	<u>8,338,328</u>	<u>125,630</u>
PUBLIC SERVICES				
Engineering	2,291,617	3,054,017	2,225,251	828,766
Street administration	1,551,022	1,533,022	1,400,642	132,380
Labor pool	2,022,219	2,072,219	1,998,835	73,384
Traffic operations	2,054,509	2,054,509	2,072,138	(17,629)
Total Public Services	<u>7,919,367</u>	<u>8,713,767</u>	<u>7,696,866</u>	<u>1,016,901</u>
LIBRARIES:				
Library administration	<u>1,259,168</u>	<u>1,257,668</u>	<u>1,168,086</u>	<u>89,582</u>
Total Libraries	<u>1,259,168</u>	<u>1,257,668</u>	<u>1,168,086</u>	<u>89,582</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET AMENDED	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
EXPENDITURES (continued)				
PARKS AND RECREATION:				
Parks administration	1,294,170	1,294,170	1,464,283	(170,113)
Park maintenance	857,858	996,895	845,527	151,368
Total Parks and Recreation	<u>2,152,028</u>	<u>2,291,065</u>	<u>2,309,810</u>	<u>(18,745)</u>
PLANNING AND INSPECTION:				
Planning and zoning	195,718	195,718	196,467	(749)
Building inspection	456,525	456,525	444,305	12,220
Capital projects administration	84,527	84,527	86,943	(2,416)
Total Planning and Inspection	<u>736,770</u>	<u>736,770</u>	<u>727,715</u>	<u>9,055</u>
MUNICIPAL COURT				
	<u>1,201,321</u>	<u>1,201,321</u>	<u>1,267,674</u>	<u>(66,353)</u>
Total expenditures	<u>42,999,659</u>	<u>44,292,714</u>	<u>42,606,202</u>	<u>1,686,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,056,778)</u>	<u>(5,105,226)</u>	<u>(563,612)</u>	<u>4,541,614</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	66,200	66,200	101,690	35,490
Operating transfers out	(212,992)	(414,742)	(377,066)	37,676
Sale of property and equipment	-	-	9,716	9,716
Total other financing sources (uses)	<u>(146,792)</u>	<u>(348,542)</u>	<u>(265,660)</u>	<u>82,882</u>
Net change in fund balance	(4,203,570)	(5,453,768)	(829,272)	4,624,496
Fund Balance - October 1, 2001	-	-	8,481,604	8,481,604
FUND BALANCE - SEPTEMBER 30, 2002	<u><u>\$ (4,203,570)</u></u>	<u><u>\$ (5,453,768)</u></u>	<u><u>\$ 7,652,332</u></u>	<u><u>\$ 13,106,100</u></u>

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

CITY OF TYLER, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2002

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUNDS				
	WATER & SEWER FUND	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL ENTERPRISE FUNDS	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 13,339,965	\$ 3,831,378	\$ 230,129	\$ 17,401,472	\$ 6,567,003
Cash - demand deposits and on hand	1,700	-	-	1,700	70,000
Accounts receivable (net)	16,723,082	614,670	25,669	17,363,421	230,407
Due from other funds	-	500,000	-	500,000	-
Inventories - at average cost	276,378	-	-	276,378	124,138
Total current assets	<u>30,341,125</u>	<u>4,946,048</u>	<u>255,798</u>	<u>35,542,971</u>	<u>6,991,548</u>
Noncurrent assets:					
Restricted assets:					
Temporarily restricted					
Cash and cash equivalents	16,244,445	-	-	16,244,445	-
Total restricted assets	<u>16,244,445</u>	<u>-</u>	<u>-</u>	<u>16,244,445</u>	<u>-</u>
Deferred charges (net)	820,969	-	-	820,969	-
Water rights - Lake Palestine	12,524,200	-	-	12,524,200	-
Capital assets:					
Land	1,897,452	2,977,714	734,765	5,609,931	65,000
Buildings	25,556,945	94,704	19,567,050	45,218,699	1,157,418
Improvements other than buildings	91,047,471	213,663	11,341,680	102,602,814	280,294
Machinery and equipment	1,394,286	2,612,871	199,970	4,207,127	17,902,673
Construction in progress	37,790,555	-	-	37,790,555	-
Less accumulated depreciation	(45,666,605)	(2,046,187)	(4,567,936)	(52,280,728)	(11,160,093)
Total capital assets net of accumulated depreciation	<u>112,020,104</u>	<u>3,852,765</u>	<u>27,275,529</u>	<u>143,148,398</u>	<u>8,245,292</u>
Total noncurrent assets	<u>141,609,718</u>	<u>3,852,765</u>	<u>27,275,529</u>	<u>172,738,012</u>	<u>8,245,292</u>
Total assets	<u>\$ 171,950,843</u>	<u>\$ 8,798,813</u>	<u>\$ 27,531,327</u>	<u>\$ 208,280,983</u>	<u>\$ 15,236,840</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	\$ 1,625,042	\$ 173,380	\$ 25,441	\$ 1,823,863	\$ 71,962
Insurance claims payable	-	-	-	-	768,000
Current portion of compensated absences payable	4,733	1,989	1,211	7,933	483
Total current liabilities	<u>1,629,775</u>	<u>175,369</u>	<u>26,652</u>	<u>1,831,796</u>	<u>840,445</u>
Current liabilities payable from restricted assets:					
Revenue bonds payable	1,725,000	-	-	1,725,000	-
Accrued interest	178,309	-	-	178,309	-
Total current liabilities payable from restricted assets	<u>1,903,309</u>	<u>-</u>	<u>-</u>	<u>1,903,309</u>	<u>-</u>
Noncurrent liabilities:					
Revenue bonds payable	47,600,000	-	-	47,600,000	-
Refundable water and sewer contracts	257,350	-	-	257,350	-
Compensated absences	262,774	114,282	30,548	407,604	37,295
Total noncurrent liabilities	<u>48,120,124</u>	<u>114,282</u>	<u>30,548</u>	<u>48,264,954</u>	<u>37,295</u>
Total liabilities	<u>51,653,208</u>	<u>289,651</u>	<u>57,200</u>	<u>52,000,059</u>	<u>877,740</u>
NET ASSETS					
Invested in capital assets, net of related debt	62,695,104	3,852,765	27,275,529	93,823,398	8,245,292
Restricted for debt service	1,040,402	-	-	1,040,402	-
Unrestricted	56,562,129	4,656,397	198,598	61,417,124	6,113,808
Total net assets	<u>\$ 120,297,635</u>	<u>\$ 8,509,162</u>	<u>\$ 27,474,127</u>	<u>156,280,924</u>	<u>\$ 14,359,100</u>
Reconciliation to government-wide statements of net assets:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(103,746)	
Net assets of business-type activities				<u>\$ 156,177,178</u>	

CITY OF TYLER, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER & SEWER FUND	SANITATION FUND	MUNICIPAL AIRPORT FUND		
OPERATING REVENUES					
Water and sewer operations	\$ 19,312,294	\$ -	\$ -	\$ 19,312,294	\$ -
Trash and garbage	-	6,490,709	-	6,490,709	-
Airport sales and rentals	-	-	202,923	202,923	-
Charges for services	-	-	-	-	4,670,650
Contributions	-	-	-	-	7,642,042
Miscellaneous	110,501	410,116	8,022	528,639	555,269
Total operating revenues	<u>19,422,795</u>	<u>6,900,825</u>	<u>210,945</u>	<u>26,534,565</u>	<u>12,867,961</u>
OPERATING EXPENSES					
Water and sewer operations	12,525,344	-	-	12,525,344	-
Sanitation operations	-	6,338,470	-	6,338,470	-
Municipal Airport operations	-	-	940,447	940,447	-
Garage operations	-	-	-	-	738,105
Depreciation	2,401,597	562,116	660,338	3,624,051	1,686,939
Insurance claims	-	-	-	-	7,900,140
Administrative	-	-	-	-	876,139
Special services	-	-	-	-	779,289
Maintenance	-	-	-	-	923,076
Total operating expenses	<u>14,926,941</u>	<u>6,900,586</u>	<u>1,600,785</u>	<u>23,428,312</u>	<u>12,903,688</u>
Operating income (loss)	<u>4,495,854</u>	<u>239</u>	<u>(1,389,840)</u>	<u>3,106,253</u>	<u>(35,727)</u>
NON-OPERATING REVENUES (EXPENSES)					
Revenues from use of money and property	905,555	80,103	488,164	1,473,822	146,927
Amortization	(65,161)	-	-	(65,161)	-
Sale of property	5,415	31,525	-	36,940	208,491
Interest expense	(380,861)	-	-	(380,861)	(6,036)
Total non-operating revenues (expenses)	<u>464,948</u>	<u>111,628</u>	<u>488,164</u>	<u>1,064,740</u>	<u>349,382</u>
Income (loss) before operating transfers	<u>4,960,802</u>	<u>111,867</u>	<u>(901,676)</u>	<u>4,170,993</u>	<u>313,655</u>
Operating transfers in	-	64,024	7,971,534	8,035,558	-
Operating transfers out	(650,039)	-	(393,579)	(1,043,618)	(3,774)
Net transfers	<u>(650,039)</u>	<u>64,024</u>	<u>7,577,955</u>	<u>6,991,940</u>	<u>(3,774)</u>
Change in net assets	4,310,763	175,891	6,676,279	11,162,933	309,881
Net Assets - October 1, 2001	<u>115,986,872</u>	<u>8,333,271</u>	<u>20,797,848</u>		<u>14,049,219</u>
NET ASSETS - SEPTEMBER 30, 2002	<u>\$ 120,297,635</u>	<u>\$ 8,509,162</u>	<u>\$27,474,127</u>		<u>\$ 14,359,100</u>
Reconciliation to government-wide statements of net assets					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(103,746)	
Change in net assets of business-type activities				<u>\$ 11,059,187</u>	

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

**CITY OF TYLER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

Increase (Decrease) In Cash and Cash Equivalents

	BUSINESS-TYPE ACTIVITIES			
	ENTERPRISE FUNDS			
	WATER & SEWER FUND	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 19,252,126	\$ 6,910,815	\$ 223,074	\$ 26,386,015
Cash paid to suppliers for goods and services	(8,516,938)	(4,681,882)	(574,412)	(13,773,232)
Cash paid to employees for services	(4,079,075)	(1,618,899)	(346,890)	(6,044,864)
Insurance claims paid	-	-	-	-
Other operating revenues	182,587	-	-	182,587
Net cash provided by (used in) operating activities	<u>6,838,700</u>	<u>610,034</u>	<u>(698,228)</u>	<u>6,750,506</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers-out to other funds	-	64,024	7,971,534	8,035,558
Operating transfers-in from other funds	(650,039)	-	(393,579)	(1,043,618)
Net cash (used in) provided by non-capital financing activities	<u>(650,039)</u>	<u>64,024</u>	<u>7,577,955</u>	<u>6,991,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING				
Acquisition and construction of capital assets	(26,528,903)	(699,850)	(8,293,718)	(35,522,471)
Proceeds from sale of fixed assets	11,533	31,525	-	43,058
Payments on bonded debt	(1,600,000)	-	-	(1,600,000)
Interest paid	(202,551)	-	-	(202,551)
Principal payments on long-term debt	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(28,319,921)</u>	<u>(668,325)</u>	<u>(8,293,718)</u>	<u>(37,281,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	881,917	80,103	488,164	1,450,184
Payment received on loans to other funds	15,371	508,250	-	523,621
Payments made on loans from other funds	-	-	-	-
Net cash (used in) provided by investing activities	<u>897,288</u>	<u>588,353</u>	<u>488,164</u>	<u>1,973,805</u>
Net increase (decrease) in cash and cash equivalents	<u>(21,233,972)</u>	<u>594,086</u>	<u>(925,827)</u>	<u>(21,565,713)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>50,820,082</u>	<u>3,237,292</u>	<u>1,155,956</u>	<u>55,213,330</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 29,586,110</u>	<u>\$ 3,831,378</u>	<u>\$ 230,129</u>	<u>\$ 33,647,617</u>

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

EXHIBIT 9
page 1 of 2

GOVERNMENTAL
ACTIVITIES
INTERNAL
SERVICE
FUNDS

\$	12,652,678
	(3,480,610)
	(661,134)
	(7,314,905)
	<u>-</u>
	1,196,029
	<u>(3,774)</u>
	<u>-</u>
	<u>(3,774)</u>
	(1,346,921)
	222,519
	-
	(6,036)
	<u>(93,717)</u>
	<u>(1,224,155)</u>
	146,927
	-
	<u>(23,621)</u>
	<u>123,306</u>
	91,406
	<u>6,545,597</u>
\$	<u><u>6,637,003</u></u>

(Continued)

**CITY OF TYLER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

	BUSINESS-TYPE ACTIVITIES			
	WATER & SEWER FUND	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL ENTERPRISE FUNDS
Operating income (loss)	\$ 4,495,854	\$ 239	\$ (1,389,840)	\$ 3,106,253
Adjustments to reconcile operating income to net cash				
Provided by (used in) operating activities:				
Depreciation expense	2,401,597	562,116	660,338	3,624,051
Decrease (increase) in accounts receivable	11,918	9,990	12,129	34,037
Decrease (increase) in prepaid expenses	-	68	-	68
(Increase) decrease in inventories	(7,849)	-	-	(7,849)
Increase (decrease) in accounts payable	(7,605)	33,398	16,288	42,081
(Decrease) in claims payable	-	-	-	-
Increase (decrease) in compensated absences payable	(55,215)	4,223	2,857	(48,135)
Total adjustments	<u>2,342,846</u>	<u>609,795</u>	<u>691,612</u>	<u>3,644,253</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 6,838,700</u></u>	<u><u>\$ 610,034</u></u>	<u><u>\$ (698,228)</u></u>	<u><u>\$ 6,750,506</u></u>

Non-cash Investing, Capital and Financing Activities:

The Water & Sewer Fund issued Series 2002 revenue bonds totaling \$ 14,350,000 to fund the final construction of the Lake Palestine water treatment plant. Bond proceeds totaling \$ 14,000,000 were receivable at year-end and bond issuance costs totaling \$ 350,000 were capitalized as deferred charges.

The Municipal Airport Fund received contributed assets aggregating \$2,891,432 from the Special Revenue Funds.

GOVERNMENTAL
ACTIVITIES

INTERNAL
SERVICE
FUNDS

\$ (35,727)

1,686,940
(220,894)

-
34,278
(249,962)
(3,772)
(14,834)

1,231,756

\$ 1,196,029

EXHIBIT 10**CITY OF TYLER, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2002**

	FIREMAN'S RELIEF AND RETIREMENT FUND	SECTION 125 TRUST	LANDFILL TRUST
ASSETS			
Equity in pooled cash and investments	\$ 1,973,546	\$ 107,526	\$ 852,338
Receivables	219,870	12,361	-
Investments - at fair market value	26,765,671	-	-
Total assets	<u>28,959,087</u>	<u>119,887</u>	<u>852,338</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 28,959,087</u>	<u>\$ 119,887</u>	<u>\$ 852,338</u>

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

CITY OF TYLER, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	FIREMAN'S RELIEF AND RETIREMENT FUND	SECTION 125 TRUST	LANDFILL TRUST
ADDITIONS			
Contributions:			
Employees	\$ 600,652	\$ 120,310	\$ -
Employer	637,952	193,344	-
Other	-	3,652	400,000
Total contributions	<u>1,238,604</u>	<u>317,306</u>	<u>400,000</u>
Investment income:			
Net appreciation in fair value of investments	(1,919,283)	-	-
Interest	852,373	-	9,334
Dividends	252,838	-	-
(Loss) on sale of securities	(965,650)	-	-
Net investment income	<u>(1,779,722)</u>	<u>-</u>	<u>9,334</u>
Total additions	<u>(541,118)</u>	<u>317,306</u>	<u>409,334</u>
DEDUCTIONS			
Benefits	2,047,874	294,645	-
Administrative expenses	113,324	-	-
Total deductions	<u>2,161,198</u>	<u>294,645</u>	<u>-</u>
Change in net assets	<u>(2,702,316)</u>	<u>22,661</u>	<u>409,334</u>
Net Assets - October 1, 2001	<u>31,661,403</u>	<u>97,226</u>	<u>443,004</u>
NET ASSETS - SEPTEMBER 30, 2002	<u><u>\$ 28,959,087</u></u>	<u><u>\$ 119,887</u></u>	<u><u>\$ 852,338</u></u>

**CITY OF TYLER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Tyler, Texas (City) was incorporated January 29, 1850. The City Charter was adopted February 9, 1937. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The City complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary Funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

B. Blended Component Unit

The Tyler One-Half Cent Sales Tax Corporation, Inc. was formed in 1996, and is governed by a seven-member board of directors. Each member of the City Council and the Mayor may nominate one member. Directors are appointed for a two-year term and are removable by the City Council at any time without cause. For financial reporting purposes, the Tyler One-Half Cent Sales Tax Corporation, Inc. has been presented as a blended component unit of the City. It is reported as a Capital Projects Fund, because its purpose is to account for construction activities funded by the revenues generated by the one-half cent sales tax. The Tyler One-Half Cent Sales Tax Corporation, Inc. does not issue separate financial statements.

The City intends to use the proceeds of the one-half cent sales tax to pay for infrastructure needs, thereby removing the need for debt financing of such improvements which will result in the elimination of the current general obligation indebtedness, and would then enable the City to reduce its property tax rate.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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 revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. 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 revenues in the year for which they levied. 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund accounts for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

The government reports the following major proprietary funds:

The Water Utilities Fund is used to account for sale of water and wastewater treatment by the City to businesses and residential customers and to surrounding communities.

The Solid Waste (Sanitation) Fund accounts for residential and commercial solid waste collection, disposal services, and recycling operation by the City.

The Airport Fund is used to account for operations of the Tyler Pounds Regional Airport and the Federal Aviation Administration Tower activity.

Additionally, the government reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary funds consist of Trust funds. Trust funds are used to account for assets held by the City in a trustee capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have

the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu of taxes and other charges between the government's water utilities function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Assets, Liabilities, and Net Assets or Equity

1. Equity in Pooled Cash and Investments

Effective October 1, 1994, the City reclassified certain of its cash, investments, due to, and due from accounts into "equity in pooled cash and investments." Each fund participates on a daily transaction basis and income for all assets included in "pooled cash and investments" is allocated to individual funds based on their respective balance in "equity in pooled cash and investments."

For the purpose of the statements of cash flows for the Proprietary and Non-Expendable Trust Funds, the City considers all assets included in "Equity in Pooled Cash and Investments" to be "Cash and Cash Equivalents."

A summary of assets included in "equity in pooled cash and investments" is included in Note 4.A. All assets in "equity in pooled cash and investments" and demand deposits on hand have been considered as cash equivalents for purposes of the statement of cash flows.

Additionally, deposits and investments continue to be held separately by several of the City's funds and the Pension Trust Fund. Income on these assets is recorded in the respective fund holding the deposits and investments.

2. Investments

Accounting pronouncement Governmental Accounting Standards Board Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, generally applied to investments in external investment pools, investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities need to report the "fair value" changes for these investments at year-end and record these gains or losses on their income statement. Investments with maturities less than one year at the time of purchase are stated at cost or amortized cost. The fair value of the City's position in these investment pools is the same as the value of the pool shares.

Methods and assumptions used to estimate fair value

The City maintains investment accounting records and adjusts those records to "fair value" on an annual basis for material amounts. The City's investment custodian provides market values on each investment instrument on a monthly basis for material amounts. The investments held by the City are widely traded in the financial markets and trading values are readily available from numerous published sources. Material unrealized gains and losses are recorded on an annual basis and the carrying value of its investments is considered "fair value". For the year ended September 30, 2002, there were no material unrealized gains or losses.

TexPool

The City holds an investment in the Texas Local Government Investment Pool (TexPool). TexPool was created by the Texas Treasury Safekeeping Trust Company, which was authorized by the Texas Legislature in 1986. Only local governments having contracted to participate in TexPool have an undivided beneficial interest in its pool of assets. TexPool is not registered with the Securities and Exchange Commission as an investment company.

TexPool carries its investments at amortized cost, which approximates fair value. Investments are priced daily and compared to TexPool's carrying value. If the ratio of the fair value of the portfolio of investments to the carrying value of investments is less than .995 or greater than 1.005, TexPool will sell investment securities, as required, to maintain the ratio at a point between .995 and 1.005.

TexPool adopted the provisions of Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, effective October 1, 1997. Statement No. 31 established accounting and financial reporting standards for all investments held by governmental external investment pools. There was no impact on TexPool's financial statements upon adoption of Statement No. 31.

Other

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

The City is authorized by its governing board to invest in the obligations of the U.S. Treasury.

Investments are stated at cost or amortized cost.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible. (See Note 4.B).

The City provides an allowance for doubtful accounts based upon the anticipated collectibility of each specific account, as determined by experience.

All delinquent property taxes receivable are assets of the General Fund. Transfers to the Debt Service Fund are based on the entire current tax levy rather than amounts collected.

Property taxes are levied October 1 on the assessed value of property at January 1 and are due by January 31 of the following year. Unpaid taxes attach as an enforceable lien on property as of January 31. Revenue from taxes assessed is recorded as deferred revenue on October 1. The deferred revenue from taxes is then recognized as revenue during the year as the taxes are actually received.

The City Charter limits the City's ad valorem tax rate to \$1.75 per \$100 of assessed valuation. The tax rate for the year ended September 30, 2002, was \$. 261965 per \$100, which means that the City has a tax margin of \$1.488035 per \$100 and could raise up to \$60,295,934 additional taxes a year from the present valuation of \$4,052,051,546 before the limit is reached.

4. Inventories and Prepaid Items

Inventories of materials and supplies are accounted for using the consumption method. Under the consumption method, inventories are recorded as expenditures when they are used with significant amounts on hand reported on the balance sheet at average cost. In Governmental Funds, reported inventories do not represent available spendable resources and are, therefore, equally offset by a fund balance reserve account.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the government-wide and fund financial statements.

5. Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The Lake Palestine Construction Fund account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The Water Fund – Debt Service Fund account is used to segregate resources accumulated for debt service payments over the life of the bonds. The City also classifies other cash and cash equivalents as restricted because of the restrictions placed on the bank account by bond covenants, grant agreements and trust agreements established to govern the spending of funds for the permanent care of the City's cemeteries.

6. Due from Other Funds

Current portions of long-term interfund loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources."

7. 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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 (amount not rounded) and an estimated life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$2,584,812. Of this amount, \$1,783,494 was included as part of the cost of capital assets under construction in connection with the water treatment plant construction project.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	10 to 20
Improvements other than buildings	10 to 50
Public domain infrastructure	15 to 50
Vehicles	3 to 5
Heavy equipment	7 to 10
Office equipment	3
Computer equipment	3

8. Construction-in-Progress

Expenditures on incomplete capital projects have been capitalized as construction-in-progress. The assets resulting from these projects will be transferred from the construction-in-progress accounts to the appropriate asset account as the projects are completed.

9. Compensated Absences

Non-Civil Service Employees

Full-time, permanent, non-civil service employees earn paid time off (PTO), which may be used as vacation, sick time or personal time. The PTO is accrued in hourly increments on the first day of each month. The total amounts accrued annually depend on the number of years of service with the City. Maximums are from 18 to 24 days. All existing non-civil service employees at January 1, 1999, with accumulated vacation and sick time, were allowed to carryover accrued vacation into the PTO program at a maximum of 240 hours. The employees with accrued sick time were allowed to carryover up to 720 hours, only to be paid after 10 years of service. The employees eligible to receive accrued sick leave balance upon termination would be paid at the pay rate applicable when the PTO program was implemented. Any non-civil service employees hired after January 1, 1999 were enrolled into the PTO program and may only carryover 30 days of PTO per year. Any amount accrued above the 30 days carryover is lost as of December 31 of that year. Unused PTO up to 30 days will be paid to the employee upon termination at employee's current pay rate.

Civil Service Employees

Civil service employees are granted vacation and sick time benefits in varying amounts to specified maximums depending on tenure with the City. Civil service employees are 100% vested in both sick time and vacation time at the start of their employment.

Civil and Non-Civil Service Employees

Vested or accumulated vacation leave is recorded as an expense and a liability, as the benefits accrue to employees, in the government-wide, proprietary, and fiduciary fund financial statements. In accordance with the provisions of Governmental Accounting Standards Board Statement No.16, "Accounting For compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of cumulative sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

10. Fund Equity

Reserves of fund balance or retained earnings are used to indicate that a portion of fund equity is not available for expenditure or is legally segregated for a specific future use.

Designated fund balances represent tentative plans for future use of financial resources.

In the past, undesignated fund balance for the General Fund operating account has been reported as designated for operating reserve. This balance is intended for operating expenditures, which are not required to be accounted for in another fund.

11. Net Assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of the City's capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets. Net assets reported as restricted are those amounts which have limitations imposed on their use either through legislations adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations.

12. Deferred Bond Issue Costs

Deferred bond issue costs are amortized on the effective interest method over the remaining life of the bond.

13. 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in Governmental and Expendable Trust Funds. Encumbrances outstanding at year-end are reported as reservations of Fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2002.

In accordance with the budgetary policies of the City, encumbrance accounting is also employed by Proprietary Fund-Types for management control purposes. Encumbrances outstanding at year-end are not reported as reservations of retained earnings nor have they been included as expenses or liabilities of Proprietary Fund-Types.

15. Accounting Change

Effective October 1, 2001, the City implemented GASB Statement No. 34, "Basic Statements and Management's Discussion and Analysis for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

GASB 34 also includes certain transition treatments in regards to infrastructure. The City has elected to utilize these transition options and has capitalized its infrastructure not previously capitalized.

The government-wide financial statements split the City programs between governmental and business-type activities. The beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental activities reflects fund balance for governmental funds at October 1, 2001 adjusted for the conversion to the accrual basis of accounting and the consolidation of the internal service fund's net assets.

As a result of implementing GASB 34, the previously reported governmental fund balance reconciles to net assets of the governmental activities as of October 1, 2001 as follows:

Fund Balance, October 1, 2001, as previously reported	\$ 23,519,734
Receivables recognized, net of allowance for uncollectible	4,429,804
Net Capital Assets	106,689,070
Infrastructure, net	108,623,327
Long-term Liabilities	(17,742,185)
Accrued Interest	(72,482)
Deferred Revenue	876,192
Internal Service Fund Net Assets	<u>14,049,219</u>
Net Assets, October 1, 2001, full accrual	<u>\$240,372,679</u>

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$15,859,981 difference are as follows:

Bonds payable	\$11,195,000
Claims and judgements	195,195
Compensated absences	<u>4,469,786</u>
Net adjustment to reduce fund balance – total governmental funds	
To arrive at net assets – governmental activities	<u>\$15,859,981</u>

Another element of that reconciliation states that “Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$215,565,385 difference are as follows:

Beginning balance of capital assets, net of accumulated depreciation	\$215,312,397
Capital asset additions, net of retirements	9,383,330
Depreciation of capital assets, current year	<u>(9,130,342)</u>
	<u>\$215,565,385</u>

Another element of that reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this \$4,982,580 difference are as follows:

Deferred property tax revenues	\$ 788,370
Sales taxes receivable	4,260,351
Allowance for uncollectible property taxes receivable	<u>(66,141)</u>
	<u>\$4,982,580</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those

assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$5,296,222 difference are as follows:

Capital outlay	\$14,426,565
Depreciation expense	<u>(9,130,343)</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,296,222</u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$323,416 difference are as follows:

Change in deferred property tax revenues	\$ (87,822)
Change in sales tax receivable	(256,560)
Change in allowance for uncollectible property taxes receivable	<u>20,966</u>
	<u>\$ (323,416)</u>

NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in Council chambers at City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Charter prohibits budgeting total proposed expenditures in excess of total anticipated revenues and any unencumbered funds from prior years; therefore, expenditures may not legally exceed revenues and unencumbered fund balances from prior years for each fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds (Hotel-Motel Occupancy Tax Fund, Police Department Judgment of Forfeiture Fund, and Tyler Tourism and Convention Facility Fund), Debt Service Fund, all Enterprise Funds, all Internal Service Funds, and certain Trust and Agency Funds (Rose Hill Cemetery Fund).

Budgets for the General Fund, certain Special Revenue Funds (Hotel-Motel Occupancy Tax Fund, Police Department Judgment of Forfeiture Fund and Tyler Tourism and Convention Facility Fund) and the Debt Service Fund are adopted by the Council and presented in this report on a basis consistent with generally accepted accounting principles (GAAP). Budgeted expenditures for the General Fund's current fiscal year as adopted in the original budget and amendments thereto were \$44,707,456. Appropriations, which are not expended or encumbered at year-end, must be rebudgeted in the succeeding year.

6. Comparison of budgeted and actual amounts as shown in Exhibit 3 in the accompanying financial report include the General Fund, those Special Revenue Funds which are included in the annual operating budget (Hotel-Motel Occupancy Tax Fund, Police Department Judgment of Forfeiture Fund, and Tyler Tourism and Convention Facility Fund), the Debt Service Fund, and those Expendable Trust Funds which are included in the annual operating budget.

The budget ordinances encompassing various Federal and State programs are cumulative as opposed to annual budgets; therefore, budget and actual comparisons are not reported in the accompanying financial report for these funds.

7. Budgets for Proprietary Fund-Types are adopted on a basis consistent with GAAP (accrual basis) except that for budgetary comparisons capital outlay items are expensed, accrual for compensated absences is excluded, and principal payments on debt are treated as expenses. The budgetary comparisons for Proprietary Fund-Types are on this non-GAAP budgetary basis.

B. Expenditures Over Appropriations

Following is a summary of expenditures in excess of appropriations for individual Funds.

<u>Individual Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures In Excess of Appropriations</u>
Employee Benefits Fund	\$7,543,624	\$6,977,846	\$565,778

As of September 30, 2002, no individual Fund had a deficit fund balance or retained earnings.

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At September 30, 2002, the carrying amount of the City's bank deposits was \$1,916,568, and the bank balance was \$6,245,975. Of the bank balance, \$100,000 was covered by federal depository insurance. The remaining balance was covered by collateral held in the pledging financial institutions' trust departments in the City's name.

Statutes authorize the City to invest in obligations of the U. S. Treasury and U. S. Agencies, municipal bonds, and managed public funds investment pools. The City's investments and deferred compensation plan assets for the year-ended September 30, 2002, are shown below.

**Deposits and Investments Included in Equity in Pooled Cash
And Investments**

	<u>Carrying Value</u>	<u>Fair Value</u>
U.S. Government Securities	\$24,814,583	\$24,814,583
TexPool Funds	38,222,181	38,222,181
Cash in bank	<u>1,916,568</u>	<u>1,916,568</u>
Total	<u>\$64,953,332</u>	<u>\$64,953,332</u>

The City's investments are categorized as either:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

Uncategorized – The City’s investments in TexPool are managed public funds investment pools and are not categorized because such investments are not evidenced by securities that exist in physical or book entry form. The fair value of the City’s position in these investment pools is the same as the carrying value.

Investments	Category			Uncategorized	Carrying Amount	Fair Value
	1	2	3			
TexPool				\$38,222,181	\$38,222,181	\$38,222,181
U.S. Government Securities		\$24,814,583			\$24,814,583	\$24,814,583

The fair value of the U.S. Government Securities was \$24,814,583 as of September 30, 2002.

B. Receivables

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

Receivables:	General and Internal Service Fund	Water Utilities Fund	Solid Waste Fund	Airport Fund	Nonmajor and Other Funds	Total
Taxes	\$ 873,735	\$ -	\$ -	\$ -	\$ -	\$ 873,735
Miscellaneous	20,784	-	-	-	-	20,784
Grants	67,864	-	-	-	2,054,455	2,122,319
Bond proceeds	-	14,000,000	-	-	-	14,000,000
Interest	-	23,637	-	-	-	23,637
Sales tax	4,260,351	-	-	-	-	4,260,351
Accounts	545,844	2,719,128	637,821	25,669	-	3,928,462
Gross receivables	5,768,578	16,742,765	637,821	25,669	2,054,455	25,229,288
Less: Allowance for Uncollectibles	66,141	19,683	23,151	-	-	108,975
Net total receivables	\$5,702,437	\$16,723,082	\$614,670	\$25,669	\$2,054,455	\$25,120,313

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Deferred grant revenues	<u>Unavailable</u>
Deferred property taxes receivable (general fund)	\$530,062
Total deferred revenue for Governmental funds	788,370
	<u>\$1,318,432</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2002 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,299,501	\$ -	\$ -	\$ 5,299,501
Construction in progress	4,469,357	6,521,866	(5,025,248)	5,965,975
Total capital assets, not being depreciated	9,768,858	6,521,866	(5,025,248)	11,265,476

Capital assets, being depreciated:				
Buildings	23,703,717	190,621	-	23,894,338
Improvements, other than buildings	78,204,595	1,036,044	-	79,240,639
Machinery and equipment	29,963,428	2,608,963	(1,422,051)	31,150,339
Infrastructure	208,532,640	5,486,744	-	214,019,384
Total capital assets being depreciated	<u>340,404,380</u>	<u>9,322,372</u>	<u>(1,422,051)</u>	<u>348,304,700</u>
Less accumulated depreciation for:				
Buildings	(7,230,268)	(536,637)	-	(7,766,905)
Improvements other than buildings	(3,765,577)	(2,471,531)	-	(6,237,108)
Machinery and equipment	(15,621,166)	(2,644,841)	1,261,482	(17,004,525)
Infrastructure	(99,909,313)	(5,164,272)	-	(105,073,585)
Total accumulated depreciation	<u>(126,526,324)</u>	<u>(10,817,281)</u>	<u>1,261,482</u>	<u>(136,082,123)</u>
Total capital assets, being depreciated, net	<u>213,878,056</u>	<u>(1,494,910)</u>	<u>(160,569)</u>	<u>212,222,577</u>
Governmental activities capital assets, net	<u>\$ 223,646,914</u>	<u>\$ 5,026,956</u>	<u>\$ (5,185,817)</u>	<u>\$ 223,488,053</u>

Business-Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 5,440,739	\$ 169,192	\$ -	\$ 5,609,931
Construction in progress	<u>20,836,474</u>	<u>34,144,649</u>	<u>(17,190,568)</u>	<u>37,790,555</u>
Total capital assets, not being depreciated	26,277,213	34,313,841	(17,190,568)	43,400,486
Capital assets, being depreciated:				
Buildings	28,024,682	17,194,017	-	45,218,699
Improvements, other than buildings	98,986,430	3,616,386	-	102,602,816
Machinery and equipment	<u>3,769,557</u>	<u>708,560</u>	<u>(270,991)</u>	<u>4,207,126</u>
Total capital assets being depreciated	130,780,669	21,518,963	(270,991)	152,028,641
Less accumulated depreciation for:				
Buildings	(11,073,412)	(921,846)	-	(11,995,258)
Improvements other than buildings	(35,901,096)	(2,169,214)	-	(38,070,310)
Machinery and equipment	<u>(1,947,043)</u>	<u>(532,991)</u>	<u>264,873</u>	<u>(2,215,161)</u>
Total accumulated depreciation	(48,921,551)	(3,624,051)	264,873	(52,280,729)
Total capital assets, being depreciated, net	<u>81,859,118</u>	<u>17,894,912</u>	<u>(6,118)</u>	<u>99,747,912</u>
Business-type activities capital assets, net	<u>\$ 108,136,331</u>	<u>\$ 52,208,753</u>	<u>\$ (17,196,686)</u>	<u>\$ 143,148,398</u>

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

Governmental activities:	
General government	\$ 112,194
Public safety	670,148
Highways and streets, including depreciation of general infrastructure assets	6,858,137
Culture and recreations	1,489,863
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,686,939</u>
Total depreciation expense - governmental activities	<u>\$ 10,817,281</u>
Business-type activities:	
Water	2,401,597
Airport	660,338
Solid Waste	<u>562,116</u>
Total depreciation expense - business-type activities	<u>\$ 3,624,051</u>

Construction commitments

The government has active construction projects as of September 30, 2002. The projects include street construction and expansion and the construction of additional water treatment plant facilities. At year-end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Estimated Remaining Commitment</u>
Police station expansion	\$ 253,799	\$ 3,746,201
Road expansion	3,460,841	2,459,159
Other projects	2,251,334	2,251,334
Water treatment plant	<u>37,790,556</u>	<u>22,209,444</u>
Total	<u>\$43,756,530</u>	<u>\$30,666,138</u>

The commitment for the water treatment plant is being financed by revenue bonds secured by water and sewer revenues. The projects for public purposes are either funded from existing resources held in the general fund or by resources held in the capital projects fund.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2002, is as follows:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Solid Waste Fund	Capital Projects	\$ 500,000
Internal Service Fund	Water Fund	<u>(103,746)</u>
		<u>\$ 396,254</u>

Interfund transfers:

	<u>Transfers In</u>						<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Water Utilities Fund</u>	<u>Solid Waste Fund</u>	<u>Airport Fund</u>	
Transfers out:							
General fund	\$ -	\$143,950	\$233,116	\$ -	\$ -	\$ -	\$ 377,066
Capital projects fund	31,200	-	39,537	-	64,024	7,967,760	8,102,521
Nonmajor governmental funds	48,987	-	293,886	-	-	-	342,873
Water utilities fund	-	650,039	-	7,305,120	-	3,774	7,958,933
Airport fund	-	<u>143,974</u>	<u>249,606</u>	-	-	-	<u>393,580</u>
Total transfers out/in	<u>\$80,187</u>	<u>\$937,963</u>	<u>\$816,145</u>	<u>\$7,305,120</u>	<u>\$64,024</u>	<u>\$7,971,534</u>	<u>\$17,174,973</u>

E. Leases

Operating Leases

The City operates under numerous lease agreements classified as operating leases. The leases are annual renewal and include leases for: copy machines, ice machines, uniforms, door mats, navigation equipment, portable

sanitation, pagers and postage meters. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2002 were \$530,890.

Capital Leases

Computer Equipment Lease Purchase Agreement:

The City entered into a lease-purchase agreement effective April 14, 1998 that is being accounted for as a capital lease. The leased assets total \$640,288 and along with the related obligations are accounted for in the Technology Fund. The lease purchase agreement was paid in full during the year ended September 30, 2001.

During the year ending September 30, 2002, the City elected to forgo the bargain purchase agreement at the end of the lease term and extended the lease an additional year. Expenditures made during the year totaling \$514,173 were classified as operating lease expenditures.

F. Long-term debt

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount issued in prior years was \$18,899,000. During the year the City issued no additional general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Issue	Purpose	Interest Rates	Amount
Series 1992	Governmental infrastructure	5.90 to 8.75%	\$ 300,000
Series 1994	Governmental infrastructure	4.20 to 7.00%	3,160,000
Series 1997	Refunding	3.85 to 4.90%	<u>7,735,000</u>

Total outstanding general obligation bonds at September 30, 2002 \$11,195,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 1,135,000	\$ 523,228
2004	1,175,000	468,490
2005	1,270,000	415,615
2006	1,330,000	357,196
2007	1,380,000	295,020
2008-2012	<u>4,905,000</u>	<u>503,373</u>
Total	<u>\$11,195,000</u>	<u>\$2,562,922</u>

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The revenue bonds issued by the City in prior years were to fund construction projects to improve or expand the water system and to refund prior issuances. Income derived from the sale of water will be used to service the debt requirements. The original amount issued in prior years was \$39,615,000.

During the year, \$14,350,000 of revenue bonds were issued to finance the final construction costs of the Lake Palestine water treatment plant project. These bonds were sold in September 2002; however, the City did not receive funding from the issue until October 2002.

Revenue bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 1999	Refunding	4.20 to 4.40%	\$ 1,180,000
Series 2000	Lake Palestine water treatment plant	5.00 to 5.70%	33,795,000
Series 2002	Lake Palestine water treatment plant	2.00 to 4.75%	<u>14,350,000</u>
Total outstanding revenue bonds			<u>\$49,325,000</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 1,725,000	\$ 2,478,144
2004	900,000	2,757,074
2005	940,000	2,731,824
2006	975,000	2,699,874
2007	1,015,000	2,662,299
2008-2012	5,850,000	12,739,920
2013-2017	7,355,000	11,599,587
2018-2022	9,385,000	10,076,999
2023-2027	12,170,000	7,986,713
2028-2030	<u>9,010,000</u>	<u>3,516,740</u>
Total	<u>\$49,325,000</u>	<u>\$59,249,174</u>

Revenue Bond Requirements - Required Prior Lien Reserves

The ordinance authorizing the issuance of the 1983 Water and Sewer Prior Lien Revenue Bonds, as amended by the ordinance issuing the 1989-B Revenue Refunding Bonds and later amended by the ordinance issuing the 1999 Revenue Refunding Bonds, also created Debt Service and Reserve Funds and pledged the net revenues of the waterworks and sanitary sewer system in excess of the requirements of the 1982 bonds to the payment of the 1983 bonds. The Reserve Fund established by this ordinance requires that a balance equal to the average annual debt service requirements of the outstanding bonds be maintained. The issuance of the Series 2000 Revenue Bonds amended the reserve requirements mentioned above. As of September 30, 2002, the amended reserve requirement of \$2,545,789 has been satisfied through a reserve insurance policy and a surety bond taken out by the City. The reserve insurance policy would pay the annual debt service requirements in the event the City could not meet its debt service obligations, thus eliminating the need for the Debt Reserve Fund.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2002, was as follows:

	<u>Beginning</u> <u>Balance</u> <u>10/1/01</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u> <u>9/30/02</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds payable	\$12,285,000	\$ -	\$1,090,000	\$11,195,000	\$1,135,000
Claims and judgements	319,949	-	124,754	195,195	195,195
Compensated absences	<u>5,137,236</u>	<u>37,778</u>	<u>667,450</u>	<u>4,507,564</u>	<u>70,512</u>
Governmental Activity Long-Term Liabilities	<u>\$17,742,185</u>	<u>\$37,778</u>	<u>\$1,882,204</u>	<u>\$15,897,759</u>	<u>\$1,400,707</u>

Business-type Activities:					
Revenue bonds payable	\$36,575,000	\$14,350,000	\$1,600,000	\$49,325,000	\$1,725,000
Compensated absences	<u>516,286</u>	<u>7,195</u>	<u>107,944</u>	<u>415,537</u>	<u>7,933</u>
Business-type Activity					
Long-Term Liabilities	<u>\$37,091,286</u>	<u>\$14,357,195</u>	<u>\$1,707,944</u>	<u>\$49,740,537</u>	<u>\$1,732,933</u>

Defeased Bonds Outstanding

In prior years the City defeased certain bonds by placing the proceeds of other bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2002, \$10,735,000 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Water and Sewer System Revenue Bonds, Series 1983	1989	\$1,625,000
General Obligation Bonds, Series 1990	1997	2,525,000
General Obligation Bonds, Series 1991	1997	2,300,000
General Obligation Bonds, Series 1992	1997	2,685,000
Water and Sewer System Refunding Bonds, Series 1989	1999	<u>1,600,000</u>
		<u>\$10,735,000</u>

NOTE 5: OTHER INFORMATION

A. Risk management

Property and Liability Plans

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. A comprehensive Self-Insurance plan for property and casualty, airport liability, and general liability coverage has been established. Third-party administrators handle property and casualty claims review and processing. The administrators also coordinate excess coverage claims with insurance companies that provide individual stop-loss for property claims at \$25,000, aggregate stop-loss at \$975,000, and individual stop-loss for liability claims at \$50,000 with an aggregate stop-loss at \$3,000,000, and individual stop-loss and an aggregate stop-loss on airport liability claims of \$5,000,000. All claims and maximums are calculated for a plan year ending each September 30. The amount of settlements has not exceeded insurance coverage for the last three fiscal years.

Worker's Compensation Plan

The City is exposed to risk of loss due to injuries incurred by employees while performing work-related duties. The City has established and maintains a comprehensive self-insurance worker's compensation plan. Third party administrators also co-ordinate excess coverage claims with insurance companies that provide individual stop-loss for worker's compensation claims at \$300,000 and aggregate protection at \$1,000,000. The City tracks worker's compensation premiums and claim payments in the Employee Benefits Fund.

Health, Dental, and Life Plans

The City implemented a self-insured health plan for employees, their dependents and retirees under the age of 65. The employees can choose between a traditional health plan or a PPO-type plan. The employee pays a portion of the insurance premiums and the City pays the remainder. The City maintains an Employee Benefit Fund to track premiums and claim payments. The City has retained an insurance policy for specific and aggregate stop-loss coverage. There is an individual stop-loss of \$100,000 per illness. A Medicare Risk Plan is also in place for retirees and dependents over the age of 65. Health claims and payments are administered by a third-party administrator.

The Dental Plan is also self-insured with a portion of the premiums paid by employees and retirees. Employees and retirees may elect to provide dental coverage for their dependents and are required to pay a portion of these premiums as well. Dental Plan claims are administered by a third-party administrator.

The City's Employee Benefit Fund pays the premium on an insured life insurance plan for which coverage amounts are: \$10,000 for participants under 70 years of age and \$5,000 for participants over 70 years of age. Active employees may insure dependents or take additional or optional life insurance by paying the additional coverage premiums.

Other Self-Insurance Plans

In addition, the City met self-insurance requirements as promulgated by the Environmental Protection Agency, through the Texas Water Commission, for potential third-party claims.

Estimated liabilities for claims incurred but not reported at year-end have been recorded in the Self-Insurance Funds and a reconciliation of changes in claims liabilities is included in the note on contingent liabilities.

B. Subsequent events

In June 2000, the City entered into an agreement with TXU (now OnCor) to not join a pending lawsuit filed against TXU for outstanding franchise payments to other cities. In return TXU would then give the City the same settlement as the other cities in the lawsuit. The case was finally settled and the settlement due to the City is \$80,804. The City requires three public hearings be held before final approval of settlements and the third hearing and vote was taken and approved on October 9, 2002.

C. Contingent liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. 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 government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's management and collective legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government. City management and the collective legal counsel have determined that estimated liability for outstanding lawsuit contingencies at September 30, 2002, was \$195,195. See note 4, G. for a reconciliation of changes in claims and judgements.

The City's self-insurance program is described in Note 5, A.. A reconciliation of the changes in the estimated liabilities for claims for the year ended September 30, 2002 and 2001, is presented below:

<u>Fund</u>	Insurance Claims Payable At 9-30-01	Current Year Claims and Changes In Estimates	Actual Claim Payments	Insurance Claims Payable At 9-30-02
Employees Benefits Fund	\$771,772	\$7,064,254	\$7,068,026	\$ 768,000

D. Joint venture

The Smith County Public Health District was established by a cooperative agreement between the City and Smith County, Texas pursuant to authority granted by the Texas Health & Safety Code for the purpose of providing public health services previously provided by the participating entities. The District is considered a joint venture between the City and County with each retaining an equity interest based upon the percentage each contributed to the budget.

The District was formed effective October 1, 1993 for what was considered a transition year. During this transition year all activity of the District was accounted for by the City or Smith County depending upon the services they provided and was, accordingly, reported on their respective financial statements. The year ended September 30, 2002 is the seventh year of operation of the District as a separate entity from the City and County.

For the year ended September 30, 2002, the City budgeted funding of \$650,000 for the Health District and \$275,000 for Animal/Vector Control contractual services to be provided by the District. The City's equity interest in the Health

District was \$322,624 at September 30, 2002. Financial statements for the Health District may be obtained at the entity's administrative offices.

E. Other post-employment benefits

In addition to providing pension benefits, the City Council adopted a policy whereby the City provides healthcare and life insurance benefits. Benefits are provided to all fire fighters who retire on or after age 55 with at least 20 years of service and to all other employees who retire on or after age 60 with at least 10 years of service or who have at least 20 years of service, regardless of age.

Retirees and their dependents, non-Medicare eligible, will continue with the same health and dental insurance coverage as active employees and their dependents. Retirees are provided only \$5,000 group life insurance and are not allowed to purchase additional life insurance.

Retirees and their spouses who become Medicare-eligible and have been continuously covered under the City's health insurance plan may elect to participate in the City's prescription drug card plan and the Medicare Supplement insurance plan. Dental insurance coverage will continue as in prior years as will the retirees \$5,000 live insurance coverage.

Due to the fact that non-Medicare eligible retirees are included in the same plan as active employees, it is not economically efficient to separate the costs applicable to retirees. The cost breakdown below will include active employee costs for health and dental insurance in addition to the retirees costs.

	Number of Retirees <u>Participating</u>	Cost of Benefits <u>For YE 9-30-02</u>
Retirees – Life Insurance	247	\$3,419
Not Medicare Eligible – Health Employees, Retirees, and Dependents	771	\$5,617,629
Medicare Eligible – Health Retiree and Spouse	217	\$362,375
Dental Insurance Employees, Retirees, and Dependents	943	\$358,255
Retirees – Drug Card	114	\$140,305

F. Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are not a part of the City's financial statements because a third party administrator holds these plan assets in trust.

The market value and carrying value of deferred compensation plan assets is \$6,131,820 for September 30, 2002.

G. Pension Plans

1. Texas Municipal Retirement System Plan

TMRS Plan Description:

The City provides pension benefits for all of its full-time employees with the exception of firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 758 administered by TMRS, an agent multiple-employer public employee retirement system. Firefighters are covered by a separate pension plan (see Note G.2 below); therefore, they are not included in the Texas Municipal Retirement System Plan. All assumptions for valuations at December 31, 2001 are contained in the 2001

TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, TX 78714-9153.

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%, 150%, or 200%) 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.

Members can retire at ages 60 and above with 10 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions Required and Contributions Made:

The contribution rate for the employees is 7%, and the City's matching percent is currently 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contribution rate is annually determined by the actuary. 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 retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period.

When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January 1999. The unit credit actuarial cost method is used for determining the City contribution rate. Contributions are made monthly by both the employees and the City.

Since the City needs to know its contribution rate in advance to budget for it, there is a one-year lag 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, 2001 valuation is effective for rates beginning January 2003).

The City's contributions were based on an annual covered payroll of \$20,286,895. For the 2002 fiscal year, total contributions of \$2,470,876 were required and were paid into the Fund. There were no related-party transactions. The City's current membership in TMRS is comprised of the following:

<u>Group</u>	<u>December 31, 2001</u>
Number of Annuitants	260
Number of Members	777
Number of Contributing Members	579

Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Contribution as a Percentage of Payroll	Net Pension Obligation
09/30/02	\$ 2,470,876	100%	12.52%	\$ 0
09/30/01	\$ 2,184,047	100%	11.56%	\$ 0
09/30/00	\$ 2,102,105	100%	11.27%	\$ 0

Additional supplementary three-year trend information can be found at Schedule A-1.

2. Tyler Firefighter's Relief and Retirement Fund**Plan Description:**

The Board of Trustees of the Tyler Firefighter's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Tyler Firefighter's Relief and Retirement Fund is considered part of the City's financial reporting entity and is included in the City's financial reports as a Pension Trust Fund.

Firefighters in the Tyler Fire Department are covered by the Tyler Firefighter's Relief and Retirement Fund. The table below summarizes the membership of the Fund at December 31, 2001:

<u>Group</u>	<u>December 31, 2001</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	75
Current employees:	
Fully vested	34
Nonvested	<u>93</u>
Total	202

The Tyler Firefighter's Relief and Retirement Fund provides service retirement, death, disability, and withdrawal benefits. These benefits vest after 20 years of credited service. Employees may retire at age 50 with 25 years of service or with 30 years of service regardless of age.

The plan effective November 1, 2000, provides a monthly normal service retirement benefit, payable in a Joint and 100% to Spouse form of annuity, equal to 71.5% of Highest 60-month Average Salary plus an additional \$113.00 per year of service for service in excess of 20 years.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided for, ad hoc postretirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

Contributions Required and Contributions Made

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability, and the

number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method.

The costs of administering the plan are financed from the trust.

The funding policy of the Tyler Firefighter's Relief and Retirement Fund requires contributions equal to 11% of pay by the firefighters and 11.5% of payroll by the City of Tyler.

Annual Pension Cost:

For the fiscal year ending September 30, 2002, the City of Tyler, Texas' annual pension cost of \$637,952 for the Tyler Firefighter's Relief and Retirement Fund was equal to the City's required and actual contributions. While the required contributions were not actuarially determined but were a fixed 11.5% of salary, the plan of benefits which was most recently amended effective as of November 1, 2000 has been approved by the Board's actuary as having an adequate financing arrangement. The required contributions were reflected in the December 31, 2001 actuarial valuation, which satisfied the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

The entry age actuarial cost method was used, with the normal cost calculated as a level percentage of payroll. The actuarial value of assets was determined based on the market value with equities smoothed based on a five-year smoothed fair market value of assets. The actuarial assumptions included an investment return assumption of 8% per year (net of administrative expenses), projected salary increases averaging 5.7% per year, and no postretirement cost-of-living adjustments. An inflation assumption of 4.0% per year is included in the investment return and salary increase assumptions. The unfunded actuarial accrued liability (UAAL) is amortized with the excess of the total contribution rate over the normal cost rate. The number of years needed to amortize the UAAL is determined using an open, level percentage of payroll method, assuming that the payroll will increase 4.0% per year, and was 33 years as of December 31, 2001. Actuarial valuation based on the plan provisions effective November 1, 2000.

Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Contribution as a Percentage of Payroll	Net Pension Obligation
09/30/02	\$637,952	100%	11.50%	\$ 0
09/30/01	\$626,719	100%	11.50%	\$ 0
09/30/00	\$607,385	100%	11.50%	\$ 0

For the 2002 fiscal year, total contributions of \$1,238,604 were required and were paid into the Fund. Total contributions made for the 2001 and 2000 fiscal year were \$1,228,861 and \$1,190,950, respectively.

**Supplementary Trend Information:
Schedule of Employer Contributions:**

Plan Year Ended December 31	Annual Contribution As a Fixed Percentage of Payroll	Annual Required Contribution ¹	Percentage Contributed
1997 ²	11.5%	\$643,209	100%
1998	11.5%	\$545,438	100%
1999	11.5%	\$592,260	100%
2000	11.5%	\$615,943	100%
2001	11.5%	\$634,385	100%
2002	11.5%	\$639,041	100%

¹ The annual required contribution is based on actual covered payroll as reported in the Fund's annual report to the State of Texas Firefighter's Pension Commission.

² The 1997 Plan Year is from October 1, 1996 through December 31, 1997.

Additional supplementary three-year trend information can be found at Schedule A-2.

H. Commitments

The City has several on-going construction projects as of September 30, 2002. Most of these are accounted for within the City's Capital Projects Tax Fund. The more significant of the City's projects under construction at September 30, 2002 are as follows:

Lake Palestine Project – This project, anticipated to cost approximately \$60,000,000, will enable the City to transport water from Lake Palestine and process it at a new treatment plant. Upon completion, the City anticipates being able to satisfy its water needs for the next 20 years.

Grande Blvd Expansion – The City has committed to the extension of Grande Boulevard. This major road construction will connect Grande Boulevard from South Broadway over to Hwy 110S. This extension will facilitate traffic in the heavy growth area of the City.

Police Station Expansion – The City has approved a \$4 million dollar expansion and renovation of the main police station on Ferguson Street.

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2002 are as follows:

Greenwood Landfill TX, L.P. – The City set up a trust fund to ensure the eventual closure and post-closure expenditure requirements. The trust fund will be 100% funded by Greenwood Landfill TX, L.P.. Greenwood will initially fund the trust at the annual rate of \$400,000 for 5 years. At this point, the funding will be re-evaluated to determine future needs. The trust is set up as an expendable trust with expenditures restricted to closure and post-closure costs. Liability for closure and post-closure costs are the responsibility of Greenwood and will be calculated annually under requirements established by TNRCC.

Texas Department of Transportation – Loop 49 – The City has an agreement with the Texas Department of Transportation to pay \$2,170,000 over the next three years for construction and right-of-way costs.

Walnut Grove Water Supply Corporation – The City has an agreement with Walnut Grove Water Supply Corporation (WGWSC) to provide a supplemental source of water supply. The amount to be provided is estimated to be 50% of the annual supply by WGWSC. The parties have established a minimum take or pay volume for each month and a surcharge to water taken above maximum day volume.

911 Network of East Texas and Smith County – The City entered into an interlocal agreement with the 911 Network of East Texas and Smith County to consolidate the emergency communications centers of the City and the County into one location. The goal of the agreement is to enhance the emergency response efforts of the City and the County for the public welfare of the citizens of Smith County and for their individual and collective public safety. Construction has begun on this new facility.

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) d=(b-a)	Funded Ratio c=(a/b)	Annual Covered Payroll (e)	UAAL as a Percentage of covered payroll ((b-a)/e)
12/31/1999	\$ 38,299,896	\$ 50,277,889	\$ 11,977,993	76.2%	\$ 17,995,832	66.6%
12/31/2000	41,476,697	55,250,165	13,773,468	75.1%	17,992,751	76.6%
12/31/2001	44,887,612	60,542,339	15,654,727	74.1%	18,825,026	83.2%

**CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
TYLER FIREFIGHTER'S RELIEF AND RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date (3)	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded (Overfunded) AAL (UAAL) (b - a) (1)	Funded Ratio (a/b)	Annual Covered Payroll C	UAAL as a Percentage of covered Payroll ((b-a)/C)
12/31/1997 (2)	\$ 26,142,708	\$ 28,606,574	\$ 2,463,866	91.4%	\$ 4,749,449	51.9%
12/31/1999	33,665,709	35,083,170	1,417,461	96.0%	5,096,747	27.8%
12/31/2001	38,040,060	39,820,577	1,780,517	95.5%	5,641,878	31.6%

Note 1 The covered payroll is based on estimated annualized salaries used in the valuation.

Note 2 Based on the Plan Effective as of November 1, 1998.

Note 3 Actuarial valuations are done every other year: therefore, actuarial information will be the same for two years

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The Police Department Judgment of Forfeiture Fund was established to account for the receipt and disbursement of funds seized by the Police Department and subsequently awarded to the City through court-ordered judgments, primarily cases involving illegal drugs.

The Hotel-Motel Occupancy Tax Fund was established to account for the receipt and disbursement of funds generated by the Hotel-Motel Occupancy Tax.

The Donations Fund was established to account for the receipt and disbursement of funds for specified miscellaneous projects. These are small projects budgeted in other City funds which were incomplete at year-end.

The Tyler Tourism and Convention Facility Fund was established to account for the operations of the Harvey Convention Center.

The Retained H.U.D. Administration Fee Fund was established to account for the receipt and disbursement of overhead allowances in excess of actual costs in the Section 8 Grant Program.

The Community Development Fund was established to account for the receipt and disbursement of Department of Housing and Urban Development - Community Development Block Grant Funds.

The Community Block Development Grant Fund (CBDG) was established to account for the receipt and disbursement of CDBG grant monies allocated to the City.

The Housing Assistance Payment Fund was established to account for the receipt and disbursement of Department of Housing and Urban Development - Housing Assistance Payments Program Funds.

The State and Federal Grant Fund was created to account for the receipt and disbursement of Federal and State Grants for which no separate fund has been established. These are generally fairly small grants which are expended fairly quickly.

The Transit Grant Fund was established to account for the receipt and disbursement of Federal and State Grant Funds received for the operation of the City's Transit System.

The Payroll Fund is a clearing account for the City's payroll. This Fund disburses payroll and is reimbursed by the other City funds.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general long-term debt principal, interest, and related costs of all the City's general long-term debt.

PERMANENT FUNDS

Rose Hill Cemetery Fund - This fund was established to provide perpetual care and maintenance to the Rose Hill Cemetery. It is funded by a portion of the lot sales.

Oakwood Cemetery Fund – This fund was established to provide perpetual care and maintenance to the Oakwood Cemetery.

Westview Cemetery Fund – This fund was established to provide perpetual care and maintenance to the Westview Cemetery.

Parks Fund – This fund was established to provide maintenance to City parks.

CITY OF TYLER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2002

	SPECIAL REVENUE FUNDS					
	POLICE JUDGMENT OF FORFEITURE FUND	HOTEL-MOTEL OCCUPANCY TAX FUND	DONATIONS FUND	TYLER TOURISM AND CONVENTION FACILITY FUND	RETAINED H.U.D. ADMIN. FUND	COMMUNITY DEVELOPMENT FUND
ASSETS						
Equity in pooled cash and investments	\$ 104,374	\$ 305,962	\$ 177,922	\$ 232,700	\$ 595,208	\$ 4,924
Accounts and grants receivable	-	-	-	-	-	30,129
Total assets	<u>\$ 104,374</u>	<u>\$ 305,962</u>	<u>\$ 177,922</u>	<u>\$ 232,700</u>	<u>\$ 595,208</u>	<u>\$ 35,053</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 19,441	\$ -	\$ 3,947
Deposits and other refundable balances	73,163	-	-	37,799	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	3,005
Total liabilities	<u>73,163</u>	<u>-</u>	<u>-</u>	<u>57,240</u>	<u>-</u>	<u>6,952</u>
Fund balances:						
Reserved for:						
Debt service	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-
Court ordered disbursements	31,211	-	-	-	-	-
Grants / donations	-	-	177,922	-	595,208	28,101
Total reserved fund balances	<u>31,211</u>	<u>-</u>	<u>177,922</u>	<u>-</u>	<u>595,208</u>	<u>28,101</u>
Unreserved fund balances:						
Undesignated, reported in:						
Permanent funds	-	-	-	-	-	-
Special revenue funds	-	305,962	-	175,460	-	-
Total unreserved undesignated fund balances	<u>-</u>	<u>305,962</u>	<u>-</u>	<u>175,460</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>31,211</u>	<u>305,962</u>	<u>177,922</u>	<u>175,460</u>	<u>595,208</u>	<u>28,101</u>
Total liabilities and fund balances	<u>\$ 104,374</u>	<u>\$ 305,962</u>	<u>\$ 177,922</u>	<u>\$ 232,700</u>	<u>\$ 595,208</u>	<u>\$ 35,053</u>

CITY OF TYLER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2002

	SPECIAL REVENUE FUNDS (continued)						
	COMMUNITY BLOCK DEVELOPMENT GRANT	HOUSING ASSISTANCE PAYMENT FUND	STATE AND FEDERAL GRANT FUND	TRANSIT GRANT FUND	PAYROLL FUND	TOTAL	DEBT SERVICE FUND
ASSETS							
Equity in pooled cash and investments	\$ -	\$ 423,747	\$ -	\$ -	\$ 41	1,844,878	\$ 5,297,472
Accounts and grants receivable	330,170	-	258,590	435,566	-	1,054,455	-
Total assets	<u>\$ 330,170</u>	<u>\$ 423,747</u>	<u>\$ 258,590</u>	<u>\$ 435,566</u>	<u>\$ 41</u>	<u>\$ 2,899,333</u>	<u>\$ 5,297,472</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 125,880	\$ 16,460	\$ 3,110	\$ 43,830	\$ 41	\$ 212,709	\$ -
Deposits and other refundable balances	-	-	-	-	-	110,962	-
Due to other funds	202,553	-	255,091	391,736	-	849,380	-
Deferred revenue	1,737	407,287	389	-	-	412,418	-
Total liabilities	<u>330,170</u>	<u>423,747</u>	<u>258,590</u>	<u>435,566</u>	<u>41</u>	<u>1,585,469</u>	<u>-</u>
Fund balances:							
Reserved for:							
Debt service	-	-	-	-	-	-	5,297,472
Perpetual care	-	-	-	-	-	-	-
Court ordered disbursements	-	-	-	-	-	31,211	-
Grants / donations	-	-	-	-	-	801,231	-
Total reserved fund balances	-	-	-	-	-	832,442	5,297,472
Unreserved fund balances:							
Undesignated, reported in:							
Permanent funds	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	481,422	-
Total unreserved undesignated fund balances	-	-	-	-	-	481,422	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313,864</u>	<u>5,297,472</u>
Total liabilities and fund balances	<u>\$ 330,170</u>	<u>\$ 423,747</u>	<u>\$ 258,590</u>	<u>\$ 435,566</u>	<u>\$ 41</u>	<u>\$ 2,899,333</u>	<u>\$ 5,297,472</u>

CITY OF TYLER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2002

	PERMANENT FUNDS					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	ROSE HILL CEMETERY	OAKWOOD CEMETERY	WESTVIEW CEMETERY	PARKS TRUST	TOTAL	
ASSETS						
Equity in pooled cash and investments	\$ 2,696,103	\$ 111,969	\$ 112,873	\$ 1,111	\$ 2,922,056	\$ 10,064,406
Accounts and grants receivable	-	-	-	-	-	1,054,455
Total assets	<u>\$ 2,696,103</u>	<u>\$ 111,969</u>	<u>\$ 112,873</u>	<u>\$ 1,111</u>	<u>\$ 2,922,056</u>	<u>\$ 11,118,861</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 4,117	\$ 229	\$ 86	\$ -	\$ 4,432	\$ 217,141
Deposits and other refundable balances	-	-	-	-	-	110,962
Due to other funds	-	-	-	-	-	849,380
Deferred revenue	-	-	-	-	-	412,418
Total liabilities	<u>4,117</u>	<u>229</u>	<u>86</u>	<u>-</u>	<u>4,432</u>	<u>1,589,901</u>
Fund balances:						
Reserved for:						
Debt service	-	-	-	-	-	5,297,472
Perpetual care	1,597,011	104,017	104,159	1,111	1,806,298	1,806,298
Court ordered disbursements	-	-	-	-	-	31,211
Grants / donations	-	-	-	-	-	801,231
Total reserved fund balances	<u>1,597,011</u>	<u>104,017</u>	<u>104,159</u>	<u>1,111</u>	<u>1,806,298</u>	<u>7,936,212</u>
Unreserved fund balances:						
Undesignated, reported in:						
Permanent funds	1,094,975	7,723	8,628	-	1,111,326	1,111,326
Special revenue funds	-	-	-	-	-	481,422
Total unreserved undesignated fund balances	<u>1,094,975</u>	<u>7,723</u>	<u>8,628</u>	<u>-</u>	<u>1,111,326</u>	<u>1,592,748</u>
Total fund balances	<u>2,691,986</u> #	<u>111,740</u>	<u>112,787</u>	<u>1,111</u>	<u>2,917,624</u>	<u>9,528,960</u>
Total liabilities and fund balances	<u>\$ 2,696,103</u>	<u>\$ 111,969</u>	<u>\$ 112,873</u>	<u>\$ 1,111</u>	<u>\$ 2,922,056</u>	<u>\$ 11,118,861</u>

CITY OF TYLER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	SPECIAL REVENUE FUNDS					
	POLICE JUDGMENT OF FORFEITURE FUND	HOTEL-MOTEL OCCUPANCY TAX FUND	DONATIONS FUND	TYLER TOURISM AND CONVENTION FACILITY FUND	RETAINED H.U.D. ADMIN. FUND	COMMUNITY DEVELOPMENT FUND
REVENUES						
Taxes	\$ -	\$ 1,287,780	\$ -	\$ -	\$ -	\$ -
Grants	-	-	-	-	14,053	346,508
Fines, forfeitures, and penalties	24,162	-	-	-	-	-
Revenues from use of money and property	2,605	9,207	-	345,837	10,346	-
Donations	-	-	207,941	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	1,060	56	-
Total revenues	<u>26,767</u>	<u>1,296,987</u>	<u>207,941</u>	<u>346,897</u>	<u>24,455</u>	<u>346,508</u>
EXPENDITURES						
Current						
General government	-	-	11,359	-	-	-
Public safety	2,547	-	14,977	-	-	-
Highways and streets	-	-	-	-	-	188,658
Culture and recreations	-	-	67,082	668,513	-	2,213
Public enterprises	-	-	-	-	-	136,973
Miscellaneous:						
Hotel-Motel administration	-	1,481,358	-	-	-	-
Salaries, supplies and other	-	-	-	-	-	18,664
Housing assistance payments	-	-	-	-	208,263	-
Capital Outlay	104,004	-	-	87,086	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>106,551</u>	<u>1,481,358</u>	<u>93,418</u>	<u>755,599</u>	<u>208,263</u>	<u>346,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(79,784)</u>	<u>(184,371)</u>	<u>114,523</u>	<u>(408,702)</u>	<u>(183,808)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	250,000	18,199	-
Operating transfers out	<u>(13,987)</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(46,204)</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,987)</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>	<u>(28,005)</u>	<u>-</u>
Net change in fund balances	(93,771)	(434,371)	114,523	(158,702)	(211,813)	-
Fund balances - October 1, 2001	<u>124,982</u>	<u>740,333</u>	<u>63,399</u>	<u>334,162</u>	<u>807,021</u>	<u>28,101</u>
FUND BALANCES - SEPTEMBER 30, 2002	<u>\$ 31,211</u>	<u>\$ 305,962</u>	<u>\$ 177,922</u>	<u>\$ 175,460</u>	<u>\$ 595,208</u>	<u>\$ 28,101</u>

CITY OF TYLER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	SPECIAL REVENUE FUNDS (continued)						
	COMMUNITY BLOCK DEVELOPMENT GRANT	HOUSING ASSISTANCE PAYMENT FUND	STATE AND FEDERAL GRANT FUND	TRANSIT GRANT FUND	PAYROLL FUND	TOTAL	DEBT SERVICE FUND
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,287,780	\$ 1,671,230
Grants	1,228,872	3,499,551	3,651,883	930,094	-	9,670,961	-
Fines, forfeitures, and penalties	-	-	-	-	-	24,162	-
Revenues from use of money and property	-	12,747	-	-	-	380,742	104,485
Donations	-	-	-	-	-	207,941	-
Charges for services	-	-	-	129,023	-	129,023	-
Miscellaneous	5,093	-	-	-	-	6,209	-
Total revenues	<u>1,233,965</u>	<u>3,512,298</u>	<u>3,651,883</u>	<u>1,059,117</u>	<u>-</u>	<u>11,706,818</u>	<u>1,775,715</u>
EXPENDITURES							
Current							
General government	-	-	-	-	-	11,359	-
Public safety	-	-	-	-	-	17,524	-
Highways and streets	-	-	-	-	-	188,658	-
Culture and recreations	-	-	-	-	-	737,808	-
Public enterprises	-	-	-	1,285,347	-	1,422,320	-
Miscellaneous:							
Hotel-Motel administration	-	-	-	-	-	1,481,358	-
Salaries, supplies and other	274,762	354,184	1,023,361	-	-	1,670,971	-
Housing assistance payments	952,325	3,139,915	-	-	-	4,300,503	-
Capital Outlay	18,082	-	2,924,550	-	-	3,133,722	-
Debt Service:							
Principal	-	-	-	-	-	-	1,090,000
Interest and fiscal charges	-	-	-	-	-	-	576,021
Total expenditures	<u>1,245,169</u>	<u>3,494,099</u>	<u>3,947,911</u>	<u>1,285,347</u>	<u>-</u>	<u>12,964,223</u>	<u>1,666,021</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,204)</u>	<u>18,199</u>	<u>(296,028)</u>	<u>(226,230)</u>	<u>-</u>	<u>(1,257,405)</u>	<u>109,694</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	11,204	-	296,028	226,230	-	801,661	-
Operating transfers out	-	(18,199)	(21,503)	-	-	(349,893)	-
Total other financing sources (uses)	<u>11,204</u>	<u>(18,199)</u>	<u>274,525</u>	<u>226,230</u>	<u>-</u>	<u>451,768</u>	<u>-</u>
Net change in fund balances	-	-	(21,503)	-	-	(805,637)	109,694
Fund balances - October 1, 2001	-	-	21,503	-	-	2,119,501	5,187,778
FUND BALANCES - SEPTEMBER 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,313,864</u>	<u>\$ 5,297,472</u>

CITY OF TYLER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	PERMANENT FUNDS					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	ROSE HILL CEMETERY	OAKWOOD CEMETERY	WESTVIEW CEMETERY	PARKS TRUST	TOTAL	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,959,010
Grants	-	-	-	-	-	9,670,961
Fines, forfeitures, and penalties	-	-	-	-	-	24,162
Revenues from use of money and property	50,100	1,779	1,779	20	53,678	538,905
Donations	-	-	-	-	-	207,941
Charges for services	45,704	13,005	13,005	-	71,714	200,737
Miscellaneous	1,415	-	-	-	1,415	7,624
Total revenues	<u>97,219</u>	<u>14,784</u>	<u>14,784</u>	<u>20</u>	<u>126,807</u>	<u>13,609,340</u>
EXPENDITURES						
Current						
General government	-	-	-	-	-	11,359
Public safety	-	-	-	-	-	17,524
Highways and streets	-	-	-	-	-	188,658
Culture and recreations	155,195	807	320	-	156,322	894,130
Public enterprises	-	-	-	-	-	1,422,320
Miscellaneous:						
Hotel-Motel administration	-	-	-	-	-	1,481,358
Salaries, supplies and other	-	-	-	-	-	1,670,971
Housing assistance payments	-	-	-	-	-	4,300,503
Capital Outlay	-	-	-	-	-	3,133,722
Debt Service:						
Principal	-	-	-	-	-	1,090,000
Interest and fiscal charges	-	-	-	-	-	576,021
Total expenditures	<u>155,195</u>	<u>807</u>	<u>320</u>	<u>-</u>	<u>156,322</u>	<u>14,786,566</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,976)</u>	<u>13,977</u>	<u>14,464</u>	<u>20</u>	<u>(29,515)</u>	<u>(1,177,226)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	801,661
Operating transfers out	-	-	-	-	-	(349,893)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451,768</u>
Net change in fund balances	<u>(57,976)</u>	<u>13,977</u>	<u>14,464</u>	<u>20</u>	<u>(29,515)</u>	<u>(725,458)</u>
Fund balances - October 1, 2001	<u>2,749,962</u>	<u>97,763</u>	<u>98,323</u>	<u>1,091</u>	<u>2,947,139</u>	<u>10,254,418</u>
FUND BALANCES - SEPTEMBER 30, 2002	<u>\$ 2,691,986</u>	<u>\$ 111,740</u>	<u>\$ 112,787</u>	<u>\$ 1,111</u>	<u>\$ 2,917,624</u>	<u>\$ 9,528,960</u>

**CITY OF TYLER, TEXAS
POLICE DEPARTMENT JUDGMENT OF FORFEITURE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Fines, forfeitures, and penalties	\$ 23,000	\$ 23,000	\$ 24,162	\$ 1,162
Revenues from use of money and property	<u>2,000</u>	<u>2,000</u>	<u>2,605</u>	<u>605</u>
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>26,767</u>	<u>1,767</u>
EXPENDITURES				
Public Safety:				
Supplies and services	7,200	7,200	2,547	4,653
Capital Outlay	<u>109,643</u>	<u>109,643</u>	<u>104,004</u>	<u>5,639</u>
Total expenditures	<u>116,843</u>	<u>116,843</u>	<u>106,551</u>	<u>10,292</u>
Excess of revenues over (under) expenditures	<u>(91,843)</u>	<u>(91,843)</u>	<u>(79,784)</u>	<u>12,059</u>
OTHER FINANCING (USES)				
Operating transfers out	<u>(15,542)</u>	<u>(15,542)</u>	<u>(13,987)</u>	<u>1,555</u>
Total other financing (uses)	<u>(15,542)</u>	<u>(15,542)</u>	<u>(13,987)</u>	<u>1,555</u>
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	<u>\$ (107,385)</u>	<u>\$ (107,385)</u>	(93,771)	<u>\$ 13,614</u>
Fund Balance - October 1, 2001			<u>124,982</u>	
FUND BALANCE - SEPTEMBER 30, 2002			<u>\$ 31,211</u>	

CITY OF TYLER, TEXAS
HOTEL-MOTEL OCCUPANCY TAX FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes	\$ 1,225,200	\$ 1,225,200	\$ 1,287,780	\$ 62,580
Revenue from use of money and property	14,800	14,800	9,207	(5,593)
Total revenues	<u>1,240,000</u>	<u>1,240,000</u>	<u>1,296,987</u>	<u>56,987</u>
EXPENDITURES				
Hotel-Motel Administration:				
East Texas Symphony	22,000	22,000	22,000	-
Tyler Museum of Art	45,000	45,000	45,000	-
Smith County Historical Society	19,000	19,000	19,000	-
Tyler Chamber of Commerce	530,000	530,000	530,000	-
McClendon House	7,500	7,500	7,500	-
Miscellaneous	857,858	857,858	857,858	-
Total Hotel-Motel administration	<u>1,481,358</u>	<u>1,481,358</u>	<u>1,481,358</u>	<u>-</u>
Total expenditures	<u>1,481,358</u>	<u>1,481,358</u>	<u>1,481,358</u>	<u>-</u>
Excess of revenues over expenditures	<u>(241,358)</u>	<u>(241,358)</u>	<u>(184,371)</u>	<u>56,987</u>
OTHER FINANCING (USES)				
Operating transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total other financing (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>\$ (491,358)</u>	<u>\$ (491,358)</u>	<u>(434,371)</u>	<u>\$ 56,987</u>
Fund balance - October 1, 2001			<u>740,333</u>	
FUND BALANCE - SEPTEMBER 30, 2002			<u>\$ 305,962</u>	

CITY OF TYLER, TEXAS
TYLER TOURISM AND CONVENTION FACILITY FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Revenues from use of money and property	\$ 252,990	\$ 252,990	\$ 345,837	\$ 92,847
Miscellaneous revenues	-	-	1,060	1,060
Total revenues	<u>252,990</u>	<u>252,990</u>	<u>346,897</u>	<u>93,907</u>
EXPENDITURES				
Parks and Recreation:				
Salaries and benefits	319,106	319,106	302,128	16,978
Supplies and services	200,206	200,206	207,802	(7,596)
Utilities	140,008	140,008	90,792	49,216
Maintenance	49,609	49,609	67,791	(18,182)
Capital outlay	96,995	114,470	87,086	27,384
Total parks and recreation	<u>805,924</u>	<u>823,399</u>	<u>755,599</u>	<u>67,800</u>
Total expenditures	<u>805,924</u>	<u>823,399</u>	<u>755,599</u>	<u>67,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(552,934)</u>	<u>(570,409)</u>	<u>(408,702)</u>	<u>161,707</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	-
Total other financing sources	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis	<u>\$ (302,934)</u>	<u>\$ (320,409)</u>	(158,702)	<u>\$ 161,707</u>
Fund Balance - October 1, 2001			<u>334,162</u>	
FUND BALANCE - SEPTEMBER 30, 2002			<u>\$ 175,460</u>	

CITY OF TYLER, TEXAS
DEBT SERVICE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Property tax collections	\$ 1,671,200	\$ 1,671,200	\$ 1,671,230	\$ 30
Revenue from use of money and property	80,500	80,500	104,485	23,985
Total revenues	<u>1,751,700</u>	<u>1,751,700</u>	<u>1,775,715</u>	<u>24,015</u>
EXPENDITURES				
Paying agent fees	6,070	6,070	891	5,179
Principal retirements	1,090,000	1,090,000	1,090,000	-
Interest and redemption	575,130	575,130	575,130	-
Total expenditures	<u>1,671,200</u>	<u>1,671,200</u>	<u>1,666,021</u>	<u>5,179</u>
Deficiency of revenues over expenditures	<u>80,500</u>	<u>80,500</u>	109,694	<u>29,194</u>
Fund balance - October 1, 2001			<u>5,187,778</u>	
FUND BALANCE - SEPTEMBER 30, 2002			<u><u>\$ 5,297,472</u></u>	

**CITY OF TYLER, TEXAS
ROSE HILL CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Trust Fund:				
Revenues from use of money and property	\$ 50,000	\$ 50,000	\$ 29,125	\$ (20,875)
Mausoleum and lot sales	20,000	20,000	23,635	3,635
Operations:				
Revenues from use of money and property	35,000	35,000	20,975	(14,025)
Licenses and permits	750	750	1,415	665
Mausoleum and lot sales	5,000	5,000	22,069	17,069
TOTAL REVENUES - BUDGET BASIS	<u>\$ 110,750</u>	<u>\$ 110,750</u>	<u>\$ 97,219</u>	<u>\$ (13,531)</u>
EXPENSES				
Operations:				
Salaries and benefits	\$ 80,131	\$ 80,131	\$ 70,863	\$ 9,268
Supplies and services	26,001	24,362	16,575	7,787
Utilities	33,710	33,710	34,261	(551)
Maintenance	24,750	24,750	18,973	5,777
Capital outlay	37,275	38,914	14,523	24,391
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 201,867</u>	<u>\$ 201,867</u>	<u>\$ 155,195</u>	<u>\$ 46,672</u>

**CITY OF TYLER, TEXAS
OAKWOOD CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Trust Fund:				
Revenues from use of money and property	\$ 3,000	\$ 3,000	\$ 1,779	\$ (1,221)
Mausoleum and lot sales	15,000	15,000	13,005	(1,995)
TOTAL REVENUES - BUDGET BASIS	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 14,784</u>	<u>\$ (3,216)</u>
EXPENSES				
Operations:				
Utilities	\$ 3,000	\$ 3,000	\$ 807	\$ 2,193
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 807</u>	<u>\$ 2,193</u>

**CITY OF TYLER, TEXAS
WESTVIEW CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Trust Fund:				
Revenues from use of money and property	\$ 3,000	\$ 3,000	\$ 1,779	\$ (1,221)
Mausoleum and lot sales	15,000	15,000	13,005	(1,995)
TOTAL REVENUES - BUDGET BASIS	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 14,784</u>	<u>\$ (3,216)</u>
EXPENSES				
Operations:				
Utilities	\$ 3,000	\$ 3,000	\$ 320	\$ 2,680
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 320</u>	<u>\$ 2,680</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

The Productivity Improvement Fund was established to track performance pay of City employees.

The Fleet Management Fund performs maintenance and repair work on vehicles of all City departments. The fund also acquires vehicles and equipment for use by all City departments.

The Property Liability Fund accounts for the City's property, casualty, and liability insurance program.

The Employee Benefits Fund accounts for the City's self-insurance program for health insurance and workmen's compensation.

The Property and Facility Management Fund was established to account for utility costs and savings under a contract with Johnson Controls.

The Technology Fund was established to account for the City's investment in technology and office automation.

CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2002

	PRODUCTIVITY IMPROVEMENT	FLEET MANAGEMENT	PROPERTY LIABILITY	EMPLOYEE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 310,917	\$ 2,206,325	\$ 554,758	\$ 2,582,690	\$ 700,924	\$ 211,389	\$ 6,567,003
Deposits	-	-	50,000	20,000	-	-	70,000
Accounts receivable (net)	-	-	-	230,407	-	-	230,407
Inventories - at average cost	-	124,138	-	-	-	-	124,138
Total current assets	<u>310,917</u>	<u>2,330,463</u>	<u>604,758</u>	<u>2,833,097</u>	<u>700,924</u>	<u>211,389</u>	<u>6,991,548</u>
Noncurrent assets:							
Capital assets:							
Land	-	65,000	-	-	-	-	65,000
Buildings	-	341,165	-	-	812,986	3,267	1,157,418
Improvements other than buildings	-	203,594	-	-	76,700	-	280,294
Machinery and equipment	-	14,850,837	-	-	-	3,051,836	17,902,673
Less accumulated depreciation	-	(9,846,893)	-	-	(314,230)	(998,970)	(11,160,093)
Total Capital assets (net of accumulated depreciation)	<u>-</u>	<u>5,613,703</u>	<u>-</u>	<u>-</u>	<u>575,456</u>	<u>2,056,133</u>	<u>8,245,292</u>
Total assets	<u>310,917</u>	<u>7,944,166</u>	<u>604,758</u>	<u>2,833,097</u>	<u>1,276,380</u>	<u>2,267,522</u>	<u>15,236,840</u>
LIABILITIES							
Current liabilities:							
Accounts and contracts payable	26,126	18,005	3,447	2,912	21,472	-	71,962
Insurance claims payable	-	-	-	768,000	-	-	768,000
Current portion of compensated absences payable	-	483	-	-	-	-	483
Total current liabilities	<u>26,126</u>	<u>18,488</u>	<u>3,447</u>	<u>770,912</u>	<u>21,472</u>	<u>-</u>	<u>840,445</u>
Noncurrent liabilities:							
Compensated absences payable	-	30,801	-	-	6,494	-	37,295
Total noncurrent liabilities	<u>-</u>	<u>30,801</u>	<u>-</u>	<u>-</u>	<u>6,494</u>	<u>-</u>	<u>37,295</u>
Total Liabilities	<u>26,126</u>	<u>49,289</u>	<u>3,447</u>	<u>770,912</u>	<u>27,966</u>	<u>-</u>	<u>877,740</u>
NET ASSETS							
Invested in capital assets, net of related debt	-	5,613,703	-	-	575,456	2,056,133	8,245,292
Unrestricted	<u>284,791</u>	<u>2,281,174</u>	<u>601,311</u>	<u>2,062,185</u>	<u>672,958</u>	<u>211,389</u>	<u>6,113,808</u>
Total Net Assets	<u>\$ 284,791</u>	<u>\$ 7,894,877</u>	<u>\$ 601,311</u>	<u>\$ 2,062,185</u>	<u>\$ 1,248,414</u>	<u>\$ 2,267,522</u>	<u>\$ 14,359,100</u>

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	PRODUCTIVITY IMPROVEMENT	FLEET MANAGEMENT	PROPERTY LIABILITY	EMPLOYEE BENEFITS FUND	PROPERTY AND FACILITY MANAGEMENT FUND	TECHNOLOGY FUND	TOTAL
OPERATING REVENUES							
Charges for services	\$ 508,161	\$ 2,330,883	\$ 600,427	\$ -	\$ 766,943	\$ 464,236	\$ 4,670,650
Contributions	-	-	-	7,642,042	-	-	7,642,042
Miscellaneous	-	171	-	542,594	150	12,354	555,269
Total operating revenues	<u>508,161</u>	<u>2,331,054</u>	<u>600,427</u>	<u>8,184,636</u>	<u>767,093</u>	<u>476,590</u>	<u>12,867,961</u>
OPERATING EXPENSES							
Garage operations	-	738,105	-	-	-	-	738,105
Depreciation	-	1,472,438	-	-	8,056	206,445	1,686,939
Insurance claims	-	-	737,158	7,162,982	-	-	7,900,140
Administrative	140,621	-	-	343,798	40,505	351,215	876,139
Special services	603,381	-	-	36,844	130,084	8,980	779,289
Maintenance	-	-	-	-	443,743	479,333	923,076
Total operating expenses	<u>744,002</u>	<u>2,210,543</u>	<u>737,158</u>	<u>7,543,624</u>	<u>622,388</u>	<u>1,045,973</u>	<u>12,903,688</u>
Operating income (loss)	<u>(235,841)</u>	<u>120,511</u>	<u>(136,731)</u>	<u>641,012</u>	<u>144,705</u>	<u>(569,383)</u>	<u>(35,727)</u>
NON-OPERATING REVENUES (EXPENSES)							
Revenues form use of money and property	12,225	45,990	12,077	46,712	17,636	12,287	146,927
Interest expense	-	-	-	-	(6,036)	-	(6,036)
Gain (loss) on sale of fixed assets	-	208,491	-	-	-	-	208,491
Total non-operating revenues (expenses)	<u>12,225</u>	<u>254,481</u>	<u>12,077</u>	<u>46,712</u>	<u>11,600</u>	<u>12,287</u>	<u>349,382</u>
Income (loss) before contributions and transfers	<u>(223,616)</u>	<u>374,992</u>	<u>(124,654)</u>	<u>687,724</u>	<u>156,305</u>	<u>(557,096)</u>	<u>313,655</u>
Transfers Out	-	(3,774)	-	-	-	-	(3,774)
Change in net assets	<u>(223,616)</u>	<u>371,218</u>	<u>(124,654)</u>	<u>687,724</u>	<u>156,305</u>	<u>(557,096)</u>	<u>309,881</u>
Total net assets - October 1, 2001	<u>508,407</u>	<u>7,523,659</u>	<u>725,965</u>	<u>1,374,461</u>	<u>1,092,109</u>	<u>2,824,618</u>	<u>14,049,219</u>
Total net assets - September 30, 2002	<u>\$ 284,791</u>	<u>\$ 7,894,877</u>	<u>\$ 601,311</u>	<u>\$ 2,062,185</u>	<u>\$ 1,248,414</u>	<u>\$ 2,267,522</u>	<u>\$ 14,359,100</u>

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

Increase (Decrease) in Cash and Cash Equivalents

	PRODUCTIVITY IMPROVEMENT	FLEET MANAGEMENT	PROPERTY LIABILITY	EMPLOYEE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL (EXHIBIT 9)
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers and users	\$ 508,161	\$ 2,346,178	\$ 600,427	\$ 7,954,229	\$ 767,093	\$ 476,590	\$ 12,652,678
Cash paid to suppliers for goods and services	(702,646)	(274,806)	(499,475)	(495,374)	(645,784)	(862,525)	(3,480,610)
Cash paid to employees for services	(95,635)	(525,221)	-	-	(40,278)	-	(661,134)
Insurance claims paid	-	-	(246,879)	(7,068,026)	-	-	(7,314,905)
Net cash provided by (used in) operating activities	<u>(290,120)</u>	<u>1,546,151</u>	<u>(145,927)</u>	<u>390,829</u>	<u>81,031</u>	<u>(385,935)</u>	<u>1,196,029</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Operating transfers out to other funds	-	(3,774)	-	-	-	-	(3,774)
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>(3,774)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,774)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	-	(1,232,780)	-	-	(23,311)	(90,830)	(1,346,921)
Proceeds from sale of fixed assets	-	222,519	-	-	-	-	222,519
Interest paid	-	-	-	-	(6,036)	-	(6,036)
Principal payments on long-term debt	-	-	-	-	(93,717)	-	(93,717)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(1,010,261)</u>	<u>-</u>	<u>-</u>	<u>(123,064)</u>	<u>(90,830)</u>	<u>(1,224,155)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends on investments	12,225	45,990	12,077	46,712	17,636	12,287	146,927
Payments made on loans from other funds	-	(23,621)	-	-	-	-	(23,621)
Net cash provided by investing activities	<u>12,225</u>	<u>22,369</u>	<u>12,077</u>	<u>46,712</u>	<u>17,636</u>	<u>12,287</u>	<u>123,306</u>
Net increase (decrease) in cash and cash equivalents	<u>(277,895)</u>	<u>554,485</u>	<u>(133,850)</u>	<u>437,541</u>	<u>(24,397)</u>	<u>(464,478)</u>	<u>91,406</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>588,812</u>	<u>1,651,840</u>	<u>738,608</u>	<u>2,165,149</u>	<u>725,321</u>	<u>675,867</u>	<u>6,545,597</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 310,917</u>	<u>\$ 2,206,325</u>	<u>\$ 604,758</u>	<u>\$ 2,602,690</u>	<u>\$ 700,924</u>	<u>\$ 211,389</u>	<u>\$ 6,637,003</u>

(continued)

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

**Reconciliation of Operating Income to Net Cash
Provided by (Used in) Operating Activities**

	PRODUCTIVITY IMPROVEMENT	FLEET MANAGEMENT	PROPERTY LIABILITY	EMPLOYEE BENEFITS FUND	PROPERTY FACILITY MANAGEMENT FUND	TECHNOLOGY FUND	TOTAL (EXHIBIT 9)
Operating income (loss)	\$ (235,841)	\$ 120,511	\$ (136,731)	\$ 641,012	\$ 144,705	\$ (569,383)	\$ (35,727)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	-	1,472,438	-	-	8,057	206,445	1,686,940
Decrease (increase) in receivables	-	9,513	-	(230,407)	-	-	(220,894)
Decrease (increase) in inventory	-	34,278	-	-	-	-	34,278
(Decrease) increase in accounts payable	(54,279)	(75,639)	(9,196)	(16,004)	(71,847)	(22,997)	(249,962)
(Decrease) Increase in claims payable	-	-	-	(3,772)	-	-	(3,772)
Increase (decrease) in compensated absences payable	-	(14,950)	-	-	116	-	(14,834)
Total adjustments	<u>(54,279)</u>	<u>1,425,640</u>	<u>(9,196)</u>	<u>(250,183)</u>	<u>(63,674)</u>	<u>183,448</u>	<u>1,231,756</u>
Net cash (used in) provided by operating activities	<u>\$ (290,120)</u>	<u>\$ 1,546,151</u>	<u>\$ (145,927)</u>	<u>\$ 390,829</u>	<u>\$ 81,031</u>	<u>\$ (385,935)</u>	<u>\$ 1,196,029</u>

CITY OF TYLER, TEXAS
PRODUCTIVITY IMPROVEMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Revenues from use of money and property	\$ 10,000	\$ 10,000	\$ 12,225	\$ 2,225
Intergovernmental revenue	508,161	508,161	508,161	-
TOTAL REVENUES - BUDGET AND GAAP	<u>\$ 518,161</u>	<u>\$ 518,161</u>	<u>\$ 520,386</u>	<u>\$ 2,225</u>
EXPENSES				
Salaries and benefits	\$ 126,640	\$ 126,640	\$ 140,621	\$ (13,981)
Supplies and services	893,360	893,360	603,381	289,979
TOTAL EXPENSES - BUDGET AND GAAP BASIS	<u>\$ 1,020,000</u>	<u>\$ 1,020,000</u>	<u>\$ 744,002</u>	<u>\$ 275,998</u>

**CITY OF TYLER, TEXAS
FLEET MANAGEMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Revenues from use of money and property	\$ 33,000	\$ 33,000	\$ 45,990	\$ 12,990
Current service charges	2,396,760	2,396,760	2,330,883	(65,877)
Miscellaneous income	150,200	150,200	171	(150,029)
Intergovernmental revenue	-	-	-	-
TOTAL REVENUES - BUDGET BASIS	<u>2,579,960</u>	<u>2,579,960</u>	2,377,044	<u>(202,916)</u>
Gain on sale of fixed assets			<u>208,491</u>	
TOTAL REVENUES - GAAP BASIS			<u>\$ 2,585,535</u>	
EXPENSES				
Garage administration and operations:				
Salaries and benefits	529,002	529,002	525,693	3,309
Supplies and services	189,026	189,026	140,164	48,862
Utilities	4,834	4,834	4,224	610
Maintenance	97,880	97,880	68,024	29,856
Capital outlay	1,720,880	1,720,880	1,311,332	409,548
Total garage administration	<u>2,541,622</u>	<u>2,541,622</u>	<u>2,049,437</u>	<u>492,185</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 2,541,622</u>	<u>\$ 2,541,622</u>	2,049,437	<u>\$ 492,185</u>
Financial statement adjustments:				
Transfer out			3,774	
Capital outlay items not expensed			(1,311,332)	
Depreciation expense			<u>1,472,438</u>	
TOTAL EXPENSES - GAAP BASIS			<u>\$ 2,214,317</u>	

CITY OF TYLER, TEXAS
CITY PROPERTY AND LIABILITY INSURANCE FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 31, 2002

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Revenues from use of money and property	\$ 2,000	\$ 2,000	\$ 12,077	\$ 10,077
Intergovernmental revenue	600,427	600,427	600,427	-
TOTAL REVENUES	<u>\$ 602,427</u>	<u>\$ 602,427</u>	<u>\$ 612,504</u>	<u>\$ 10,077</u>
EXPENSES				
Claims and premiums	\$ 775,000	\$ 858,629	\$ 737,158	\$ 121,471
TOTAL EXPENSES - BUDGET AND GAAP BASIS	<u>\$ 775,000</u>	<u>\$ 858,629</u>	<u>\$ 737,158</u>	<u>\$ 121,471</u>

**CITY OF TYLER, TEXAS
EMPLOYEE BENEFITS FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 31, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Revenues from use of money and property	\$ 25,000	\$ 25,000	\$ 46,712	\$ 21,712
Health Stop / Loss reimbursement	-	-	542,594	542,594
Contributions from City of Tyler	1,168,641	1,168,641	1,565,736	397,095
Contributions from employees	6,095,271	6,095,271	6,076,306	(18,965)
Total revenues	<u>7,288,912</u>	<u>7,288,912</u>	<u>8,231,348</u>	<u>942,436</u>
Other financing sources:				
Operating transfers in	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
TOTAL REVENUES - BUDGET AND GAAP	<u><u>\$ 7,294,912</u></u>	<u><u>\$ 7,294,912</u></u>	<u><u>\$ 8,231,348</u></u>	<u><u>\$ 936,436</u></u>
EXPENSES				
Employee insurance fund administration:				
Special services	\$ 36,000	\$ 36,000	\$ 36,844	\$ (844)
Claims	6,351,560	6,356,560	7,064,252	(707,692)
Administrative fees	465,286	465,286	343,798	121,488
Life insurance	<u>120,000</u>	<u>120,000</u>	<u>98,730</u>	<u>21,270</u>
Total employee insurance fund administration	<u>6,972,846</u>	<u>6,977,846</u>	<u>7,543,624</u>	<u>(565,778)</u>
TOTAL EXPENSES - BUDGET AND GAAP BASIS	<u><u>\$ 6,972,846</u></u>	<u><u>\$ 6,977,846</u></u>	<u><u>\$ 7,543,624</u></u>	<u><u>\$ (565,778)</u></u>

CITY OF TYLER, TEXAS
PROPERTY AND FACILITY MANAGEMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Revenues from use of money and property	\$ 20,300	\$ 20,300	\$ 17,636	\$ (2,664)
Sale of property	4,000	4,000	-	(4,000)
Miscellaneous	-	-	150	150
Charges for services	745,199	745,199	766,943	21,744
Total revenues	<u>\$ 769,499</u>	<u>\$ 769,499</u>	<u>\$ 784,729</u>	<u>\$ 15,230</u>
EXPENSES				
Property and facility administration:				
Salaries and benefits	\$ 39,933	\$ 39,933	\$ 40,505	\$ (572)
Supplies and services	760,914	806,914	130,084	676,830
Utilities	1,987	1,987	330,722	(328,735)
Maintenance	111,280	111,280	98,244	13,036
Capital outlay	40,800	40,800	38,088	2,712
Total property and facility administration	<u>954,914</u>	<u>1,000,914</u>	<u>637,643</u>	<u>363,271</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 954,914</u>	<u>\$ 1,000,914</u>	637,643	<u>\$ 363,271</u>
Financial statement adjustments:				
Capital outlay items not expensed			(23,311)	
Depreciation expense			8,056	
Interest expense			6,036	
TOTAL EXPENSES - GAAP BASIS			<u>\$ 628,424</u>	

**CITY OF TYLER, TEXAS
TECHNOLOGY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Revenues from use of money and property	\$ 17,354	\$ 17,354	\$ 12,287	\$ (5,067)
Miscellaneous	-	-	12,354	12,354
Charges for services	464,236	464,236	464,236	-
TOTAL REVENUES - BUDGET BASIS	<u>\$ 481,590</u>	<u>\$ 481,590</u>	<u>\$ 488,877</u>	<u>\$ 7,287</u>
EXPENSES				
Office technology fund administration:				
Supplies and services	\$ 366,625	\$ 351,625	\$ 360,195	\$ (8,570)
Utilities	44,625	59,625	56,632	2,993
Maintenance	264,756	264,756	238,032	26,724
Capital outlay	458,454	458,454	199,126	259,328
Total office technology fund administration	<u>1,134,460</u>	<u>1,134,460</u>	<u>853,985</u>	<u>280,475</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 1,134,460</u>	<u>\$ 1,134,460</u>	<u>853,985</u>	<u>\$ 280,475</u>
Financial statement adjustments:				
Capital outlay items not expensed			(14,457)	
Depreciation			<u>206,445</u>	
TOTAL EXPENSES - GAAP BASIS			<u>\$ 1,045,973</u>	

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

CITY OF TYLER, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE (1)
SEPTEMBER 30, 2002

	TOTAL
GOVERNMENTAL FUNDS CAPITAL ASSETS:	
Land	\$ 5,234,501
Buildings	22,736,920
Improvements other than buildings	78,960,345
Machinery and equipment	13,247,667
Infrastructure	214,019,384
Construction in progress	5,965,972
Total governmental funds capital assets	\$ 340,164,789
 INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:	
General funds	290,886,280
Special revenue funds	5,357,209
Capital projects funds	38,747,866
Donations	5,173,434
Total governmental funds capital assets	\$ 340,164,789

(1) - This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF TYLER, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
SEPTEMBER 30, 2002

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General government:							
City Manager	\$ -	\$ -	\$ 608,072	\$ 16,815	\$ -	\$ -	\$ 624,887
City Clerk	-	-	-	13,267	-	-	13,267
City Hall	25,185	100,000	-	13,224	-	-	138,409
Legal	-	-	-	56,157	-	-	56,157
Information services	-	9,376	-	729,489	-	-	738,865
Accounting	-	-	-	71,306	-	-	71,306
Municipal Court	50,000	337,091	-	233,313	-	-	620,404
City Council	-	73,381	32,030	2,994	-	-	108,405
Purchasing	-	-	-	31,863	-	-	31,863
Total general government	<u>75,185</u>	<u>519,848</u>	<u>640,102</u>	<u>1,168,428</u>	<u>-</u>	<u>-</u>	<u>2,403,563</u>
Public safety:							
Police	50,000	315,980	2,801,106	4,199,789	-	253,799	7,620,674
Fire	500,000	1,162,419	24,935	4,503,465	5,967	-	6,196,786
Traffic engineering	-	-	1,731,397	644,922	3,153	-	2,379,472
Total public safety	<u>550,000</u>	<u>1,478,399</u>	<u>4,557,438</u>	<u>9,348,176</u>	<u>9,120</u>	<u>253,799</u>	<u>16,196,932</u>
Highways and streets	32,195	362,300	63,497,014	34,814	214,005,315	5,285,358	283,216,996
Culture and recreation	4,457,121	17,942,523	9,900,876	1,318,481	4,949	426,815	34,050,765
Public enterprises	120,000	2,433,850	364,915	1,377,768	-	-	4,296,533
Total general fixed assets	<u>\$ 5,234,501</u>	<u>\$ 22,736,920</u>	<u>\$ 78,960,345</u>	<u>\$ 13,247,667</u>	<u>\$ 214,019,384</u>	<u>\$ 5,965,972</u>	<u>\$ 340,164,789</u>

(1) - This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF TYLER, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS			GOVERNMENTAL FUNDS CAPITAL ASSETS
	OCTOBER 1, 2001	ADDITIONS	DEDUCTIONS	SEPTEMBER 30, 2002
General government:				
City Manager	\$ 624,887	\$ -	\$ -	\$ 624,887
City Clerk	13,267	-	-	13,267
City Hall	138,409	-	-	138,409
Legal	48,869	7,288	-	56,157
Information services	690,868	47,997	-	738,865
Accounting	71,306	-	-	71,306
Municipal Court	580,008	40,396	-	620,404
City Council	108,405	-	-	108,405
Purchasing	31,863	-	-	31,863
Total general government	<u>2,307,882</u>	<u>95,681</u>	<u>-</u>	<u>2,403,563</u>
Public safety:				
Police	7,214,394	434,779	28,499	7,620,674
Fire	6,110,089	86,697	-	6,196,786
Traffic engineering	2,362,909	16,563	-	2,379,472
Total public safety	<u>15,687,392</u>	<u>538,039</u>	<u>28,499</u>	<u>16,196,932</u>
Highways and streets	275,951,678	11,155,588	3,890,270	283,216,996
Culture and recreation	32,854,891	2,374,452	1,178,578	34,050,765
Public enterprises	4,033,728	262,805	-	4,296,533
Total general fixed assets	<u>\$ 330,835,571</u>	<u>\$ 14,426,565</u>	<u>\$ 5,097,347</u>	<u>\$ 340,164,789</u>

(1) - This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

ADDITIONAL
SUPPLEMENTAL INFORMATION

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
PROPERTY TAX COLLECTIONS				
Current taxes	\$ 8,688,461	\$ 8,688,461	\$ 8,735,068	\$ 46,607
Delinquent taxes	115,000	115,000	195,357	80,357
Penalty and interest	120,000	120,000	146,345	26,345
Tax collection fee	45,000	45,000	50,396	5,396
Total property tax collections	<u>8,968,461</u>	<u>8,968,461</u>	<u>9,127,166</u>	<u>158,705</u>
GROSS RECEIPTS TAXES				
Franchise - light and power	3,706,500	3,706,500	4,076,329	369,829
Franchise - natural gas	595,000	595,000	822,087	227,087
Franchise - telephone	920,000	920,000	1,022,128	102,128
Franchise - cable television	647,200	647,200	820,318	173,118
Franchise - street use fee	225,000	225,000	253,795	28,795
Total gross receipts taxes	<u>6,093,700</u>	<u>6,093,700</u>	<u>6,994,657</u>	<u>900,957</u>
SALES AND USE TAXES				
General sales tax	16,382,200	16,382,200	17,211,334	829,134
Mixed drink tax	172,100	172,100	212,670	40,570
Bingo tax	34,200	34,200	32,631	(1,569)
Total sales and use taxes	<u>16,588,500</u>	<u>16,588,500</u>	<u>17,456,635</u>	<u>868,135</u>
LICENSES AND PERMITS				
Building	225,000	225,000	244,974	19,974
Electrical	87,400	87,400	87,544	144
Plumbing	64,000	64,000	74,241	10,241
Zoning	12,000	12,000	19,275	7,275
Parking meter	70,000	70,000	105,834	35,834
Mechanical permits	17,000	17,000	33,475	16,475
Occupation	8,000	8,000	7,280	(720)
Wrecker	800	800	890	90
Taxicab and limousine	600	600	240	(360)
Burglar alarm	35,000	35,000	51,411	16,411
Sign	4,000	4,000	12,902	8,902
Contractors	25,000	25,000	33,330	8,330
House movers license	400	400	1,150	750
Permit fee	-	-	1,865	1,865
Total licenses and permits	<u>549,200</u>	<u>549,200</u>	<u>674,411</u>	<u>125,211</u>
FINES, FORFEITURES, AND PENALTIES				
Moving violation fines	2,050,000	2,050,000	2,228,496	178,496
Library fines and rents	4,000	4,000	4,418	418
Tax service fees on fines	90,000	90,000	107,416	17,416
Arrest fee fines	125,000	125,000	142,621	17,621
Municipal court administrative fees	114,100	114,100	83,903	(30,197)
Warrant fees	300,000	300,000	466,485	166,485
Child safety fees	1,000	1,000	3,222	2,222

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
FINES, FORFEITURES, AND PENALTIES (cont'd.)				
Teen court fees	\$ 2,000	\$ 2,000	\$ 1,740	\$ (260)
Municipal court security	116,400	116,400	120,770	4,370
Miscellaneous municipal court fines	30,000	30,000	13,090	(16,910)
Court time payment fee	97,800	97,800	117,177	19,377
Technology fees	79,100	79,100	112,018	32,918
Special court fees	105,500	105,500	332,139	226,639
Collection firm fee	-	-	2,922	2,922
Total fines, forfeitures, and penalties	<u>3,114,900</u>	<u>3,114,900</u>	<u>3,736,417</u>	<u>621,517</u>
REVENUES FROM USE OF MONEY OR PROPERTY				
Rent - miscellaneous	9,300	9,300	15,660	6,360
Paving and drainage assessment	-	-	3,696	3,696
Interest - time/demand deposits	325,000	325,000	336,514	11,514
Total revenues from use of money or property	<u>334,300</u>	<u>334,300</u>	<u>355,870</u>	<u>21,570</u>
CHARGES FOR CURRENT SERVICES				
Swimming pool admissions	4,000	4,000	6,573	2,573
Fire inspection fees	5,000	5,000	6,548	1,548
False alarm fees	200	200	-	(200)
Map sales	500	500	245	(255)
Lot mowing	7,200	7,200	9,616	2,416
Copying fees	9,500	9,500	11,828	2,328
Street repair utility cuts	40,000	40,000	26,157	(13,843)
Platting fees	10,000	10,000	17,069	7,069
Hazardous material response fees	200	200	-	(200)
Open records	800	800	487	(313)
Rental of Glass and Bergfield	4,700	4,700	29,430	24,730
Miscellaneous charges	40,000	40,000	59,327	19,327
Contribution for construction	2,000	2,000	1,785	(215)
Total charges for current services	<u>124,100</u>	<u>124,100</u>	<u>169,065</u>	<u>44,965</u>
INTERGOVERNMENTAL REVENUES				
Reimbursement of overhead from water and sewer operating fund	637,100	637,100	637,100	-
Reimbursement of overhead from sanitation fund	188,000	188,000	188,000	-
Reimbursement of overhead from municipal airport fund	49,800	49,800	49,800	-
Reimbursement of overhead from hotel/motel occupancy tax fund	857,858	857,858	857,858	-
In lieu of franchise taxes from water and sewer operating fund	749,468	749,468	733,249	(16,219)
Total intergovernmental revenues	<u>2,482,226</u>	<u>2,482,226</u>	<u>2,466,007</u>	<u>(16,219)</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES FROM OTHER AGENCIES				
County government	\$ 20,000	\$ 264,607	\$ 243,278	\$ (21,329)
Historic properties survey	-	-	10,772	10,772
School district	48,850	48,850	73,434	24,584
State government	15,000	15,000	14,433	(567)
County hazardous material service	5,000	5,000	3,750	(1,250)
Prior year restitution income	-	-	2,922	2,922
DEA Project reimbursement	33,900	33,900	40,079	6,179
Auto theft task force grant	57,281	57,281	57,733	452
ETEX violent crimes task force	-	-	7,906	7,906
ET arson/Expl task force	20,000	20,000	6,175	(13,825)
Bullet proof vest grant	-	-	2,336	2,336
Local law enforcement grant	139,871	139,871	108,653	(31,218)
Safe and Sober Grant	49,750	49,750	66,934	17,184
Fema grant	-	-	3,232	3,232
Cops universal	34,500	34,500	32,709	(1,791)
School crossing guards	25,000	25,000	25,000	-
Total revenues from other agencies	<u>449,152</u>	<u>693,759</u>	<u>699,346</u>	<u>5,587</u>
MISCELLANEOUS				
Oil leases and royalties	15,000	15,000	14,749	(251)
Contractor testing fees	5,000	5,000	43,749	38,749
Returned check fees	2,000	2,000	2,810	810
Participant fees	164,200	164,200	253,445	89,245
Concessions	6,100	6,100	7,998	1,898
Field rental	3,000	3,000	10,205	7,205
Sports field maintenance	27,000	27,000	30,060	3,060
Total miscellaneous	<u>222,300</u>	<u>222,300</u>	<u>363,016</u>	<u>140,716</u>
Total revenues before other financing sources	<u>38,926,839</u>	<u>39,171,446</u>	<u>42,042,590</u>	<u>2,871,144</u>
OTHER FINANCING SOURCES				
Transfer from half-cent sales tax fund	31,200	31,200	31,200	-
Transfer from Forfeiture fund	15,542	15,542	13,987	(1,555)
Transfer from State / Federal grant fund	-	-	21,503	21,503
Transfer from HUD	35,000	35,000	35,000	-
Sale of equipment	500	500	9,716	9,216
Total other financing sources	<u>82,242</u>	<u>82,242</u>	<u>111,406</u>	<u>29,164</u>
TOTAL REVENUES	<u>\$ 39,009,081</u>	<u>\$ 39,253,688</u>	<u>\$ 42,153,996</u>	<u>\$ 2,900,308</u>

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT				
GENERAL GOVERNMENT SERVICES:				
Salaries and benefits	\$ 658,426	\$ 658,426	\$ 658,426	\$ -
Supplies and services	2,609,124	2,609,124	2,668,436	(59,312)
Total general government services	<u>3,267,550</u>	<u>3,267,550</u>	<u>3,326,862</u>	<u>(59,312)</u>
CITY MANAGER:				
Salaries and benefits	303,359	293,359	302,371	(9,012)
Supplies and services	38,450	48,450	43,320	5,130
Utilities	1,789	1,789	1,817	(28)
Total city manager	<u>343,598</u>	<u>343,598</u>	<u>347,508</u>	<u>(3,910)</u>
CITY CLERK:				
Salaries and benefits	71,401	71,401	74,841	(3,440)
Supplies and services	17,334	17,334	13,274	4,060
Utilities	1,100	1,100	848	252
Maintenance	770	770	1,120	(350)
Capital outlay	500	500	179	321
Total city clerk	<u>91,105</u>	<u>91,105</u>	<u>90,262</u>	<u>843</u>
CITY HALL:				
Salaries and benefits	74,638	74,638	76,542	(1,904)
Supplies and services	135,529	135,529	119,490	16,039
Utilities	39,900	39,900	61,276	(21,376)
Maintenance	38,490	38,490	42,917	(4,427)
Total city hall	<u>288,557</u>	<u>288,557</u>	<u>300,225</u>	<u>(11,668)</u>
ACCOUNTING:				
Salaries and benefits	368,405	368,405	328,724	39,681
Supplies and services	47,433	47,433	41,015	6,418
Utilities	2,700	2,700	2,382	318
Total accounting	<u>418,538</u>	<u>418,538</u>	<u>372,121</u>	<u>46,417</u>
LEGAL:				
Salaries and benefits	309,719	309,719	299,723	9,996
Supplies and services	32,105	32,105	48,471	(16,366)
Utilities	1,977	1,977	1,722	255
Maintenance	30	30	-	30
Capital outlay	4,800	4,800	7,288	(2,488)
Total legal	<u>348,631</u>	<u>348,631</u>	<u>357,204</u>	<u>(8,573)</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT (continued)				
INFORMATION SERVICES ADMINISTRATION:				
Salaries and benefits	\$ 495,522	\$ 730,129	\$ 697,712	\$ 32,417
Supplies and services	182,112	185,112	119,989	65,123
Utilities	15,446	22,446	17,231	5,215
Capital outlay	-	59,700	56,292	3,408
Total information services administration	<u>693,080</u>	<u>997,387</u>	<u>891,224</u>	<u>106,163</u>
STAFF SERVICES:				
Salaries and benefits	169,335	166,335	184,876	(18,541)
Supplies and services	49,873	52,873	45,787	7,086
Utilities	2,006	2,006	2,819	(813)
Maintenance	500	500	215	285
Total personnel	<u>221,714</u>	<u>221,714</u>	<u>233,697</u>	<u>(11,983)</u>
Total general government	<u>5,672,773</u>	<u>5,977,080</u>	<u>5,919,103</u>	<u>57,977</u>
POLICE ADMINISTRATION				
Salaries and benefits	13,689,173	13,620,373	13,317,138	303,235
Supplies and services	989,560	1,061,454	913,481	147,973
Utilities	114,267	114,267	142,042	(27,775)
Maintenance	785,121	785,121	741,307	43,814
Capital outlay	69,870	69,870	64,652	5,218
Total police administration	<u>15,647,991</u>	<u>15,651,085</u>	<u>15,178,620</u>	<u>472,465</u>
FIRE ADMINISTRATION				
Salaries and benefits	7,648,598	7,648,598	7,565,575	83,023
Supplies and services	266,406	266,406	254,740	11,666
Utilities	124,594	124,594	96,338	28,256
Maintenance	250,048	303,765	305,297	(1,532)
Capital outlay	120,595	120,595	116,378	4,217
Total fire administration	<u>8,410,241</u>	<u>8,463,958</u>	<u>8,338,328</u>	<u>125,630</u>
PUBLIC SERVICES				
ENGINEERING:				
Salaries and benefits	538,014	538,014	487,914	50,100
Supplies and services	43,957	43,957	65,211	(21,254)
Utilities	9,421	9,421	9,541	(120)
Maintenance	1,669,900	932,095	115,408	816,687
Capital Outlay	30,325	1,530,530	1,547,177	(16,647)
Total engineering	<u>2,291,617</u>	<u>3,054,017</u>	<u>2,225,251</u>	<u>828,766</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
PUBLIC SERVICES (cont'd.)				
STREETS:				
Salaries and benefits	\$ 1,091,445	\$ 1,041,445	\$ 938,626	\$ 102,819
Supplies and services	141,996	141,996	149,869	(7,873)
Utilities	3,781	3,781	3,089	692
Maintenance	289,200	321,200	306,420	14,780
Capital outlay	24,600	24,600	2,638	21,962
Total streets	<u>1,551,022</u>	<u>1,533,022</u>	<u>1,400,642</u>	<u>132,380</u>
LABOR POOL:				
Salaries and benefits	825,253	825,253	736,605	
Supplies & services	244,855	294,855	302,670	522,583
Utilities	175,266	175,266	247,134	47,721
Maintenance	752,470	752,470	688,119	64,351
Capital outlay	24,375	24,375	24,307	68
Total labor pool	<u>2,022,219</u>	<u>2,072,219</u>	<u>1,998,835</u>	<u>634,723</u>
TRAFFIC OPERATIONS:				
Salaries and benefits	635,062	616,532	584,740	31,792
Supplies and services	416,909	431,464	414,708	16,756
Utilities	819,218	819,218	907,106	(87,888)
Maintenance	162,320	163,095	149,021	14,074
Capital outlay	21,000	24,200	16,563	7,637
Total traffic operations	<u>2,054,509</u>	<u>2,054,509</u>	<u>2,072,138</u>	<u>(17,629)</u>
Total public services	<u>7,919,367</u>	<u>8,713,767</u>	<u>7,696,866</u>	<u>1,578,240</u>
LIBRARY ADMINISTRATION				
Salaries and benefits	863,138	863,138	771,466	91,672
Supplies and services	174,010	174,010	203,239	(29,229)
Utilities	7,940	7,940	7,414	526
Maintenance	42,580	42,580	31,696	10,884
Capital outlay	171,500	170,000	154,271	15,729
Total library administration	<u>1,259,168</u>	<u>1,257,668</u>	<u>1,168,086</u>	<u>89,582</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
PARKS AND RECREATION				
PARKS:				
Salaries and benefits	\$ 436,156	\$ 436,156	\$ 414,978	\$ 21,178
Supplies and services	282,024	297,647	380,369	(82,722)
Utilities	81,075	81,075	78,115	2,960
Maintenance	55,100	39,477	49,547	(10,070)
Capital outlay	439,815	439,815	541,274	(101,459)
Total parks administration	<u>1,294,170</u>	<u>1,294,170</u>	<u>1,464,283</u>	<u>(170,113)</u>
ROSE GARDEN MAINTENANCE:				
Salaries and benefits	318,708	318,708	322,368	(3,660)
Supplies and services	81,795	220,832	84,715	136,117
Utilities	200,215	200,215	89,977	110,238
Maintenance	63,740	63,740	73,228	(9,488)
Capital outlay	193,400	193,400	275,239	(81,839)
Total Rose Garden maintenance	<u>857,858</u>	<u>996,895</u>	<u>845,527</u>	<u>151,368</u>
Total parks and recreation	<u>2,152,028</u>	<u>2,291,065</u>	<u>2,309,810</u>	<u>(18,745)</u>
PLANNING AND INSPECTION				
PLANNING AND ZONING:				
Salaries and benefits	165,391	165,391	169,252	(3,861)
Supplies and services	23,531	24,200	21,316	2,884
Utilities	2,245	2,245	2,355	(110)
Maintenance	2,900	2,900	3,544	(644)
Capital outlay	1,651	982	-	982
Total planning and zoning	<u>195,718</u>	<u>195,718</u>	<u>196,467</u>	<u>(749)</u>
BUILDING INSPECTION:				
Salaries and benefits	397,806	397,806	394,982	2,824
Supplies and services	35,704	36,778	27,492	9,286
Utilities	5,755	4,681	3,825	856
Maintenance	17,260	17,260	18,006	(746)
Total building inspection	<u>456,525</u>	<u>456,525</u>	<u>444,305</u>	<u>12,220</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
CAPITAL PROJECTS ADMINISTRATION:				
Salaries and benefits	\$ 76,992	\$ 76,992	\$ 80,176	\$ (3,184)
Supplies and services	6,700	6,700	6,079	621
Utilities	835	835	688	147
Total capital projects	<u>84,527</u>	<u>84,527</u>	<u>86,943</u>	<u>(2,416)</u>
Total planning and inspection	<u>736,770</u>	<u>736,770</u>	<u>727,715</u>	<u>9,055</u>
MUNICIPAL COURT				
Salaries and benefits	647,938	647,938	567,467	80,471
Supplies and services	403,304	403,304	612,731	(209,427)
Utilities	9,423	9,423	12,127	(2,704)
Maintenance	27,712	27,712	29,799	(2,087)
Capital outlay	112,944	112,944	45,550	67,394
Total municipal court	<u>1,201,321</u>	<u>1,201,321</u>	<u>1,267,674</u>	<u>(66,353)</u>
OTHER FINANCING USES				
Transfer to capital projects	-	143,950	143,950	-
Transfer to special revenue	212,992	270,792	233,116	37,676
Total other financing uses	<u>212,992</u>	<u>414,742</u>	<u>377,066</u>	<u>37,676</u>
TOTAL EXPENDITURES	<u>\$ 43,212,651</u>	<u>\$ 44,707,456</u>	<u>\$ 42,983,268</u>	<u>\$ 2,285,527</u>

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2002**

	WATER & SEWER FUND (F-4)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 29,584,410	\$ 3,831,378	\$ 230,129	\$ 33,645,917
Cash - demand deposits and on hand	1,700	-	-	1,700
Accounts receivable (net)	16,723,082	614,670	25,669	17,363,421
Due from other funds	-	500,000	-	500,000
Inventories - at average cost	276,378	-	-	276,378
Total current assets	<u>46,585,570</u>	<u>4,946,048</u>	<u>255,798</u>	<u>51,787,416</u>
Fixed assets:				
Land	1,897,452	2,977,714	734,765	5,609,931
Buildings	25,556,945	94,704	19,567,050	45,218,699
Improvements other than buildings	91,047,471	213,663	11,341,680	102,602,814
Machinery and equipment	1,394,286	2,612,871	199,970	4,207,127
Construction in progress	37,790,555	-	-	37,790,555
Less accumulated depreciation	<u>(45,666,605)</u>	<u>(2,046,187)</u>	<u>(4,567,936)</u>	<u>(52,280,728)</u>
Net fixed assets	<u>112,020,104</u>	<u>3,852,765</u>	<u>27,275,529</u>	<u>143,148,398</u>
Other assets:				
Deferred charges (net of accumulated amortization of \$180,453)	820,969	-	-	820,969
Water rights - Lake Palestine	<u>12,524,200</u>	<u>-</u>	<u>-</u>	<u>12,524,200</u>
Total other assets	<u>13,345,169</u>	<u>-</u>	<u>-</u>	<u>13,345,169</u>
Total assets	<u>\$ 171,950,843</u>	<u>\$ 8,798,813</u>	<u>\$ 27,531,327</u>	<u>\$ 208,280,983</u>

(Continued)

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2002**

	WATER & SEWER FUND (F-4)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts and contracts payable	\$ 1,803,351	\$ 173,380	\$ 25,441	\$ 2,002,172
Current portion of revenue bonds payable	1,725,000	-	-	1,725,000
Current portion of compensated absences payable	4,733	1,989	1,211	7,933
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	3,533,084	175,369	26,652	3,735,105
Noncurrent liabilities:				
Water and sewer system revenue and revenue refunding bonds - long-term portion	47,600,000	-	-	47,600,000
Refundable water and sewer contracts	257,350	-	-	257,350
Compensated absences payable	262,774	114,282	30,548	407,604
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total noncurrent liabilities	48,120,124	114,282	30,548	48,264,954
Total liabilities	<u>51,653,208</u>	<u>289,651</u>	<u>57,200</u>	<u>52,000,059</u>
Net Assets:				
Invested in capital assets, net of related debt	62,695,104	3,852,765	27,275,529	93,823,398
Restricted for debt service	1,040,402	-	-	1,040,402
Unrestricted	56,562,129	4,656,397	198,598	61,417,124
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>\$ 120,297,635</u>	<u>\$ 8,509,162</u>	<u>\$ 27,474,127</u>	<u>\$ 156,280,924</u>

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	WATER & SEWER FUND (F-5)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL
OPERATING REVENUES				
Charges for sales and services:				
Licenses and permits	\$ -	\$ -	\$ 9,254	\$ 9,254
Metered water sales	12,767,576	-	-	12,767,576
Sewer service charges	6,472,632	-	-	6,472,632
Charges to other funds	72,086	-	-	72,086
Trash and garbage fees	-	6,490,709	-	6,490,709
Airport sales and rentals	-	-	193,669	193,669
Miscellaneous	110,501	410,116	8,022	528,639
Total operating revenues	<u>19,422,795</u>	<u>6,900,825</u>	<u>210,945</u>	<u>26,534,565</u>
OPERATING EXPENSES				
Water and sewer administration	3,127,300	-	-	3,127,300
Water and sewer office	1,131,875	-	-	1,131,875
Water distribution	1,322,954	-	-	1,322,954
Water plants	2,286,968	-	-	2,286,968
Waste collection	911,464	-	-	911,464
Waste treatment plant	3,268,945	-	-	3,268,945
Lake Tyler	475,838	-	-	475,838
Sanitation administration	-	1,068,671	-	1,068,671
Collection department	-	5,144,709	-	5,144,709
Maintenance complex	-	125,090	-	125,090
Municipal airport operations	-	-	940,447	940,447
Depreciation	2,401,597	562,116	660,338	3,624,051
Total operating expenses	<u>14,926,941</u>	<u>6,900,586</u>	<u>1,600,785</u>	<u>23,428,312</u>
Operating income (loss)	<u>4,495,854</u>	<u>239</u>	<u>(1,389,840)</u>	<u>3,106,253</u>

(Continued)

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	WATER & SEWER FUND (F-5)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL
NON-OPERATING REVENUES (EXPENSES)				
Revenues from use of money and property	\$ 905,555	\$ 80,103	\$ 488,164	\$ 1,473,822
Amortization	(65,161)	-	-	(65,161)
Sale of property	5,415	31,525	-	36,940
Interest expense	(380,861)	-	-	(380,861)
Total non-operating revenues	<u>464,948</u>	<u>111,628</u>	<u>488,164</u>	<u>1,064,740</u>
Income (loss) before operating transfers	<u>4,960,802</u>	<u>111,867</u>	<u>(901,676)</u>	<u>4,170,993</u>
Operating transfers in	-	64,024	7,971,534	8,035,558
Operating transfers out	<u>(650,039)</u>	<u>-</u>	<u>(393,579)</u>	<u>(1,043,618)</u>
Total operating transfers	<u>(650,039)</u>	<u>64,024</u>	<u>7,577,955</u>	<u>6,991,940</u>
Change in net assets	4,310,763	175,891	6,676,279	11,162,933
Net Assets - October 1, 2001	<u>115,986,872</u>	<u>8,333,271</u>	<u>20,797,848</u>	<u>145,117,991</u>
NET ASSETS - SEPTEMBER 30, 2002	<u><u>\$ 120,297,635</u></u>	<u><u>\$ 8,509,162</u></u>	<u><u>\$ 27,474,127</u></u>	<u><u>\$ 156,280,924</u></u>

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

Increase (Decrease) in Cash and Cash Equivalents

	WATER & SEWER FUND (F-6)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 19,252,126	\$ 6,910,815	\$ 223,074	\$ 26,386,015
Cash paid to suppliers for goods and services	(8,516,938)	(4,681,882)	(574,412)	(13,773,232)
Cash paid to employees for services	(4,079,075)	(1,618,899)	(346,890)	(6,044,864)
Other operating revenues	182,587	-	-	182,587
Net cash provided by (used in) operating activities	<u>6,838,700</u>	<u>610,034</u>	<u>(698,228)</u>	<u>6,750,506</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers - in from other funds	-	64,024	7,971,534	8,035,558
Operating transfers - out to other funds	(650,039)	-	(393,579)	(1,043,618)
Net cash provided by (used in) non-capital financing activities	<u>(650,039)</u>	<u>64,024</u>	<u>7,577,955</u>	<u>6,991,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets and equipment	(26,528,903)	(699,850)	(8,293,718)	(35,522,471)
Proceeds from sale of equipment	11,533	31,525	-	43,058
Payments on bonded debt	(1,600,000)	-	-	(1,600,000)
Interest paid on revenue bonds	(202,551)	-	-	(202,551)
Net cash provided by (used in) capital and related financing activities	<u>(28,319,921)</u>	<u>(668,325)</u>	<u>(8,293,718)</u>	<u>(37,281,964)</u>

(Continued)

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

Increase (Decrease) in Cash and Cash Equivalents

	WATER & SEWER FUND (F-6)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	\$ 881,917	\$ 80,103	\$ 488,164	\$ 1,450,184
Payment received on loans to other funds	15,371	508,250	-	523,621
Net cash provided by (used in) investing activities	897,288	588,353	488,164	1,973,805
Net increase (decrease) in cash and cash equivalents	(21,233,972)	594,086	(925,827)	(21,565,713)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,820,082	3,237,292	1,155,956	55,213,330
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 29,586,110	\$ 3,831,378	\$ 230,129	\$ 33,647,617

(Continued)

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

**Reconciliation of Operating Income (Loss) To Net Cash
Provided By (Used In) Operating Activities:**

	WATER & SEWER FUND (F-6)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL
Operating income (loss)	\$ 4,495,854	\$ 239	\$ (1,389,840)	\$ 3,106,253
Adjustments to reconcile net income (loss) to net cash Provided by (used in) operating activities:				
Depreciation expense	2,401,597	562,116	660,338	3,624,051
(Increase) decrease in accounts receivable	11,918	9,990	12,129	34,037
(Increase) decrease in prepaid expenses	-	68	-	68
Decrease in inventories	(7,849)	-	-	(7,849)
Increase (decrease) in accounts payable	(7,605)	33,398	16,288	42,081
Increase (decrease) in compensated absences payable	(55,215)	4,223	2,857	(48,135)
Total adjustments	<u>2,342,846</u>	<u>609,795</u>	<u>691,612</u>	<u>3,644,253</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 6,838,700</u></u>	<u><u>\$ 610,034</u></u>	<u><u>\$ (698,228)</u></u>	<u><u>\$ 6,750,506</u></u>

Non-cash Investing, Capital and Financing Activities:

The Water & Sewer Fund issued Series 2002 revenue bonds totaling \$ 14,350,000 to fund the final construction of the Lake Palestine water treatment plant. Bond proceeds totaling \$ 14,000,000 were receivable at year-end and bond issuance costs totaling \$ 350,000 were capitalized as deferred charges.

The Municipal Airport Fund received contributed assets aggregating \$2,891,432 from the Special Revenue Funds.

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
COMBINING SCHEDULE OF NET ASSETS
SEPTEMBER 30, 2002**

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	ELIMINATIONS	TOTAL (F-1)
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 13,339,965	\$ 15,049,371	\$ 1,195,074	\$ -	\$ 29,584,410
Cash - demand deposits and on hand	1,700	-	-	-	1,700
Accounts receivable (net)	16,699,445	-	23,637	-	16,723,082
Due from other funds	33,795,000	-	-	(33,795,000)	-
Inventories - at average cost	276,378	-	-	-	276,378
Prepaid assets	-	-	-	-	-
Total current assets	<u>64,112,488</u>	<u>15,049,371</u>	<u>1,218,711</u>	<u>(33,795,000)</u>	<u>46,585,570</u>
Fixed assets:					
Land	1,897,452	-	-	-	1,897,452
Buildings	25,556,945	-	-	-	25,556,945
Improvements other than buildings	91,047,471	-	-	-	91,047,471
Machinery and equipment	1,394,286	-	-	-	1,394,286
Construction in progress	-	37,790,555	-	-	37,790,555
Less accumulated depreciation	(45,666,605)	-	-	-	(45,666,605)
Net fixed assets	<u>74,229,549</u>	<u>37,790,555</u>	<u>-</u>	<u>-</u>	<u>112,020,104</u>
Other assets:					
Deferred charges (net of accumulated amortization of \$180,453)	820,969	-	-	-	820,969
Water rights - Lake Palestine	12,524,200	-	-	-	12,524,200
Total other assets	<u>13,345,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,345,169</u>
Total assets	<u>\$ 151,687,206</u>	<u>\$ 52,839,926</u>	<u>\$ 1,218,711</u>	<u>\$ (33,795,000)</u>	<u>\$ 171,950,843</u>

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
COMBINING SCHEDULE OF NET ASSETS
SEPTEMBER 30, 2002**

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	ELIMINATIONS	TOTAL (F-1)
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts and contracts payable	\$ 388,056	\$ 1,236,986	\$ 178,309	\$ -	\$ 1,803,351
Due to other funds	-	33,795,000	-	(33,795,000)	-
Current portion of revenue bonds payable	1,725,000	-	-	-	1,725,000
Current portion of compensated absences payable	4,733	-	-	-	4,733
Total current liabilities	<u>2,117,789</u>	<u>35,031,986</u>	<u>178,309</u>	<u>(33,795,000)</u>	<u>3,533,084</u>
Noncurrent liabilities:					
Water and sewer system revenue and revenue refunding bonds - long-term portion	47,600,000	-	-	-	47,600,000
Refundable water and sewer contracts	257,350	-	-	-	257,350
Compensated absences payable	262,774	-	-	-	262,774
Total noncurrent liabilities	<u>48,120,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,120,124</u>
Total liabilities	<u>50,237,913</u>	<u>35,031,986</u>	<u>178,309</u>	<u>(33,795,000)</u>	<u>51,653,208</u>
Net Assets:					
Invested in capital assets, net of related debt	24,904,549	37,790,555	-	-	62,695,104
Restricted for debt service	-	-	1,040,402	-	1,040,402
Unrestricted	76,544,744	(19,982,615)	-	-	56,562,129
Total net assets	<u>\$ 101,449,293</u>	<u>\$ 17,807,940</u>	<u>\$ 1,040,402</u>	<u>\$ -</u>	<u>\$ 120,297,635</u>

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	ELIMINATIONS	TOTAL (F-2)
OPERATING REVENUES					
Charges for sales and services:					
Metered water sales	\$ 12,767,576	\$ -	\$ -	\$ -	\$ 12,767,576
Sewer service charges	6,472,632	-	-	-	6,472,632
Miscellaneous income	-	67,200	4,886	-	72,086
Other water and sewer revenue	110,501	-	-	-	110,501
Total operating revenues	<u>19,350,709</u>	<u>67,200</u>	<u>4,886</u>	<u>-</u>	<u>19,422,795</u>
OPERATING EXPENSES					
Water and sewer administration	3,125,732	-	1,568	-	3,127,300
Water and sewer office	1,131,875	-	-	-	1,131,875
Water distribution	1,267,837	55,117	-	-	1,322,954
Water plants	2,286,968	-	-	-	2,286,968
Waste collection	911,464	-	-	-	911,464
Waste treatment plant	3,268,945	-	-	-	3,268,945
Lake Tyler	475,838	-	-	-	475,838
Depreciation	2,401,597	-	-	-	2,401,597
Total operating expenses	<u>14,870,256</u>	<u>55,117</u>	<u>1,568</u>	<u>-</u>	<u>14,926,941</u>
Operating income (loss)	<u>4,480,453</u>	<u>12,083</u>	<u>3,318</u>	<u>-</u>	<u>4,495,854</u>

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	ELIMINATIONS	TOTAL (F-2)
NON-OPERATING REVENUES (EXPENSES)					
Revenues from use of money and property	\$ 307,330	\$ 545,881	\$ 52,344	\$ -	\$ 905,555
Amortization	(65,161)	-	-	-	(65,161)
Sale of property	5,415	-	-	-	5,415
Interest expense	-	-	(380,861)	-	(380,861)
Total non-operating revenues (expenses)	<u>247,584</u>	<u>545,881</u>	<u>(328,517)</u>	<u>-</u>	<u>464,948</u>
Income (loss) before operating transfers	<u>4,728,037</u>	<u>557,964</u>	<u>(325,199)</u>	<u>-</u>	<u>4,960,802</u>
Operating transfers in	1,621,182	1,783,494	3,897,445	(7,302,121)	-
Operating transfers out	<u>(4,236,084)</u>	<u>(332,582)</u>	<u>(3,383,494)</u>	<u>7,302,121</u>	<u>(650,039)</u>
Total operating transfers in (out)	<u>(2,614,902)</u>	<u>1,450,912</u>	<u>513,951</u>	<u>-</u>	<u>(650,039)</u>
Change in net assets	2,113,135	2,008,876	188,752	-	4,310,763
Net Assets - October 1, 2001	<u>99,336,158</u>	<u>15,799,064</u>	<u>851,650</u>	<u>-</u>	<u>115,986,872</u>
NET ASSETS - SEPTEMBER 30, 2002	<u>\$ 101,449,293</u>	<u>\$ 17,807,940</u>	<u>\$ 1,040,402</u>	<u>\$ -</u>	<u>\$ 120,297,635</u>

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

Increase (Decrease) in Cash and Cash Equivalents

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	ELIMINATIONS	TOTAL (F-3)
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 19,252,126	\$ -	\$ -	\$ -	\$19,252,126
Cash paid to suppliers for goods and services	(8,460,253)	(55,117)	(1,568)	-	(8,516,938)
Cash paid to employees for services	(4,079,075)	-	-	-	(4,079,075)
Other operating revenue	110,501	67,200	4,886	-	182,587
Net cash provided by (used in) operating activities	<u>6,823,299</u>	<u>12,083</u>	<u>3,318</u>	<u>-</u>	<u>6,838,700</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating transfers - in from other funds	1,621,182	1,783,494	3,897,445	(7,302,121)	-
Operating transfers - out to other funds	(4,236,084)	(332,582)	(3,383,494)	7,302,121	(650,039)
Net cash provided by (used in) non-capital financing activities	<u>(2,614,902)</u>	<u>1,450,912</u>	<u>513,951</u>	<u>-</u>	<u>(650,039)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets and equipment	(3,561,206)	(22,967,697)	-	-	(26,528,903)
Proceeds from sale of equipment	11,533	-	-	-	11,533
Payments on bonded debt	(1,600,000)	-	-	-	(1,600,000)
Interest paid on revenue bonds	-	-	(202,551)	-	(202,551)
Net cash provided by (used in) capital and related financing activities	<u>(5,149,673)</u>	<u>(22,967,697)</u>	<u>(202,551)</u>	<u>-</u>	<u>(28,319,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	307,330	545,881	28,706	-	881,917
Payment received on loans to other funds	15,371	-	-	-	15,371
Net cash provided by investing activities	<u>322,701</u>	<u>545,881</u>	<u>28,706</u>	<u>-</u>	<u>897,288</u>
Net increase (decrease) in cash and cash equivalents	(618,575)	(20,958,821)	343,424	-	(21,233,972)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>13,960,240</u>	<u>36,008,192</u>	<u>851,650</u>	<u>-</u>	<u>50,820,082</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,341,665</u>	<u>\$ 15,049,371</u>	<u>\$ 1,195,074</u>	<u>\$ -</u>	<u>\$29,586,110</u>

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

**Reconciliation of Operating Income (Loss) to Net Cash
Provided by (Used In) Operating Activities**

	<u>OPERATING FUND</u>	<u>UTILITIES CONSTRUCTION FUND</u>	<u>DEBT SERVICE FUND</u>	<u>ELIMINATIONS</u>	<u>TOTAL (F-3)</u>
Operating income (loss)	\$ 4,480,453	\$ 12,083	\$ 3,318	\$ -	\$ 4,495,854
Adjustments to reconcile net income (loss) to net cash provided by (used in)					
Operating activities:					
Depreciation expense	2,401,597	-	-	-	2,401,597
Decrease in accounts receivable	11,918	-	-	-	11,918
Increase in inventories	(7,849)	-	-	-	(7,849)
Decrease in accounts payable	(7,605)	-	-	-	(7,605)
Decrease in compensated absences payable	(55,215)	-	-	-	(55,215)
Total adjustments	<u>2,342,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,342,846</u>
Net cash provided by (used in) operating activities	<u>\$ 6,823,299</u>	<u>\$ 12,083</u>	<u>\$ 3,318</u>	<u>\$ -</u>	<u>\$ 6,838,700</u>

Non-cash Investing, Capital and Financing Activities:

The Water & Sewer Fund issued Series 2002 revenue bonds totaling \$ 14,350,000 to fund the final construction of the Lake Palestine water treatment plant. Bond proceeds totaling \$ 14,000,000 were receivable at year-end and bond issuance costs totaling \$ 350,000 were capitalized as deferred charges.

**CITY OF TYLER, TEXAS
WATER & SEWER OPERATING FUND
DETAILED SCHEDULE OF REVENUES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Revenues from use of money or property	\$ 239,400	\$ 239,400	\$ 307,330	\$ 67,930
Charges for current services	19,339,700	19,339,700	19,240,208	(99,492)
Miscellaneous income	<u>87,700</u>	<u>87,700</u>	<u>110,501</u>	<u>22,801</u>
TOTAL REVENUES BUDGET BASIS	<u>\$ 19,666,800</u>	<u>\$ 19,666,800</u>	19,658,039	<u>\$ (8,761)</u>
Financial Statement Adjustments:				
Sale of property			5,415	
Operating transfers in			<u>1,621,182</u>	
TOTAL REVENUES GAAP BASIS			<u>\$ 21,284,636</u>	

**CITY OF TYLER, TEXAS
WATER & SEWER OPERATING FUND
DETAILED SCHEDULE OF EXPENSES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
WATER ADMINISTRATION AND SUNDRY				
Salaries and benefits	\$ 493,960	\$ 493,960	\$ 400,013	\$ 93,947
Supplies and services	2,757,643	2,757,643	2,728,635	29,008
Utilities	17,210	17,210	21,512	(4,302)
Maintenance	18,915	18,915	17,117	1,798
Capital Outlay	15,000	37,325	19,875	17,450
Operating transfers out	3,586,045	3,586,045	3,586,045	-
Total water administration and sundry	<u>6,888,773</u>	<u>6,911,098</u>	<u>6,773,197</u>	<u>137,901</u>
WATER OFFICE				
Salaries and benefits	650,472	650,472	647,093	3,379
Supplies and services	313,130	313,130	445,975	(132,845)
Utilities	3,095	3,095	4,982	(1,887)
Maintenance	27,952	27,952	33,825	(5,873)
Total water office	<u>994,649</u>	<u>994,649</u>	<u>1,131,875</u>	<u>(137,226)</u>
WATER DISTRIBUTION				
Salaries and benefits	935,265	935,265	731,345	203,920
Supplies and services	78,535	78,535	271,899	(193,364)
Utilities	20,298	20,298	12,002	8,296
Maintenance	278,717	278,717	251,516	27,201
Capital outlay	1,415,403	1,415,403	371,626	1,043,777
Total water distribution	<u>2,728,218</u>	<u>2,728,218</u>	<u>1,638,388</u>	<u>1,089,830</u>
WATER PLANT				
Salaries and benefits	664,433	664,433	605,869	58,564
Supplies and services	348,996	349,496	256,266	93,230
Utilities	1,621,420	1,610,576	1,159,070	451,506
Maintenance	141,630	171,630	152,224	19,406
Capital outlay	2,042,695	2,023,039	176,944	1,846,095
Total water plant	<u>4,819,174</u>	<u>4,819,174</u>	<u>2,350,373</u>	<u>2,468,801</u>

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER OPERATING FUND
DETAILED SCHEDULE OF EXPENSES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
WASTE COLLECTION				
Salaries and benefits	\$ 581,730	\$ 581,730	\$ 368,283	\$ 213,447
Supplies and services	55,874	55,874	211,302	(155,428)
Utilities	763	763	886	(123)
Maintenance	310,560	310,560	332,470	(21,910)
Capital outlay	4,411,627	4,389,302	2,999,558	1,389,744
Operating transfers out	-	650,039	650,039	-
Total waste collection	<u>5,360,554</u>	<u>5,988,268</u>	<u>4,562,538</u>	<u>1,425,730</u>
WASTE TREATMENT PLANT				
Salaries and benefits	1,049,937	1,049,937	1,013,750	36,187
Supplies and services	1,582,714	1,582,714	1,260,777	321,937
Utilities	561,942	561,942	592,514	(30,572)
Maintenance	188,160	188,160	162,919	25,241
Capital outlay	942,100	942,100	249,928	692,172
Total waste treatment plant	<u>4,324,853</u>	<u>4,324,853</u>	<u>3,279,888</u>	<u>1,044,965</u>
LAKE TYLER				
Salaries and benefits	344,288	344,288	252,517	91,771
Supplies and services	50,721	50,721	32,051	18,670
Utilities	14,732	14,732	11,616	3,116
Maintenance	186,370	186,370	179,654	6,716
Capital outlay	60,600	60,600	29,670	30,930
Total Lake Tyler	<u>656,711</u>	<u>656,711</u>	<u>505,508</u>	<u>151,203</u>
TOTAL EXPENSES AND TRANSFERS - BUDGET BASIS	<u>\$ 25,772,932</u>	<u>\$ 26,422,971</u>	20,241,767	<u>\$ 6,181,204</u>
Financial statement adjustments:				
Amortization			65,161	
Capital outlay items not expensed			(3,537,024)	
Depreciation expense			<u>2,401,597</u>	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			<u>\$ 19,171,501</u>	

**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Franchise Fees	\$ 402,000	\$ 402,000	\$ 406,822	\$ 4,822
Revenue from use of money or property	162,000	162,000	80,103	(81,897)
Charges for current services	5,996,000	5,996,000	6,490,709	494,709
Sale of property	-	-	31,525	31,525
Operating transfers in	564,024	564,024	64,024	(500,000)
Miscellaneous revenues	27,000	27,000	3,294	(23,706)
Total revenues	\$ 7,151,024	\$ 7,151,024	\$ 7,076,477	\$ (74,547)
EXPENSES				
Solid waste administration:				
Salaries and benefits	\$ 355,361	\$ 355,361	\$ 377,912	\$ (22,551)
Supplies and services	589,564	589,564	681,494	(91,930)
Utilities	5,771	5,771	4,522	1,249
Maintenance	4,350	4,350	4,724	(374)
Capital outlay	254,500	254,500	179,891	74,609
Total solid waste administration	1,209,546	1,209,546	1,248,543	(38,997)
Residential collections:				
Salaries and benefits	939,340	939,340	820,045	119,295
Supplies and services	1,816,940	1,816,940	1,699,133	117,807
Utilities	3,208	3,208	2,043	1,165
Maintenance	550,990	550,990	665,205	(114,215)
Capital outlay	70,500	144,622	136,314	8,308
Total residential collections	3,380,978	3,455,100	3,322,740	132,360
Commercial collections:				
Salaries and benefits	442,904	442,904	437,589	5,315
Supplies and services	1,026,345	1,026,345	1,109,896	(83,551)
Utilities	4,306	4,306	3,239	1,067
Maintenance	348,840	348,840	342,296	6,544
Capital outlay	150,000	440,862	384,063	56,799
Total commercial collections	1,972,395	2,263,257	2,277,083	(13,826)
Litter control:				
Supplies and services	77,500	77,500	64,864	12,636
Total litter control	77,500	77,500	64,864	12,636

(Continued)

**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Maintenance complex:				
Supplies and services	\$ 23,698	\$ 23,698	\$ 19,346	\$ 4,352
Utilities	99,800	99,800	81,857	17,943
Maintenance	23,500	23,500	23,887	(387)
Total maintenance complex	146,998	146,998	125,090	21,908
TOTAL EXPENSES - BUDGET BASIS	\$ 6,787,417	\$ 7,152,401	7,038,320	\$ 114,081
Financial statement adjustments:				
Capital outlay items not expensed			(699,850)	
Depreciation expense			562,116	
TOTAL EXPENSES - GAAP BASIS			\$ 6,900,586	

**CITY OF TYLER, TEXAS
MUNICIPAL AIRPORT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Licenses and permits	\$ 7,200	\$ 7,200	\$ 9,254	\$ 2,054
Airport sales and rentals	265,800	265,800	193,669	(72,131)
Revenue from use of money or property	711,714	711,714	488,164	(223,550)
Miscellaneous revenues	9,760	9,760	8,022	(1,738)
TOTAL REVENUES - BUDGET BASIS	\$ 994,474	\$ 994,474	699,109	\$ (295,365)
Operating transfers in			7,971,534	
TOTAL REVENUES - GAAP BASIS			\$ 8,670,643	
EXPENSES				
Municipal airport operations:				
Salaries and benefits	\$ 354,295	\$ 354,295	\$ 356,534	\$ (2,239)
Supplies and services	464,543	498,290	346,028	152,262
Utilities	66,287	66,287	62,208	4,079
Maintenance	124,010	207,244	173,878	33,366
Capital outlay	20,250	368,512	323,983	44,529
Total municipal airport operations	1,029,385	1,494,628	1,262,631	231,997
Operating transfers out	169,000	418,667	393,579	25,088
TOTAL EXPENSES AND TRANSFERS - BUDGET BASIS	\$ 1,198,385	\$ 1,913,295	1,656,210	\$ 257,085
Financial statement adjustments:				
Capital outlay items not expensed			(322,184)	
Depreciation expense			660,338	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			\$ 1,994,364	

STATISTICAL SECTION

TABLE 1

**CITY OF TYLER
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS (1)
(UNAUDITED)**

<u>FISCAL YEAR ENDED SEPT 30,</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>HIGHWAYS AND STREETS</u>	<u>PUBLIC SERVICES</u>	<u>CULTURE AND RECREATION</u>	<u>INTEREST ON LONG-TERM DEBT</u>	<u>WATER UTILITIES</u>	<u>SOLID WASTE</u>	<u>MUNICIPAL AIRPORT</u>	<u>TOTAL</u>
2002	\$ 8,496,768	\$ 25,823,437	\$ 5,157,064	\$ 12,737,742	\$ 5,862,162	\$ 575,516	\$ 15,458,795	\$ 6,925,144	\$ 1,594,141	\$82,630,769

Source: Current year Government-wide Statement of Activities.

(1) City of Tyler first applied GASB Statement No. 34 in fiscal year 2002; therefore, government-wide financial information for years prior to fiscal year 2002 is not available.

**CITY OF TYLER
GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS (1)
(UNAUDITED)**

FISCAL YEAR ENDED SEPT 30,	PROGRAM REVENUES			GENERAL REVENUES					
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PROPERTY TAXES	FRANCHISE TAXES	SALES AND USE TAXES	INVESTMENT EARNINGS	GAIN ON SALE OF ASSETS	
2002	\$ 36,814,477	\$ 6,530,677	\$ 4,586,916	\$ 10,710,574	\$ 8,282,437	\$ 25,805,742	\$ 2,632,674	\$ 237,160	

Source: Current year Government-wide Statement of Activities.

- (1) City of Tyler first applied GASB Statement No. 34 in fiscal year 2002; therefore, government-wide financial information for years prior to fiscal year 2002 is not available.

TABLE 2

TOTAL
\$ 95,600,657

TABLE 3

CITY OF TYLER, TEXAS
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR ENDED SEPT 30,</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>HIGHWAYS AND STREETS</u>	<u>PUBLIC HEALTH</u>	<u>LIBRARIES</u>	<u>PARKS AND RECREATION</u>	<u>PUBLIC ENTERPRISES</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
1988	\$ 2,462,716	\$ 11,260,267	\$ 2,613,929	\$ 1,391,397	\$ 819,986	\$ 1,787,653	\$ 52,899	\$ 1,669,456	\$ 22,058,303
1989	2,492,741	11,996,149	2,767,239	1,136,729	807,733	1,943,517	56,753	1,643,289	22,844,150
1990	2,743,935	13,249,561	2,813,595	1,256,733	770,404	1,944,904	70,530	1,941,268	24,790,930
1991	2,556,433	14,016,481	3,139,165	1,201,604	809,876	2,008,335	72,359	2,099,496	25,903,749
1992	2,599,035	14,583,181	2,976,844	1,211,581	856,006	1,936,480	95,630	2,384,358	26,643,115
1993	2,657,961	15,395,704	2,998,172	1,050,001	898,699	2,097,711	59,390	2,170,080	27,327,718
1994	3,145,265	17,541,460	3,325,250	1,307,571	965,718	2,496,246	220,939	2,405,448	31,407,897
1995	6,416,928	18,308,964	2,842,089	-	958,742	2,083,130	366,788	1,440,012	32,416,653
1996	6,572,759	19,092,869	3,379,352	-	1,040,373	2,327,149	98,986	745,658	33,257,146
1997	6,119,352	17,340,083	4,864,543	-	1,064,475	2,295,514	21,489	532,334	32,237,790
1998	5,362,201	19,301,097	5,572,399	-	1,041,816	2,714,665	122,825	616,153	34,731,156
1999	6,970,427	20,692,062	4,749,978	-	1,127,246	2,446,713	-	514,393	36,500,819
2000	4,790,562	21,473,857	6,320,633	-	1,073,738	2,352,092	-	553,449	36,564,331
2001	4,933,949	22,972,495	7,960,979	-	1,142,793	1,890,340	-	714,632	39,615,188
2002	5,919,103	24,784,622	7,696,866	-	1,168,086	2,309,810	-	727,715	42,606,202

NOTES:

(1) Includes the City's General Fund only.

TABLE 4

**CITY OF TYLER, TEXAS
GENERAL REVENUES BY SOURCE (1)
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED SEPT 30,	PROPERTY TAX INCLUDING PENALTY AND INTEREST	TAXES OTHER THAN PROPERTY TAX	LICENSES AND PERMITS	FINES, FORFEITS AND PENALTIES	REVENUE FROM USE OF MONEY AND PROPERTY	CHARGES FOR CURRENT SERVICES	INTER- GOVERNMENTAL AND OTHER AGENCIES REVENUES	MISCELLANEOUS	TOTAL
1988	\$ 7,701,539	\$ 10,770,759	\$ 310,211	\$ 1,033,977	\$ 250,056	\$ 320,535	\$ 1,308,931	\$ 212,302	\$ 21,908,310
1989	8,515,963	12,229,733	295,325	854,259	356,842	280,751	1,049,604	268,677	23,851,154
1990	8,777,107	12,613,597	280,392	952,915	378,333	274,148	1,031,986	256,916	24,565,394
1991	9,378,185	12,944,303	317,199	910,121	353,789	293,142	1,095,972	266,108	25,558,819
1992	9,430,678	13,793,607	398,910	883,770	262,638	306,438	1,178,739	412,035	26,666,815
1993	9,263,846	15,115,947	411,108	740,051	262,831	296,178	1,214,872	523,606	27,828,439
1994	9,312,019	17,705,838	548,025	919,423	343,827	335,258	1,653,943	314,909	31,133,242
1995	9,503,557	18,250,569	456,136	1,514,879	513,195	141,947	1,470,819	296,473	32,147,575
1996	9,717,902	18,903,670	500,762	2,277,829	290,393	238,206	1,486,225	326,185	33,741,172
1997	8,111,942	19,621,508	606,506	2,218,798	449,502	200,490	1,320,505	556,645	33,085,896
1998	7,916,127	21,190,911	647,087	2,676,277	443,066	157,833	2,042,861	413,823	35,487,985
1999	8,226,078	21,642,340	628,986	3,146,467	449,491	126,630	2,083,865	330,595	36,634,452
2000	8,434,732	22,519,822	642,352	3,308,252	638,591	105,844	2,066,190	238,419	37,954,202
2001	9,004,754	24,186,452	602,246	3,496,928	655,642	193,139	2,406,923	339,594	40,885,678
2002	9,127,166	24,451,292	674,411	3,736,417	355,870	169,065	3,165,353	363,016	42,042,590

NOTES:

(1) Includes the City's General Fund only.

TABLE 5

**CITY OF TYLER, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED SEPTEMBER 30,	CURRENT COLLECTIONS			DELINQUENT COLLECTIONS	TOTAL COLLECTIONS	PERCENT TOTAL COLLECTIONS TO LEVY	ACCUMULATED DELINQUENT TAXES	
	CITY TAX LEVY (1)	AMOUNT	PERCENT				AMOUNT	PERCENT TO LEVY
1988	\$ 9,856,939	\$ 9,509,798	96.48%	\$ 238,375	\$ 9,748,173	98.90%	\$ 895,271	9.08%
1989	10,484,299	10,169,797	97.00%	304,809	10,474,606	99.91%	793,494	7.57%
1990	10,998,429	10,644,419	96.78%	171,439	10,815,858	98.34%	972,273	8.84%
1991	12,179,941	11,819,062	97.04%	205,596	12,024,658	98.73%	1,114,022	9.15%
1992	12,564,813	12,203,041	97.12%	325,797	12,528,838	99.71%	1,134,906	9.03%
1993	12,948,303	12,604,373	97.34%	275,050	12,879,423	99.47%	1,167,907	9.02%
1994	13,178,540	12,854,984	97.54%	263,350	13,118,334	99.54%	1,183,775	8.98%
1995	14,143,919	13,879,378	98.13%	264,541	14,143,919	100.00%	1,178,732	8.33%
1996	14,331,267	14,048,079	98.02%	202,795	14,250,874	99.44%	1,094,263	7.64%
1997	12,505,882	12,052,507	96.37%	257,772	12,310,279	98.44%	1,080,752	8.64%
1998	11,885,938	11,734,756	98.73%	181,853	11,916,609	100.26%	1,028,233	8.65%
1999	9,956,733	9,718,544	97.61%	132,234	9,850,778	98.94%	1,046,257	10.51%
2000	9,992,642	9,773,079	97.80%	202,241	9,975,320	99.83%	998,885	10.00%
2001	10,412,559	10,202,005	97.98%	214,315	10,416,320	100.04%	915,810	8.80%
2002	10,614,957	10,370,865	97.70%	184,284	10,555,149	99.44%	873,734	8.23%

NOTE:

- (1) City taxes become due October 1; delinquent after January 31. No discounts allowed. Penalty not to exceed 12%, plus interest of 1% per month plus a collection fee of 15% is charged on delinquent taxes.

TABLE 6

**CITY OF TYLER, TEXAS
 ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
 LAST FIFTEEN FISCAL YEARS
 (UNAUDITED)**

FISCAL YEAR ENDED SEPTEMBER 30,	ASSESSED VALUE			TOTAL PROPERTY		RATIO OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE
	REAL PROPERTY	PERSONAL PROPERTY	MINERAL PROPERTY	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1988	\$ 1,945,835,269	\$ 550,856,602	\$ -	\$ 2,496,691,871	\$ 2,496,691,871	100%
1989	1,956,481,976	542,159,320	-	2,498,641,296	2,498,641,296	100%
1990	1,935,283,754	564,336,364	17,170	2,499,637,288	2,499,637,288	100%
1991	1,940,255,260	578,268,868	7,500	2,518,531,628	2,518,531,628	100%
1992	1,932,976,245	525,888,197	-	2,458,864,442	2,458,864,442	100%
1993	1,908,982,312	517,605,429	-	2,426,587,741	2,426,587,741	100%
1994	1,937,264,284	532,461,880	-	2,469,726,164	2,469,726,164	100%
1995	2,088,753,408	547,496,084	-	2,636,249,492	2,636,249,492	100%
1996	2,181,521,095	599,844,779	-	2,781,365,874	2,781,365,874	100%
1997	2,226,010,505	634,629,673	-	2,860,640,178	2,860,640,178	100%
1998	2,336,349,850	684,136,444	-	3,020,486,294	3,020,486,294	100%
1999	2,508,008,904	689,297,785	-	3,197,306,689	3,197,306,689	100%
2000	2,663,151,956	716,222,434	-	3,379,374,390	3,379,374,390	100%
2001	2,943,394,224	777,656,574	-	3,721,050,798	3,721,050,798	100%
2002	3,286,256,501	765,795,045	-	4,052,051,546	4,052,051,546	100%

TABLE 7

**CITY OF TYLER, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST FIFTEEN FISCAL YEARS
(RATES PER HUNDRED DOLLARS)
(UNAUDITED)**

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>CITY OF TYLER (1)</u>	<u>TYLER INDEPENDENT SCHOOL DISTRICT</u>	<u>TYLER JUNIOR COLLEGE</u>	<u>SMITH COUNTY</u>	<u>CHAPEL HILL INDEPENDENT SCHOOL DISTRICT</u>	<u>WHITEHOUSE INDEPENDENT SCHOOL DISTRICT</u>
1988	0.3948	0.7000	0.1000	0.2197	0.9550	0.7000
1989	0.3948	0.6900	0.1046	0.2190	0.9550	0.8600
1990	0.4196	0.7600	0.1046	0.1640	0.9550	0.8600
1991	0.4400	0.8677	0.1046	0.1849	0.9550	0.8825
1992	0.4833	0.9600	0.1045	0.1906	0.9550	0.9650
1993	0.5110	0.3999	0.1100	0.1951	0.4200	0.4500
1994	0.5336	1.3050	0.1223	0.2147	1.3050	1.3600
1995	0.5336	1.2900	0.1223	0.2397	1.2800	1.3400
1996	0.51526	1.30300	0.1223	0.23696	1.33459	1.3400
1997	0.43717	1.31609	0.1223	0.23631	1.35650	1.3700
1998	0.39364	1.31609	0.1223	0.23110	1.45370	1.3700
1999	0.31141	1.33609	0.1223	0.23110	1.49370	1.5100
2000	0.29537	1.36000	0.1223	0.22947	1.55000	1.4840
2001	0.27981	1.36000	0.1223	0.25447	1.59000	1.4890
2002	0.26196	1.41500	0.1223	0.25447	1.59000	1.4840

NOTES:

(1) The City tax rate is limited by charter to \$1.75 for all purposes

TABLE 8

**CITY OF TYLER, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2002
(UNAUDITED)**

<u>NAME OF TAXPAYER</u>	<u>NATURE OF PROPERTY OR PRODUCT</u>	<u>FYE SEPTEMBER 30, 2002 ASSESSED VALUATION</u>	<u>% OF TOTAL ASSESSED VALUATION</u>
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 92,915,598	2.29%
American Standard, Inc. - Trane Division	Manufacturing of heating and cooling units	77,266,640	1.91%
Southwestern Bell Telephone	Telephone Utility	49,302,367	1.22%
Wal-Mart Stores/Sam's	Retail Sales	45,910,724	1.13%
Texas Utilities Electric Company	Electric Utility	45,780,650	1.13%
Crown/La Gloria Oil & Gas Company	Oil and Gas Refinery	42,689,744	1.05%
Carrier Corporation	Manufacturing of heating and cooling units	41,905,308	1.03%
Simon Property Group	Commercial Property	39,603,335	0.98%
Genecov Group	Commercial Property	28,337,910	0.70%
Plaza Tower, LTD.	Commercial Property	16,845,250	0.42%
TOTALS		<u>\$ 480,557,526</u>	<u>11.86%</u>

TABLE 9

**CITY OF TYLER, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2002
(UNAUDITED)**

Assessed Value

(Assessed as of January 1, 2001, Effective October 1, 2001
for fiscal year ended September 30, 2002)

Real property	\$ 3,286,256,501
Personal property	765,795,045
Mineral property	-
	<hr/>
TOTAL	<u><u>\$ 4,052,051,546</u></u>

Debt Limit - The charter of the City of Tyler limits the
bonded debt to ten percent of assessed value

\$ 405,205,155

Amount of Debt Applicable to Debt Limit:

General obligation bonded debt	\$ 11,195,000
Less: Debt Service Fund Balance	<u>5,297,472</u>

Net Bonded Debt

5,897,528

LEGAL DEBT MARGIN

\$ 399,307,627

TABLE 10

CITY OF TYLER, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR ENDED SEPTEMBER 30,	ESTIMATED POPULATION (1)	ASSESSED VALUE	GENERAL BONDED DEBT (2)	LESS SINKING FUNDS	NET BONDED DEBT	PERCENT NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1988	82,000	\$ 2,496,691,871	\$ 32,703,630	\$ 5,636,086	\$ 27,067,544	1.08%	330
1989	84,440	2,498,641,296	30,210,973	5,487,003	24,723,970	0.99%	293
1990	76,440	2,499,637,288	32,547,646	5,398,921	27,148,725	1.09%	355
1991	74,450	2,520,159,379	35,496,200	5,236,307	30,259,893	1.20%	406
1992	76,506	2,458,864,442	37,259,349	5,256,057	32,003,292	1.30%	418
1993	77,034	2,426,587,741	30,975,037	5,072,532	25,902,505	1.07%	336
1994	77,562	2,469,726,164	31,240,037	4,621,508	26,618,529	1.08%	343
1995	78,090	2,636,249,492	26,260,037	5,225,435	21,034,602	0.80%	269
1996	78,618	2,781,365,874	21,510,037	5,967,582	15,542,455	0.56%	198
1997	81,303	2,860,640,178	21,483,601	6,167,509	15,316,092	0.54%	188
1998	81,303	3,020,486,294	17,311,228	6,334,859	10,976,369	0.36%	135
1999	82,908	3,197,306,689	16,086,702	6,402,553	9,684,149	0.30%	117
2000	83,650	3,379,374,390	14,825,000	6,519,457	8,305,543	0.25%	99
2001	84,400	3,721,050,798	12,285,000	5,187,778	7,097,222	0.19%	84
2002	85,603	4,052,051,546	11,195,000	5,297,472	5,897,528	0.15%	69

NOTES:

- (1) Information obtained from Tyler Area Chamber of Commerce, except for year 1990 and 2000 which was obtained from U.S. Census
(2) Includes all long-term general obligation bonds

* Information obtained from Smith County Tax Office

TABLE 11

CITY OF TYLER, TEXAS
RATIO OF ANNUAL DEBT SERVICE
EXPENDITURES FOR GENERAL BONDED DEBT TO
TOTAL GENERAL EXPENDITURES
LAST FIFTEEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL EXPENDITURES (1)</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1988	\$ 4,718	\$ 22,058	21.39%
1989	4,830	22,844	21.14%
1990	4,835	24,791	19.50%
1991	5,445	25,904	21.02%
1992	5,966	26,643	22.39%
1993	5,979	27,327	21.88%
1994	6,574	31,048	21.17%
1995	6,488	32,417	20.01%
1996	6,049	33,257	18.19%
1997	6,182	32,238	19.18%
1998	5,994	34,731	17.26%
1999	2,139	36,501	5.86%
2000	2,083	36,564	5.70%
2001	3,234	39,615	8.16%
2002	1,665	42,606	3.91%

NOTES:

(1) Includes the City's General Fund only.

TABLE 12

CITY OF TYLER, TEXAS
DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2002
(UNAUDITED)

<u>TAXING JURISDICTION</u>	<u>TOTAL BOND DEBT (1)</u>	<u>PERCENTAGE OF DEBT APPLICABLE TO CITY OF TYLER (2)</u>	<u>AMOUNT APPLICABLE TO CITY OF TYLER</u>
Direct:			
City of Tyler	\$ 11,195,000 (3)	100.00%	\$ 11,195,000
Overlapping:			
Tyler Independent School District	30,095,000	71.04%	21,379,488
Smith County	20,700,000	52.59%	10,886,130
Tyler Junior College	19,470,000	65.00%	12,655,500
Chapel Hill Independent School District	3,494,075	19.15%	669,115
Whitehouse Independent School District	<u>28,749,998</u>	27.37%	<u>7,868,874</u>
 Total Overlapping Bond Debt	 <u>\$ 102,509,073</u>		 <u>\$ 53,459,107</u>
 Total Direct and Overlapping	 <u>\$ 113,704,073</u>		 <u>\$ 64,654,107</u>
 Ratio overlapping bond debt to assessed valuation			 <u>1.32%</u>
 Per Capita Overlapping Bond Debt			 <u>625</u>

NOTES:

- (1) Information from each respective taxing jurisdiction
- (2) Percentages are estimated
- (3) General Obligation Bonded Debt

TABLE 13

**CITY OF TYLER, TEXAS
WATER AND SEWER REVENUE BOND COVERAGE
LAST FIFTEEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)**

FISCAL YEAR ENDED SEPTEMBER 30,	GROSS REVENUE (1)	DIRECT OPERATING EXPENSES (2)	WATER PURCHASED (3)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (4)	COVERAGE
1988	\$ 14,061	\$ 6,004	\$ 455	\$ 7,602	\$ 2,268	3.35
1989	13,789	5,733	496	7,560	2,340	3.23
1990	13,980	6,074	496	7,410	2,190	3.38
1991	13,376	6,890	496	5,990	2,189	2.74
1992	14,007	7,171	496	6,340	2,183	2.90
1993	14,768	7,421	496	6,851	2,184	3.14
1994	15,088	8,189	496	6,403	2,192	2.92
1995	15,799	8,762	496	6,541	2,191	2.99
1996	16,822	8,805	496	7,521	2,182	3.45
1997	16,323	9,884	496	5,943	2,202	2.70
1998	18,609	10,443	496	7,670	2,209	3.47
1999	17,092	10,392	496	6,204	2,186	2.84
2000	20,229	10,968	496	8,765	1,749	5.01
2001	20,061	11,648	248	8,165	3,207	2.55
2002	19,658	12,469	-	7,189	3,586	2.00

NOTES:

- (1) Includes total operating revenues, interest income and royalty income of the City's Water and Sewer Fund only.
- (2) Includes all direct operating expenses, except depreciation, of the City's Water and Sewer Fund only. Operating transfers out are not considered direct operating expenses and therefore not included in this total.
- (3) Payments made to the Upper Neches River Municipal Water Authority, pursuant to a 1965 water supply contract.
- (4) Includes principal and interest.

TABLE 14

**CITY OF TYLER, TEXAS
DEMOGRAPHIC STATISTICS
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED SEPTEMBER 30,	TYLER POPULATION (1)	SMSA MEDIAN AGE (2)	SCHOOL ENROLLMENT (3)	TYLER PUBLIC SMSA UNEMPLOYMENT RATE (4)
1988	82,000	32.9	16,253	7.4%
1989	84,440	33.2	16,127	6.9%
1990	76,440	32.9	16,205	6.5%
1991	74,450	33.2	16,642	6.4%
1992	76,506	33.6	16,648	8.0%
1993	77,034	33.8	16,731	6.6%
1994	77,562	34.2	16,773	5.0%
1995	78,090	34.5	16,771	5.7%
1996	78,618	34.9	16,201	6.7%
1997	81,303	34.8	16,714	6.8%
1998	81,303	34.8	16,672	4.9%
1999	82,908	34.6	16,587	3.9%
2000	83,650	34.6	16,630	4.2%
2001	84,400	34.1	16,778	4.3%
2002	85,603	34.2	16,626	4.9%

SOURCES:

- (1) Tyler Area Chamber of Commerce except for year 1990 and 2000 which was obtained from U.S. Census Bureau.
- (2) Sales and Marketing Management's Annual Survey of Buying Power
- (3) Tyler Independent School District Records
- (4) Texas Employment Commission

TABLE 15

CITY OF TYLER, TEXAS
PROPERTY VALUE AND CONSTRUCTION
LAST FIFTEEN YEARS
(IN THOUSANDS)
(UNAUDITED)

<u>FISCAL YEAR</u> <u>ENDED</u> <u>SEPTEMBER 30,</u>	<u>PROPERTY</u> <u>VALUE *</u>	<u>CONSTRUCTION</u> <u>PERMITS (1)</u>
1988	\$ 2,496,692	\$ 49,850
1989	2,498,641	52,615
1990	2,499,637	34,028
1991	2,520,159	64,630
1992	2,458,864	85,271
1993	2,426,588	119,275
1994	2,469,726	101,077
1995	2,636,249	82,060
1996	2,781,366	97,083
1997	2,860,640	94,987
1998	3,020,486	106,268
1999	3,197,307	101,676
2000	3,379,374	218,081
2001	3,721,050	229,554
2002	4,052,052	244,974

SOURCE:

(1) City Inspection Department

* Estimated Actual Value in thousands

CITY OF TYLER, TEXAS
MISCELLANEOUS STATISTICAL DATA
SEPTEMBER 30, 2002
(UNAUDITED)

Date founded:	April 11, 1846
Date of Incorporation:	January 29, 1850
City Charter adopted:	February 9, 1937
Square miles in corporate limits	52.746
Form of government:	Council-Manager

Tyler is the county seat of Smith County.

Chief Industries in and around Tyler

Growing and shipping rose bushes, oil production and refining, canning, railroad headquarters, manufacturing cast iron fittings and soil pipe and air conditioning units, prefabricated homes, tires, plastics, fertilizers, brick, tile and fishing lures.

Miles of Streets and Sidewalks

Paved streets	678.44 miles
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Building Permits - Fiscal Year

Number issued	1,709
Estimated cost	\$ 244,974

Fire Protection

Number of stations	9
Number of employees - civil service	131
Number of employees - non-civil service	5
Number of part-time employees - non-civil service	0

Police Protection

Number of stations	3
Number of employees - civil service	175
Number of employees - non-civil service	63
Number of part-time employees - non-civil service	2

CITY OF TYLER, TEXAS
MISCELLANEOUS STATISTICAL DATA
SEPTEMBER 30, 2002
(UNAUDITED)

Parks and Recreation

City parks - acres	1,113.43
Recreation centers	3
Number of playgrounds	17
Number of swimming pools	2
Rose Garden - acres (included in parks above)	22
Lighted tennis courts	12
Unlighted tennis courts	8
Multi-use courts	10

The water department operated ten park areas at three City-owned lakes. The lakes and surrounding areas consist of approximately 10,000 acres.

Water and Sewer

Number of water customers	31,288
Number of sewer customers	28,905
Number of garbage customers	29,387
Average daily water consumption	21,382,915 gpd *
Highest daily water consumption	40,003,000 gpd *
Plant capacity and wells	40,350,000 gpd *
	* gallons per day
Storage capacity - overhead	8,500,000 gallons
Miles - water mains	587.80
Miles - sewer mains	517.11
Valves	6,874
Number of fire hydrants	2,444
Water supply	3 Lakes and 12 Water Wells

Number of Employees

Civil service	306
Non-civil service	473
	<hr/>
Total employees	<u><u>779</u></u>

CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	ACCRUED OR (DEFERRED) REVENUE AT 10-1-01	RECEIPTS	MATCHING FUNDS/ OTHER REVENUES	FEDERAL EXPENDITURES	MATCHING FUNDS/ OTHER EXPENDITURES	TOTAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-02
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>									
Direct Programs:									
Community Development Block Grant Program, Entitlement Grants:									
Program Year:									
2000	14.218	B99MC480028	\$ 118,992	\$ (118,992)	\$ -	\$ -	\$ -	\$ -	\$ -
2001	14.218	B99MC480028	-	(943,120)	-	1,256,855	-	1,256,855	313,735
Total Community Development Block Grant Program			118,992	(1,062,112)	-	1,256,855	-	1,256,855	313,735
Section 8 Rental Certificate Program									
Program Year:									
9-30-00	-	TX456CE	(7,577)	-	-	-	-	-	(7,577)
Total Lower Income Housing Program			(7,577)	-	-	-	-	-	(7,577)
Section 8 Rental Voucher Program									
Program Year:									
9-30-01	14.871	TX456VO	(508,483)	-	-	-	508,483	508,483	-
9-30-02	14.871	TX456VO	-	(3,906,838)	(12,747)	3,499,551	12,747	3,512,298	(407,287)
Total Section 8 Voucher Program			(508,483)	(3,906,838)	(12,747)	3,499,551	521,230	4,020,781	(407,287)
Home Investment Partnerships Program									
Program Year:									
9-30-01	14.239	-	38,526	(142,276)	-	134,073	-	134,073	30,323
9-30-02	14.239	-	-	(171,150)	-	184,453	-	184,453	13,303
Total Home Investment Partnerships Program			38,526	(313,426)	-	318,526	-	318,526	43,626
Total U.S. Department of Housing and Urban Development			(358,542)	(5,282,376)	(12,747)	5,074,932	521,230	5,596,162	(57,503)
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>									
Direct Programs:									
Airport Improvement Program	20.106	-	650,000	(1,005,836)	(150,648)	1,355,836	150,648	1,506,484	1,000,000
Airport Improvement Program	20.106	-	-	(2,246,453)	(249,606)	2,246,453	249,606	2,496,059	-
Airport Improvement Program	20.106	-	-	(189,512)	-	200,467	-	200,467	10,955
Total Airport Improvement Program			650,000	(3,441,801)	(400,254)	3,802,756	400,254	4,203,010	1,010,955
Passed Through Federal Transit Administration:									
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-X518-00	24,492	(370,112)	(339,726)	571,498	339,726	911,224	225,878
Total Urban Mass Transportation - Capital and Operating Assistance Grants			24,492	(370,112)	(339,726)	571,498	339,726	911,224	225,878
Passed Through Transportation Security Administration									
Transportation Security Grant	20.000	-	-	-	-	8,618	-	8,618	8,618
Total Transportation Security Administration			-	-	-	8,618	-	8,618	8,618

CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTORS NUMBER</u>	<u>ACCRUED OR (DEFERRED) REVENUE AT 10-1-01</u>	<u>RECEIPTS</u>	<u>MATCHING FUNDS/ OTHER REVENUES</u>	<u>FEDERAL EXPENDITURES</u>	<u>MATCHING FUNDS/ OTHER EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>	<u>ACCRUED OR (DEFERRED) REVENUE AT 9-30-02</u>
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CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	ACCRUED OR (DEFERRED) REVENUE AT 10-1-01	RECEIPTS	MATCHING FUNDS/ OTHER REVENUES	FEDERAL EXPENDITURES	MATCHING FUNDS/ OTHER EXPENDITURES	TOTAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-02
Passed Through Texas Department of Highways and Public Transportation: Highway Research, Planning and Construction Grants: Section 104F Grant Program Year:									
2001 - PL Funds	20.205	500XXF0016	\$ 36,383	\$ (36,383)	\$ -	\$ -	\$ -	\$ -	\$ -
2002 - PL Funds	20.205	-	-	(90,047)	-	124,703	-	124,703	34,656
Total Highway Research Planning and Construction Grants			36,383	(126,430)	-	124,703	-	124,703	34,656
Passed Through Texas Department of Highways and Public Transportation:									
Safety Incentive Grants for Use of Seatbelts	20.604	580XXF6070	-	-	-	-	-	-	-
Safe and Sober Selective Traffic Enforcement Program	20.600	581XXF6029	24,463	(24,463)	-	-	-	-	-
Safe and Sober Selective Traffic Enforcement Program	20.600	582XXF6094	-	-	-	17,606	-	17,606	17,606
Safe and Sober Selective Traffic Enforcement Program	20.600	582XXF6007	-	(23,723)	-	49,328	-	49,328	25,605
Total Safe and Sober			24,463	(48,186)	-	66,934	-	66,934	43,211
Capital Investment Grant	20.500	51110F6011	24,319	(35,200)	-	10,881	-	10,881	-
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51110F3017	-	(62,110)	(15,528)	62,110	15,528	77,638	-
Recreational Trails Program (Tyler Pedestrian & Bike Trail)	20.219	-	-	(26,230)	(6,885)	27,541	6,885	34,426	1,311
Total U.S. Department of Transportation			759,657	(4,110,069)	(762,393)	4,675,041	762,393	5,437,434	1,324,629
<u>U.S. DEPARTMENT OF THE INTERIOR</u>									
Passed Through Texas Historical Commission:									
Historic Preservation Fund Grants In Aid	15.904	48-00-15350-020	5,000	(5,000)	-	-	-	-	-
Historic Preservation Fund Grants In Aid	15.904	48-02-17574-026	-	-	-	10,772	-	10,772	10,772
Total U. S. Department of the Interior			5,000	(5,000)	-	10,772	-	10,772	10,772
<u>U.S. DEPARTMENT OF JUSTICE</u>									
Direct Programs:									
D.E.A./Tyler Multi-Agency Task Force (Byrne Formula Grant)									
9-30-01	16.579	-	8,627	(8,627)	-	-	-	-	-
9-30-02	16.579	-	-	(31,655)	-	40,079	-	40,079	8,424
Total Byrne Formula Grant			8,627	(40,282)	-	40,079	-	40,079	8,424
Public Safety Partnership and Community Policing Grants:									
COPS Universal Hiring	16.710	95-CC-WX-0162	33,633	(66,342)	-	32,709	-	32,709	-
Total COPS Universal Hiring Grant			33,633	(66,342)	-	32,709	-	32,709	-

CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	ACCRUED OR (DEFERRED) REVENUE AT 10-1-01	RECEIPTS	MATCHING FUNDS/ OTHER REVENUES	FEDERAL EXPENDITURES	MATCHING FUNDS/ OTHER EXPENDITURES	TOTAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-02
U.S. DEPARTMENT OF JUSTICE (con'td.)									
Local Law Enforcement Block Grants:									
Local Law Enforcement Block Grant	16.592	-	\$ (375)	\$ -	\$ (5)	\$ 369	\$ -	\$ 369	\$ (11)
Local Law Enforcement Block Grant	16.592	2001-LB-BX-2750	(126,569)	-	(15,134)	108,283	13,987	122,270	(19,433)
Local Law Enforcement Block Grant	16.592	2002-LB-BX-2875	-	(94,185)	(196)	-	-	-	(94,381)
Total Local Law Enforcement Block Grants			(126,944)	(94,185)	(15,335)	108,652	13,987	122,639	(113,825)
Bulletproof Vest Partnership Program	16.607	-	-	(2,336)	-	2,336	-	2,336	-
Total Bulletproof Vest Partnership Program			-	(2,336)	-	2,336	-	2,336	-
Discretionary Drug and Criminal Justice Assistance Program	16.580	-	1,151	(10,124)	-	9,204	-	9,204	231
Total Discretionary Drug and Criminal Justice Assistance Program			1,151	(10,124)	-	9,204	-	9,204	231
Total U.S. Department of Justice			(83,533)	(213,269)	(15,335)	192,980	13,987	206,967	(105,170)
<u>FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</u>									
Passed Through Texas Department of Public Safety -									
Division of Emergency Management									
Public Assistance Grants	83.544	FEMA-DR-1556-TX	-	(3,232)	-	3,232	-	3,232	-
Total Federal Emergency Management Assistance			-	(3,232)	-	3,232	-	3,232	-
<u>U.S. DEPARTMENT OF AGRICULTURE</u>									
Passed Through Texas Department of Human Services:									
Summer Food Service Program									
Program Year:									
9-30-01	10.559	-	39,249	(39,249)	-	-	-	-	-
9-30-02	10.559	-	-	(72,707)	-	72,707	-	72,707	-
Total U.S. Department of Agriculture			39,249	(111,956)	-	72,707	-	72,707	-
TOTAL FEDERAL ASSISTANCE			\$ 361,831	\$ (9,725,902)	\$ (790,475)	\$ 10,029,664	\$ 1,297,610	\$ 11,327,274	\$ 1,172,728

**CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

STATE GRANTOR	STATE NUMBER	ACCRUED OR (DEFERRED) REVENUE AT 10-1-01	RECEIPTS	MATCHING FUNDS/ OTHER REVENUE	STATE EXPENDITURES	MATCHING FUNDS/ OTHER EXPENDITURES	TOTAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-02
<u>TEXAS DEPARTMENT OF TRANSPORTATION</u>								
Public Transportation Grant	51110F1025	\$ 377,344	\$ (377,344)	\$ -	\$ -	\$ -	\$ -	\$ -
Public Transportation Grant	51210F1025	60,042	(60,042)	-	-	-	-	-
Public Transportation Grant	51310F1025	-	(135,996)	-	285,604	-	285,604	149,608
Total Texas Department of Transportation		437,386	(573,382)	-	285,604	-	-	149,608
<u>TEXAS CRIMINAL JUSTICE DIVISION</u>								
East Texas Auto Theft Task Force	-	8,876	(61,384)	(17,887)	57,733	17,887	75,620	5,225
Total Texas Criminal Justice Division		8,876	(61,384)	(17,887)	57,733	17,887	75,620	5,225
<u>TEXAS STATE LIBRARY AND ARCHIVES COMMISSION</u>								
Lone Star Library Grant	442-02474	-	(6,253)	-	6,253	-	6,253	-
Total Texas State Library and Archives Commission		-	(6,253)	-	6,253	-	6,253	-
<u>TELECOMMUNICATIONS INFRASTRUCTURE FUND BOARD</u>								
Library Grant	QE-2001-LTA55-5190	-	-	-	78,470	-	78,470	78,470
Connect Tyler	QE-2000-CN1C-3963	-	(313,731)	-	420,866	-	420,866	107,135
Total Telecommunication Infrastructure Fund Board		-	(313,731)	-	499,336	-	499,336	185,605
TOTAL STATE ASSISTANCE		\$ 446,262	\$ (954,750)	\$ (17,887)	\$ 848,926	\$ 17,887	\$ 581,209	\$ 340,438