

**CITY OF TYLER, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2004**

**MAYOR – JOEY SEEBER**

**Members of City Council:**

Joyce Scurry  
Ron Shaffer  
Chris Simmons  
Steve Smith  
Derrick Choice  
Charles Alworth

**City Manager – Bob Turner**

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

## INTRODUCTORY SECTION

CITY OF TYLER, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

TABLE OF CONTENTS

EXHIBIT/  
 SCHEDULE    PAGE(S)

INTRODUCTORY SECTION

|  |      |
|--|------|
| Title Page   |      |
| Table of Contents  |      |
| Letter of Transmittal  | i-vi |
| GFOA Certificate of Achievement for Excellence<br>In Financial Reporting | vii  |
| Organizational Blueprint   | viii |
| List of Principal Officials  | ix   |

FINANCIAL SECTION

|   |              |
|---|--------------|
| Independent Auditors' Report  | 1-2          |
| Management's Discussion and Analysis  | 3-12         |
| Basic Financial Statements:   |              |
| Government-wide Financial Statements:   |              |
| Statement of Net Assets   | 1      14    |
| Statement of Activities   | 2      15    |
| Fund Financial Statements:  |              |
| Balance Sheet – Governmental Funds  | 3      16-17 |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Governmental Funds   | 4      18    |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities | 5      19    |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Budget and Actual – General Fund   | 6      20-21 |
| Statement of Net Assets – Proprietary Funds   | 7      22    |
| Statement of Revenues, Expenses, and Changes in Fund<br>Net Assets – Proprietary Funds  | 8      23    |
| Statement of Cash Flows – Proprietary Funds   | 9      24-25 |
| Statement of Fiduciary Net Assets – Fiduciary Funds   | 10     26    |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Funds  | 11     27    |
| Notes to the Financial Statements   | 28-50        |
| Required Supplementary Information:   |              |
| Schedules of Funding Progress:  |              |
| Texas Municipal Retirement System   | A-1     52   |
| Tyler Firefighter's Relief and Retirement Fund  | A-2     53   |

CITY OF TYLER, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

TABLE OF CONTENTS

|   | <u>EXHIBIT/<br/>SCHEDULE</u> | <u>PAGE(S)</u> |
|---|------------------------------|----------------|
| Additional Supplemental Information:  |                              |                |
| Non-Major Governmental Funds  |                              |                |
| Combining Balance Sheet   | B-1                          | 57-59          |
| Combining Statement of Revenues, Expenditures and Changes<br>in Fund Balances             | B-2                          | 60-62          |
| Schedules of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual: |                              |                |
| Police Department Judgment of Forfeitures Fund  | B-3                          | 63             |
| Hotel/Motel Occupancy Fund  | B-4                          | 64             |
| Tyler Tourism and Convention Facility Fund  | B-5                          | 65             |
| Debt Service Fund   | B-6                          | 66             |
| Schedules of Revenues and Expenses – Budget and Actual                                    |                              |                |
| Rose Hill Cemetery Trust Fund   | B-7                          | 67             |
| Oakwood Cemetery Trust Fund   | B-8                          | 68             |
| Westview Cemetery Trust Fund  | B-9                          | 69             |
| Internal Service Funds:   |                              |                |
| Combining Statement of Net Assets   | C-1                          | 72             |
| Combining Statement of Revenues, Expenses and Changes<br>in Fund Net Assets               | C-2                          | 73             |
| Combining Statement of Cash Flows   | C-3                          | 74-75          |
| Detail Schedules of Revenues and Expenses – Budget and Actual:                            |                              |                |
| Productivity Improvement Fund   | C-4                          | 76             |
| Fleet Management Fund   | C-5                          | 77             |
| Property and Liability Fund   | C-6                          | 78             |
| Employee Benefits Fund  | C-7                          | 79             |
| Property and Facility Management Fund   | C-8                          | 80             |
| Technology Fund   | C-9                          | 81             |
| Capital Assets Used in the Operation of Governmental Funds:                               |                              |                |
| Comparative Schedules by Source   | D-1                          | 84             |
| Schedule by Function and Activity   | D-2                          | 85             |
| Schedule of Changes by Function and Activity  | D-3                          | 86             |
| General Fund:   |                              |                |
| Detailed Schedule of Revenues – Budget and Actual   | E-1                          | 87-89          |
| Detailed Schedule of Expenditures – Budget and Actual                                     | E-2                          | 90-94          |
| Enterprise Funds:   |                              |                |
| Combining Statement of Net Assets   | F-1                          | 95-96          |
| Combining Statement of Revenues, Expenses and Changes in Net Assets                       | F-2                          | 97-98          |
| Combining Statement of Cash Flows   | F-3                          | 99-101         |

CITY OF TYLER, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

TABLE OF CONTENTS

|   | <u>EXHIBIT/<br/>SCHEDULE</u> | <u>PAGE(S)</u> |
|---|------------------------------|----------------|
| Water and Sewer Funds:  |                              |                |
| Combining Statement of Net Assets                                   | F-4                          | 102-103        |
| Combining Statement of Revenues, Expenses and Changes in Net Assets | F-5                          | 104-105        |
| Schedule of Combining Statement of Cash Flows                       | F-6                          | 106-107        |
| Detail Schedule of Revenues – Budget and Actual                     | F-7                          | 108            |
| Detail Schedule of Expenses – Budget and Actual                     | F-8                          | 109-110        |
| Sanitation Fund:  |                              |                |
| Detail Schedule of Revenues and Expenses – Budget and Actual        | F-9                          | 111-112        |
| Municipal Airport Fund  |                              |                |
| Detail Schedule of Revenues and Expenses – Budget and Actual        | F-10                         | 113            |
| Pension and Other Employee Benefit Trusts                           |                              |                |
| Combining Statement of Net Assets                                   | G-1                          | 114            |
| Combining Statement of Changes in Fiduciary Net Assets              | G-2                          | 115            |

STATISTICAL SECTION (UNAUDITED)

|  |    |         |
|--|----|---------|
| Government-wide Information:   |    |         |
| Government-wide Expenses by Function   | 1  | 118     |
| Government-wide Revenues   | 2  | 119     |
| Fund Information:  |    |         |
| General Government Expenditures by Function  | 3  | 120     |
| General Government Revenues by Source  | 4  | 121     |
| Property Tax Levies and Collections  | 5  | 122     |
| Assessed and Estimated Actual Value of Property  | 6  | 123     |
| Property Tax Rates – Direct and Overlapping Governments  | 7  | 124     |
| Principal Taxpayers  | 8  | 125     |
| Computation of Legal Debt Margin   | 9  | 126     |
| Ratio of Net General Obligation Bonded Debt to Assessed Value<br>and Net General Obligation Bonded Debt Per Capita         | 10 | 127     |
| Ratio of Annual Debt Service Expenditures for General Obligation Bonded<br>Debt to Total General Governmental Expenditures | 11 | 128     |
| Direct and Overlapping Bonded Debt   | 12 | 129     |
| Water and Sewer Revenue Bond Coverage  | 13 | 130     |
| Demographic Statistics   | 14 | 131     |
| Property Value and Construction  | 15 | 132     |
| Miscellaneous Statistics   | 16 | 133-134 |

SINGLE AUDIT SECTION

|   |     |         |
|---|-----|---------|
| Schedule of Expenditures of Federal Awards  | J-1 | 136-139 |
| Schedule of Expenditures of State Awards  | J-2 | 140-141 |
| Summary Schedule of Prior Audit Findings  |     | 142     |
| Report on Compliance and on Internal Control Over Financial Reporting Based<br>on an Audit of Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> |     | 143     |

CITY OF TYLER, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

TABLE OF CONTENTS

|   | <u>EXHIBIT/<br/>SCHEDULE</u> | <u>PAGE(S)</u> |
|---|------------------------------|----------------|
| Report on Compliance with Requirements Applicable to Each Major Program<br>and Internal Control Over Compliance in Accordance with OMB Circular A-133 |                              | 144-145        |
| Schedule of Findings and Questioned Costs   |                              | 146            |

## **INTRODUCTORY SECTION**

- ◆ **TABLE OF CONTENTS**
- ◆ **LETTER OF TRANSMITTAL**
- ◆ **GFOA CERTIFICATE OF  
ACHIEVEMENT FOR  
EXCELLENCE IN  
FINANCIAL REPORTING**
- ◆ **ORGANIZATIONAL BLUEPRINT**
- ◆ **LIST OF PRINCIPAL OFFICIALS**

February 10, 2005

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, 2004.

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 three sections: Introductory, Financial and Statistical. The introductory section includes this transmittal letter, a listing of the City Officials and an organizational chart of the City. The financial section includes a Management and Discussion 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 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 9.2% increase from the 1990 census population of 76,440. Currently, the City's population is estimated to be 101,106. 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 pool; 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 for 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. To further ensure the validity of internal controls, the City has budgeted for and hired an Internal Auditor in Fiscal Year 2004-2005.

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 revenues or 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. Personnel 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. The chief industries in and around Tyler include: growing and shipping rose bushes; oil production and refining; canning; railroad headquarters; manufacturing cast iron fittings, soil pipe and air conditioning units; prefabricated homes; tires; plastics; fertilizers; brick; tile and fishing lures. This diversification is evident in the fact that no single taxpayer represents more than 2.5% of assessed valuation in the City.

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.

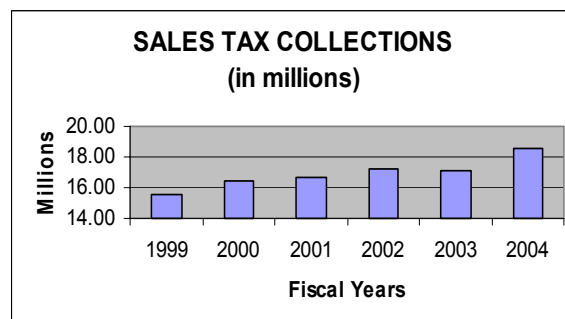
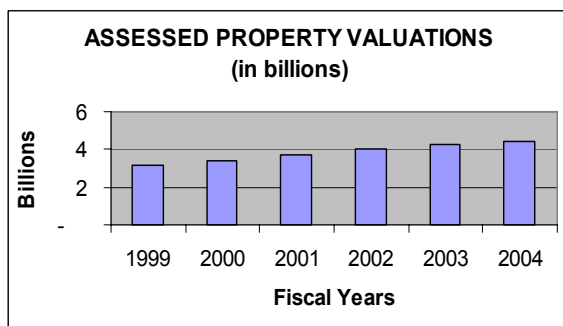
The area became involved in the oil and gas industry in 1931 when the East Texas oil field was discovered. The City still has several oil-related service and manufacturing companies located within the City limits.

Tyler has many tourist attractions. The Tyler Rose Festival attracts some 150,000 visitors annually. The azalea trails in the spring attract additional tourist income. Lake Tyler and Lake Tyler East, located twelve miles southeast of the City, are popular recreational and fishing sites. Lake Tyler has been chosen for the 2005 HGTV “Dream Home” site.

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 the 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, 2006. During this fiscal year, the City completed an RFP process. As a result of this process, the depository contract was awarded to Bank of America for a three-year term.

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 2004 was approximately \$64,235,513. The overall portfolio provided \$796,163 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 individual stop-loss for liability claims at \$50,000, 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 two (2) PPO Plans. 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 full time active employees and \$5,000 for eligible retirees. 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 2004 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 general purpose 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, 2003.

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,

---

Bob Turner  
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, 2003

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.



*Nancy L. Zjella*  
President

*Jeffrey L. Esser*  
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  
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 21<sup>st</sup> 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/Purchasing  
Vehicle/Equipment Management  
Property/Facility Management

**CITY OF TYLER, TEXAS  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2004**

**MAYOR – JOEY SEEBER**

**Members of City Council:**

Joyce Scurry  
Ron Shaffer  
Chris Simmons  
Steve Smith  
Derrick Choice  
Charles Alworth

**City Manager – Bob Turner**

**Chief Financial Officer – Daniel Crawford**

**City Clerk – Cassandra Brager**



## FINANCIAL SECTION

Michael Gollob, CPA-Retired  
Tony K. Morgan, CPA/ABV  
Robert W. Peddy, CPA  
Barbara R. Bass, CPA  
Tommy J. Chambers, CPA  
Lisa G. Robinson, CPA  
Sharon C. Forsyth, CPA  
Joe Wylie, CPA

**GOLLOB MORGAN  
PEDDY & CO., P.C.**  
Certified Public Accountants

Members American Institute of Certified Public Accountants and Private Companies Practice Section

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  
Patricia L. Kinnaird, CPA  
Jenny D. Clark, CPA  
Michael W. Stevens, CPA  
Robert Shane Rohrbach, CPA  
Jaime N. Kirkland, CPA  
Raymond C. McKinney, CPA

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tyler, Texas' 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof 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 February 10, 2005 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tyler, Texas' basic financial statements. The combining and individual non-major fund financial statements and 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 introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Certified Public Accountants

Tyler, Texas  
February 10, 2005

## **CITY OF TYLER, TEXAS**

Management's Discussion and Analysis  
For Year Ended September 30, 2004  
(Unaudited)

As management of the City of Tyler, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Tyler exceeded its liabilities at the close of the most recent fiscal year by \$408,233,936 (Net assets). Of this amount, \$44,709,981 (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 \$6,815,129.
- As of the close of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$27,693,713. (\$9,914,575 is unreserved and available for use within the City's fund designation and fiscal policies.)
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,266,322 or 16.5% of the total general fund expenditures.
- The City's revenue bond payable decreased \$2,085,000. The City's general obligation bond payable decreased \$880,000.

### **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.

**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 and earned but unused compensated absences).

Both of the government-wide financial statements distinguish between 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, public safety, highways and streets, public services and culture and recreation. The business-type activities of the City include Water and Sewer, Airport and Sanitation operations. The government-wide financial statements can be found on page 14-15 of this report.

## CITY OF TYLER, TEXAS

Management's Discussion and Analysis  
For Year Ended September 30, 2004  
(Unaudited)

**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. 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 16 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 14 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. The basic governmental funds financial statements can be found on pages 16-18.

**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.

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 and 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. The basic proprietary fund financial statements can be found on pages 22-25 of this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Tyler's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 26-27 of this report.

**CITY OF TYLER, TEXAS**

Management’s Discussion and Analysis  
 For Year Ended September 30, 2004  
 (Unaudited)

**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. The notes to the financial statements can be found on pages 28-50.

**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. Required supplementary information can be found on pages 52-53 of this report.

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. Combining and individual statements and schedules can be found on pages 57-62 of this report.

**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 \$408,233,936 as of September 30, 2004.

The largest portion of the City’s net assets, 83%, (\$338,880,194), 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. 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.

**CITY OF TYLER’S NET ASSETS**

|                             | Governmental Activities |                | Business-Type Activities |                | Total          |                |
|-----------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
|                             | 2004                    | 2003           | 2004                     | 2003           | 2004           | 2003           |
| Current and other assets    | \$ 47,404,539           | \$ 37,718,949  | \$ 36,569,312            | \$ 49,482,837  | \$ 83,973,851  | \$ 87,201,786  |
| Capital Assets              | 217,703,768             | 220,491,829    | 187,262,177              | 176,270,627    | 404,965,945    | 396,762,456    |
| Total Assets                | 265,108,307             | 258,210,778    | 223,831,489              | 225,753,464    | 488,939,796    | 483,964,242    |
| Long-term liabilities       | 11,533,907              | 11,591,075     | 61,121,897               | 61,051,934     | 72,655,804     | 72,643,009     |
| Other liabilities           | 5,837,470               | 5,191,980      | 2,212,586                | 4,710,446      | 8,050,056      | 9,902,426      |
| Total Liabilities           | 17,371,377              | 16,783,055     | 63,334,483               | 65,762,380     | 80,705,860     | 82,545,435     |
| Net Assets:                 |                         |                |                          |                |                |                |
| Invested in capital assets, |                         |                |                          |                |                |                |
| Net of related debt         | 211,924,238             | 213,663,400    | 126,955,956              | 113,796,393    | 338,880,194    | 327,459,793    |
| Restricted                  | 17,722,137              | 13,940,300     | 6,921,624                | 9,809,624      | 24,643,761     | 23,752,924     |
| Unrestricted                | 18,090,555              | 13,824,023     | 26,619,426               | 36,385,067     | 44,709,981     | 50,209,090     |
| Total Net Assets            | \$ 247,736,930          | \$ 241,427,723 | \$ 160,497,006           | \$ 159,991,084 | \$ 408,233,936 | \$ 401,418,807 |

An additional portion of the City’s net assets 6 %, (\$24,643,761), represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$44,709,981 may be used to meet the government’s ongoing obligations to citizens and creditors.

**CITY OF TYLER, TEXAS**

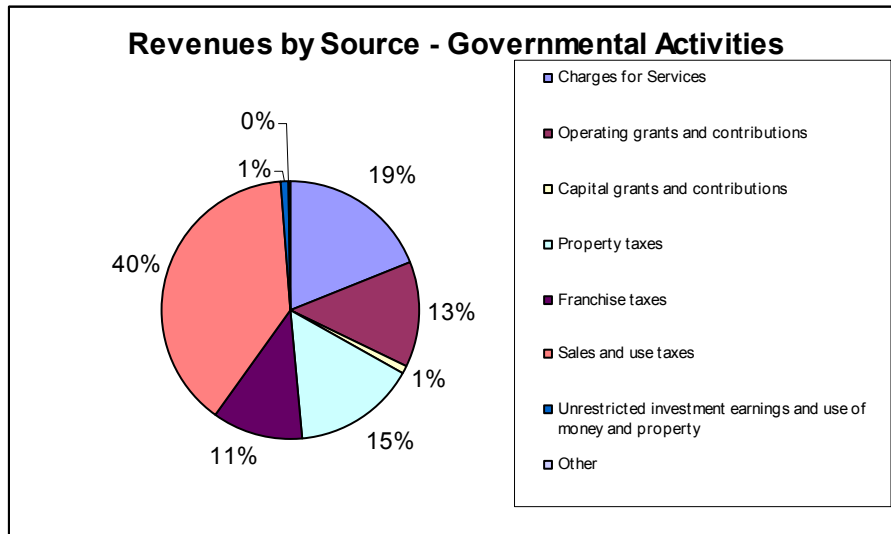
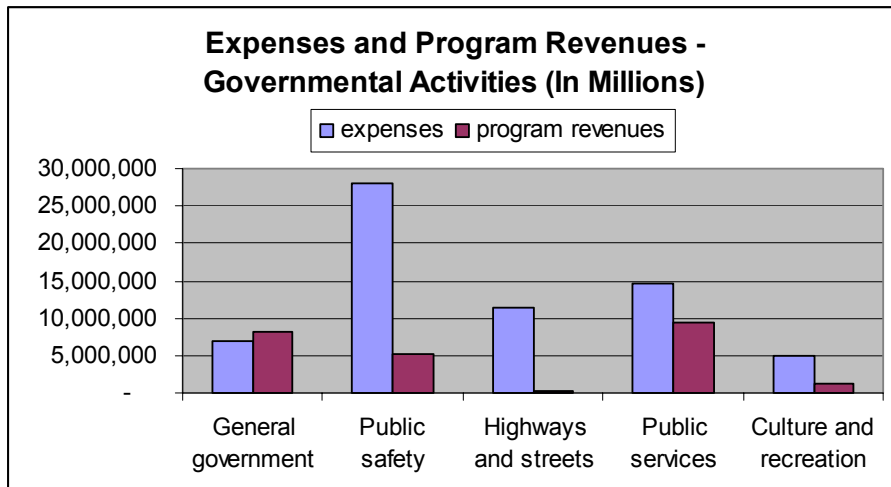
Management’s Discussion and Analysis  
 For Year Ended September 30, 2004  
 (Unaudited)

As of September 30, 2004, 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 governmental and business-type activities. The same situation held true for the prior fiscal year.

**Analysis of the City’s Operations** - Overall the City had an increase in net assets of \$6,815,129.

**Governmental Activities:** Governmental activities increased the net assets by \$6,309,207. Net assets invested in capital assets, net of related debt decreased by \$(1,739,162) due to depreciation totaling more than new additions. Restricted net assets increased by \$3,781,837 primarily due to increase in money restricted for capital projects. Unrestricted net assets increased by \$4,266,532 due to increased revenue collections and a decrease in capital spending.

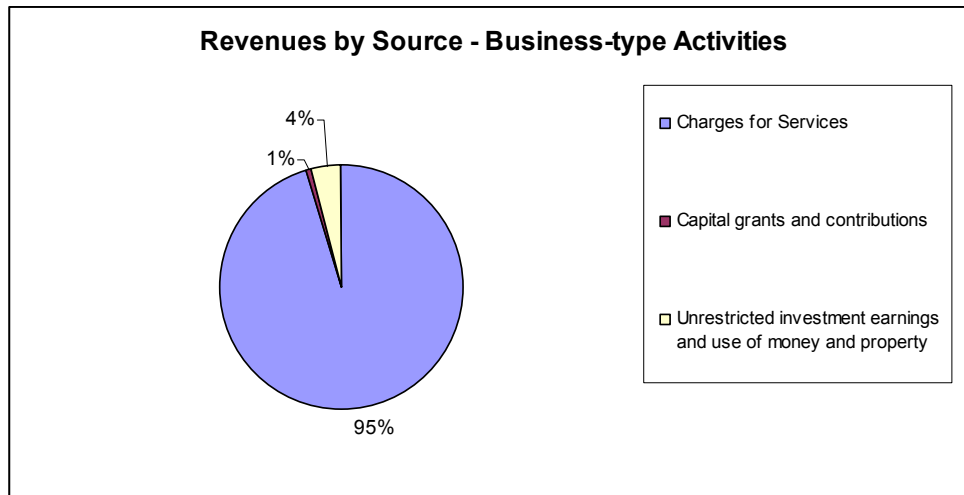
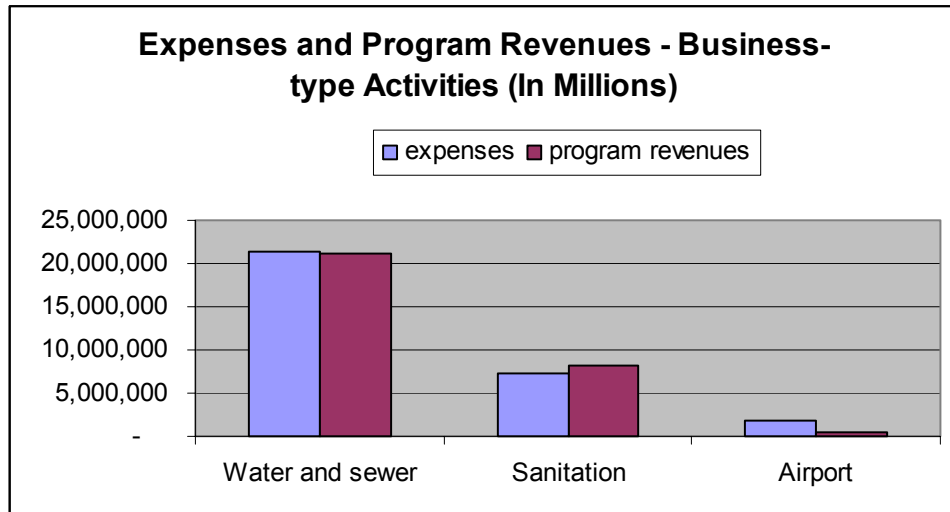
Total revenues for the governmental activities increased from the previous year by \$6,866,209. General revenue had an increase of \$1,946,154, which was due to an increase in sales tax and property tax. Program revenues had an increase of \$4,920,055, which was primarily due to an increase in operating grants and contributions and an increase in charges for services.



**CITY OF TYLER, TEXAS**

Management's Discussion and Analysis  
 For Year Ended September 30, 2004  
 (Unaudited)

Business-type Activities: Net Assets from business-type activities increased by \$505,922. This increase was primarily due to the completion of capital projects funded through revenue bond issuance.



The following table provides a summary of the City's operations for the year ended September 30, 2004 with comparative totals for the year ended September 30, 2003.



# CITY OF TYLER, TEXAS

Management's Discussion and Analysis

For Year Ended September 30, 2004

(Unaudited)

## CITY OF TYLER'S CHANGES IN NET ASSETS

|   | Governmental Activities |               | Business-Type Activities |               | Total         |               |
|---|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|   | 2004                    | 2003          | 2004                     | 2003          | 2004          | 2003          |
| Revenues:   |                         |               |                          |               |               |               |
| Program Revenues:                                 |                         |               |                          |               |               |               |
| Charges for services                              | \$13,719,416            | \$10,795,347  | \$30,507,188             | \$27,958,922  | \$44,226,604  | \$37,114,137  |
| Operating grants and contributions                | 9,652,510               | 7,919,370     | -                        | -             | 9,652,510     | 7,919,370     |
| Capital grants and contributions                  | 702,594                 | 439,748       | 227,805                  | 146,808       | 930,399       | 586,556       |
| General revenues:                                 |                         |               |                          |               |               |               |
| Property taxes                                    | 11,260,696              | 10,904,265    | -                        | -             | 11,260,696    | 10,904,265    |
| Franchise taxes                                   | 8,361,246               | 8,432,209     | -                        | -             | 8,361,246     | 8,432,209     |
| Sales and use taxes                               | 28,398,933              | 26,475,006    | -                        | -             | 28,398,933    | 26,475,006    |
| Investment earnings and use of money and property | 544,607                 | 835,144       | 396,603                  | 1,244,536     | 1,749,594     | 3,719,812     |
| Gain on sale of assets                            | 182,141                 | 154,845       | (553,731)                | 193,124       | (371,590)     | 347,969       |
| Total revenues                                    | \$72,822,143            | \$65,955,934  | \$30,577,865             | \$29,543,390  | \$103,400,008 | \$95,499,324  |
| Expenses:   |                         |               |                          |               |               |               |
| General government                                | 7,178,812               | 7,810,926     | -                        | -             | 7,178,812     | 7,810,926     |
| Public safety                                     | 27,952,461              | 27,206,911    | -                        | -             | 27,952,461    | 27,206,911    |
| Streets   | 11,450,585              | 8,883,528     | -                        | -             | 11,450,585    | 8,883,528     |
| Public Services                                   | 14,644,612              | 15,504,438    | -                        | -             | 14,644,612    | 15,504,438    |
| Culture and Recreation                            | 4,842,201               | 5,832,406     | -                        | -             | 4,842,201     | 5,832,406     |
| Interest on long-term debt                        | 335,321                 | 506,102       | -                        | -             | 335,321       | 506,102       |
| Water and Sewer                                   | -                       | -             | 21,249,718               | 16,916,663    | 21,249,718    | 16,916,663    |
| Sanitation  | -                       | -             | 7,190,230                | 8,008,148     | 7,190,230     | 8,008,148     |
| Airport   | -                       | -             | 1,740,939                | 1,871,953     | 1,740,939     | 1,871,953     |
| Total Expenses                                    | \$66,403,992            | \$65,744,311  | \$30,180,887             | \$26,796,764  | \$96,584,879  | \$92,541,075  |
| Increases in net assets                           |                         |               |                          |               |               |               |
| Before Transfers                                  | 6,418,151               | 211,623       | 396,978                  | 2,746,626     | 6,815,129     | 2,958,249     |
| Transfers   | (108,944)               | (1,067,280)   | 108,944                  | 1,067,280     | -             | -             |
| Change in net assets                              | 6,309,207               | (855,657)     | 505,922                  | 3,813,906     | 6,815,129     | 2,958,249     |
| Net assets – October 1                            | \$241,427,723           | \$242,283,380 | \$159,991,084            | \$156,177,178 | \$401,418,807 | \$398,460,558 |
| Net assets – September 30                         | \$247,736,930           | \$241,427,723 | \$160,497,006            | \$159,991,084 | \$408,233,936 | \$401,418,807 |

## CITY OF TYLER, TEXAS

Management's Discussion and Analysis  
For Year Ended September 30, 2004  
(Unaudited)

### 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 \$27,693,713. Approximately 35% of this total amount (\$9,914,575) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for capital projects (\$12,418,065), 2) to pay for debt service (\$2,519,455), 3) to pay for the perpetual care of city cemeteries (\$1,979,675) and 4) to pay for other miscellaneous reservations (\$861,943).

In the general fund, the City budgeted for a decrease in the fund balance on a budget basis of \$3,092,951, which was partly due to capital expenditures. This was a planned reduction of excess fund balance to fund "pay as you go" capital projects. Due to actual revenues being more than budgeted and actual expenses being less than budgeted, the actual fund balance increase for fiscal year 2004 was \$1,159,819. Capital projects fund balance increased in 2004 by \$3,570,835, from \$8,847,230 to \$12,418,065 primarily due to an increase in sales tax revenue as well as continuing several multi-year construction projects. Other governmental fund balances increased in 2004 by \$1,597,996, primarily due to an increase in revenue from debt related property taxes and from grant contributions and a decrease in debt service payments due to the retirement of all but one general obligation issues in the prior year.

**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- \$21,429,066, Airport- \$320,707 and Sanitation- \$5,378,595. Two funds had a net assets decrease in 2004 as follows: Water and Sewer- \$(555,605) and Airport- \$(211,325). One fund had a net assets increase in 2004 as follows: Sanitation- \$1,041,677.

**General Fund Budgetary Highlights** - The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in an increase of budgeted expenditures from the original budget of \$391,164. The majority of increase was due to projects not being completed in prior year as planned.

The City had budgeted for little or no increase in most revenue categories from the prior year collections based on economic conditions. However, actual revenues exceeded the budgeted amount by \$4,780,427.

### CAPITAL ASSETS

The City of Tyler's investment in capital assets for its governmental and business-type activities as of September 30, 2004 amounts to \$404,965,945, (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress. The total increase in capital assets for the current fiscal year was \$8,203,487 or 2 %.

**CITY OF TYLER, TEXAS**

Management’s Discussion and Analysis  
 For Year Ended September 30, 2004  
 (Unaudited)

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

- \$3,173,319 has been completed on a police station expansion.
- \$3,822,259 has been completed on highways and streets projects.
- \$737,161 has been completed on culture and recreation improvements.
- \$192,133 has been completed on public transit projects.
- \$7,153,025 has been completed on the water meter replacement project.

**Capital Assets at Year-end  
 Net of Accumulated Depreciation**

|                          | Governmental Activities |               | Business-Type Activities |               | Total         |               |
|--------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                          | 2004                    | 2003          | 2004                     | 2003          | 2004          | 2003          |
| Land                     | \$ 5,310,881            | \$ 5,309,001  | \$ 5,644,303             | \$ 5,627,226  | \$ 10,955,184 | \$ 10,936,227 |
| Building                 | 16,489,719              | 16,738,623    | 35,995,529               | 34,120,951    | 52,485,248    | 50,859,574    |
| Improvements             | 66,843,083              | 69,422,972    | 142,475,209              | 123,819,071   | 209,318,292   | 193,242,043   |
| Machinery & Equipment    | 13,189,364              | 13,425,289    | 2,970,127                | 3,074,427     | 16,159,491    | 16,499,716    |
| Infrastructure           | 103,563,969             | 108,308,341   | -                        | -             | 103,563,969   | 108,308,341   |
| Construction in Progress | 12,306,753              | 7,287,603     | 177,009                  | 9,628,952     | 12,483,762    | 16,916,555    |
| Total                    | \$217,703,768           | \$220,491,829 | \$187,262,177            | \$176,270,627 | \$404,965,945 | \$396,762,456 |

Additional information on the City of Tyler’s capital assets can be found in note 4 on pages 39-40 of this report.

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City of Tyler had a total bonded debt of \$66,290,000. Of this amount, \$6,300,000 comprises bonded debt backed by the full faith and credit of the government and \$59,990,000 represents bonds secured solely by water and sewer revenues.

**Outstanding Debt at Year End  
 Bonds and Notes Payable**

|                       | Governmental Activities |              | Business-Type Activities |               | Total         |               |
|-----------------------|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
|                       | 2004                    | 2003         | 2004                     | 2003          | 2004          | 2003          |
| General Obligations   | \$ 6,300,000            | \$ 7,180,000 | \$ -                     | \$ -          | \$ 6,300,000  | \$ 7,180,000  |
| Revenue Bonds Payable | -                       | -            | 59,990,000               | 62,075,000    | 59,990,000    | 62,075,000    |
| Total                 | \$ 6,300,000            | \$ 7,180,000 | \$ 59,990,000            | \$ 62,075,000 | \$ 66,290,000 | \$ 69,255,000 |

## CITY OF TYLER, TEXAS

Management's Discussion and Analysis  
For Year Ended September 30, 2004  
(Unaudited)

During the fiscal year, the City's total debt decreased by \$2,965,000 or 4 %. The decrease was primarily due to the following:

- Annual debt principal payments made August 15 and August 31 for the general obligation debt and water and sewer debt respectively.

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

|                          | Moody's<br><u>Investors Service</u> | Standard<br>& Poor's |
|--------------------------|-------------------------------------|----------------------|
| 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.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Tyler is \$444,390,496, which is significantly in excess of the City of Tyler's outstanding general obligation debt.

Additional information on the City of Tyler's long term-debt can be found in footnote 4 on pages 41-43 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year 2004-05 Budget, General fund revenues and transfers in are budgeted to increase by approximately 6 % from the 2003-04 budget year with sales taxes making up about 42 % of general fund budgeted revenues and transfers in. Total taxable value increased about 7 % over the preceding year. The City has one of the lowest unemployment rates that has consistently fallen around 1 % below the state average. The City's budgets for all funds has seen a slow down in economic growth for the last 2-3 years, but in the current and coming years growth appears to be stronger. Sales tax receipts increased during the 2003-04 fiscal year, and appear to continue to show signs of increase during the 2004-05 fiscal year. This revenue source is the most volatile and subject to decline if the economic upswing reverses or slows. An increase in interest income could also be a factor during this budget year based upon the Federal Reserve's decision to slowly raise rates from the lower rates seen in recent years. State and federal funding appears to be decreasing potentially due to the national economic condition restricting appropriations at all levels. In response to the decreases in other sources of operating revenue, the city has chosen to keep the overall tax rate at .248855 versus lowering to the effective tax rate. This rate is still the lowest of Texas cities with similar population 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 2004-05 Water Utilities operating budget is supported by a increase in revenue due to the efficiency of the new radio-frequency water meters installed over the last fiscal year. The City contracted with the R W Beck Company to conduct a water and wastewater rate study that was completed during the 2003-04 fiscal year. This study will help the City plan for the sound financial operations and capital maintenance of its utility system for the foreseeable future.

**CITY OF TYLER, TEXAS**

Management's Discussion and Analysis  
For Year Ended September 30, 2004  
(Unaudited)

**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](mailto:dcrawford@tylertexas.com).

## BASIC FINANCIAL STATEMENTS

**CITY OF TYLER, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2004**

|  | PRIMARY GOVERNMENT         |                             |                |
|--|----------------------------|-----------------------------|----------------|
|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL          |
| <b>ASSETS</b>  |                            |                             |                |
| Cash and cash equivalents                            | \$ 19,275,917              | \$ 12,564,492               | \$ 31,840,409  |
| Receivables (net of allowance for doubtful accounts) | 8,071,639                  | 3,704,662                   | 11,776,301     |
| Internal balances                                    | 508,942                    | (508,942)                   | -              |
| Inventories  | 200,268                    | 320,568                     | 520,836        |
| Prepaid items and deferred charges                   | 102,424                    | 521,131                     | 623,555        |
| Restricted Assets:                                   |                            |                             |                |
| Temporarily restricted                               |                            |                             |                |
| Cash and cash equivalents                            | 16,745,204                 | 7,443,201                   | 24,188,405     |
| Permanently restricted                               | 1,979,675                  | -                           | 1,979,675      |
| Water rights - Lake Palestine                        | -                          | 12,524,200                  | 12,524,200     |
| Investment in joint venture                          | 520,470                    | -                           | 520,470        |
| Capital Assets (net of accumulated depreciation):    |                            |                             |                |
| Land   | 5,310,881                  | 5,644,303                   | 10,955,184     |
| Buildings  | 16,489,718                 | 35,995,529                  | 52,485,247     |
| Improvements, other than buildings                   | 66,843,083                 | 142,475,209                 | 209,318,292    |
| Machinery and equipment                              | 13,189,364                 | 2,970,127                   | 16,159,491     |
| Construction in progress                             | 12,306,753                 | 177,009                     | 12,483,762     |
| Infrastructure                                       | 103,563,969                | -                           | 103,563,969    |
| Total Assets   | 265,108,307                | 223,831,489                 | 488,939,796    |
| <b>LIABILITIES</b>                                   |                            |                             |                |
| Accounts payable                                     | 4,410,253                  | 1,979,871                   | 6,390,124      |
| Deposits and other refundable balances               | 537,140                    | 5,400                       | 542,540        |
| Insurance claims payable                             | 828,414                    | -                           | 828,414        |
| Accrued interest payable                             | 37,187                     | 227,315                     | 264,502        |
| Deferred revenues                                    | 24,476                     | -                           | 24,476         |
| Non-current liabilities:                             |                            |                             |                |
| Due within one year                                  | 1,055,263                  | 2,403,417                   | 3,458,680      |
| Due in more than one year                            | 10,478,644                 | 58,718,480                  | 69,197,124     |
| Total Liabilities                                    | 17,371,377                 | 63,334,483                  | 80,705,860     |
| <b>NET ASSETS</b>                                    |                            |                             |                |
| Investment in capital assets, net of related debt    | 211,924,238                | 126,955,956                 | 338,880,194    |
| Restricted for:                                      |                            |                             |                |
| Debt service   | 2,519,455                  | 430,154                     | 2,949,609      |
| Perpetual care                                       |                            |                             |                |
| Nonexpendable  | 1,979,675                  | -                           | 1,979,675      |
| Capital projects                                     | 12,418,065                 | 6,491,470                   | 18,909,535     |
| Grants and donations                                 | 340,252                    | -                           | 340,252        |
| Court  | 464,690                    | -                           | 464,690        |
| Unrestricted   | 18,090,555                 | 26,619,426                  | 44,709,981     |
| Total Net Assets                                     | \$ 247,736,930             | \$ 160,497,006              | \$ 408,233,936 |

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

**CITY OF TYLER, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

| PROGRAM ACTIVITIES   | EXPENSES      | PROGRAM REVENUES        |  |  | NET (EXPENSE) REVENUE AND<br>CHANGES IN NET ASSETS<br>PRIMARY GOVERNMENT |                                 |                |
|--|---------------|-------------------------|--|--|--|---------------------------------|----------------|
|  |               | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL GRANTS<br>AND<br>CONTRIBUTIONS | GOVERNMENTAL<br>ACTIVITIES   | BUSINESS-<br>TYPE<br>ACTIVITIES | TOTAL          |
| <b>Primary Government:</b>                                     |               |                         |  |  |  |                                 |                |
| Governmental activities:                                       |               |                         |  |  |  |                                 |                |
| General government   | \$ 7,178,812  | \$ 7,097,356            | \$ 427,051                               | \$ 603,271                             | \$ 948,866   | \$ -                            | \$ 948,866     |
| Public safety  | 27,952,461    | 4,710,487               | 393,781                                  | 99,323                                 | (22,748,870)   | -                               | (22,748,870)   |
| Highways and streets   | 11,450,585    | 134,221                 | -  | -                                      | (11,316,364)   | -                               | (11,316,364)   |
| Public services  | 14,644,612    | 875,250                 | 8,581,529                                | -                                      | (5,187,833)  | -                               | (5,187,833)    |
| Culture and recreation   | 4,842,201     | 902,102                 | 250,149                                  | -                                      | (3,689,950)  | -                               | (3,689,950)    |
| Interest on long term debt                                     | 335,321       | -                       | -  | -                                      | (335,321)  | -                               | (335,321)      |
| Total governmental activities                                  | 66,403,992    | 13,719,416              | 9,652,510                                | 702,594                                | (42,329,472)   | -                               | (42,329,472)   |
| Business-type activities:                                      |               |                         |  |  |  |                                 |                |
| Water and sewer  | 21,249,718    | 21,193,367              | -  | -                                      | -  | (56,351)                        | (56,351)       |
| Sanitation   | 7,190,230     | 8,171,792               | -  | -                                      | -  | 981,562                         | 981,562        |
| Airport  | 1,740,939     | 1,142,029               | -  | 227,805                                | -  | (371,105)                       | (371,105)      |
| Total business-type activities                                 | 30,180,887    | 30,507,188              | -  | 227,805                                | -  | 554,106                         | 554,106        |
| Total primary government                                       | \$ 96,584,879 | \$ 44,226,604           | \$ 9,652,510                             | \$ 930,399                             | (42,329,472)   | 554,106                         | (41,775,366)   |
| General revenues:  |               |                         |  |  |  |                                 |                |
| Property taxes   |               |                         |  |  | 11,260,696   | -                               | 11,260,696     |
| Franchise taxes  |               |                         |  |  | 8,361,246  | -                               | 8,361,246      |
| Sales and use taxes  |               |                         |  |  | 28,398,933   | -                               | 28,398,933     |
| Unrestricted investment earnings and use of money and property |               |                         |  |  | 544,607  | 396,603                         | 941,210        |
| Gain (loss) on sale of assets                                  |               |                         |  |  | 182,141  | (553,731)                       | (371,590)      |
| Transfers  |               |                         |  |  | (108,944)  | 108,944                         | -              |
| Total general revenues and transfers                           |               |                         |  |  | 48,638,679   | (48,184)                        | 48,590,495     |
| Change in net assets   |               |                         |  |  | 6,309,207  | 505,922                         | 6,815,129      |
| Net assets - beginning of year                                 |               |                         |  |  | 241,427,723  | 159,991,084                     | 401,418,807    |
| Net assets - end of year                                       |               |                         |  |  | \$ 247,736,930   | \$ 160,497,006                  | \$ 408,233,936 |

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



CITY OF TYLER, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2004

|   | MAJOR FUNDS          |                      | OTHER                              | TOTAL                 |
|---|----------------------|----------------------|------------------------------------|-----------------------|
|   | GENERAL              | CAPITAL<br>PROJECTS  | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | GOVERNMENTAL<br>FUNDS |
| <b>ASSETS</b>   |                      |                      |                                    |                       |
| Cash and cash equivalents                                 | \$ 9,231,703         | \$ 13,413,442        | \$ 7,704,859                       | \$ 30,350,004         |
| Receivables (net of allowance for<br>doubtful accounts) : |                      |                      |                                    |                       |
| Property taxes  | 710,017              | -                    | -                                  | 710,017               |
| Other   | 978,151              | 24,623               | 1,032,136                          | 2,034,910             |
| Due from other funds                                      | 417,538              | -                    | -                                  | 417,538               |
| Inventories   | 13,724               | -                    | -                                  | 13,724                |
| Prepaid items   | 43,277               | -                    | -                                  | 43,277                |
| <b>Total assets</b>                                       | <b>\$ 11,394,410</b> | <b>\$ 13,438,065</b> | <b>\$ 8,736,995</b>                | <b>\$ 33,569,470</b>  |
| <b>LIABILITIES and FUND BALANCES</b>                      |                      |                      |                                    |                       |
| <b>Liabilities:</b>                                       |                      |                      |                                    |                       |
| Accounts payable  | \$ 2,786,510         | \$ 1,020,000         | \$ 471,938                         | \$ 4,278,448          |
| Contracts payable   | 346,105              | -                    | 191,035                            | 537,140               |
| Due to other funds  | -                    | -                    | 417,538                            | 417,538               |
| Deferred revenues   | 623,218              | -                    | 19,413                             | 642,631               |
| <b>Total liabilities</b>                                  | <b>3,755,833</b>     | <b>1,020,000</b>     | <b>1,099,924</b>                   | <b>5,875,757</b>      |
| <b>Fund Balances:</b>                                     |                      |                      |                                    |                       |
| Reserved for:   |                      |                      |                                    |                       |
| Inventory   | 13,724               | -                    | -                                  | 13,724                |
| Prepaid items   | 43,277               | -                    | -                                  | 43,277                |
| Perpetual care  | -                    | -                    | 1,979,675                          | 1,979,675             |
| Court ordered disbursements                               | 53,316               | -                    | 149,436                            | 202,752               |
| Debt service  | -                    | -                    | 2,519,455                          | 2,519,455             |
| Grants / donations  | -                    | -                    | 340,252                            | 340,252               |
| Capital projects  | -                    | 12,418,065           | -                                  | 12,418,065            |
| Court security  | 35,082               | -                    | -                                  | 35,082                |
| Court technology  | 226,856              | -                    | -                                  | 226,856               |
| <b>Total reserved fund balances</b>                       | <b>372,255</b>       | <b>12,418,065</b>    | <b>4,988,818</b>                   | <b>17,779,138</b>     |
| Unreserved fund balances                                  |                      |                      |                                    |                       |
| Designated reported in:                                   |                      |                      |                                    |                       |
| General Fund  |                      |                      |                                    |                       |
| Operating reserve   | 2,000,000            | -                    | -                                  | 2,000,000             |
| <b>Total designated fund balances</b>                     | <b>2,000,000</b>     | <b>-</b>             | <b>-</b>                           | <b>2,000,000</b>      |
| Undesignated reported in:                                 |                      |                      |                                    |                       |
| General Fund  | 5,266,322            | -                    | -                                  | 5,266,322             |
| Special Revenue Fund                                      | -                    | -                    | 1,839,007                          | 1,839,007             |
| Permanent Fund  | -                    | -                    | 809,246                            | 809,246               |
| <b>Total undesignated fund balances</b>                   | <b>5,266,322</b>     | <b>-</b>             | <b>2,648,253</b>                   | <b>7,914,575</b>      |
| <b>Total fund balances</b>                                | <b>7,638,577</b>     | <b>12,418,065</b>    | <b>7,637,071</b>                   | <b>27,693,713</b>     |
| <b>Total liabilities and fund balances</b>                | <b>\$ 11,394,410</b> | <b>\$ 13,438,065</b> | <b>\$ 8,736,995</b>                |                       |

(continued)

CITY OF TYLER, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2004

ECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS (Exhibit

|  | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|--------------------------------|
| Total fund balances governmental funds (Exhibit 3 page 1)  | \$ 27,693,713                  |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.   | 209,747,711                    |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.   | 5,578,293                      |
| 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.  | (37,187)                       |
| 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) | 16,249,663                     |
| 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>(11,495,263)</u>            |
| Net Assets of governmental activities  | <u>\$ 247,736,930</u>          |

**CITY OF TYLER, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

|  | GENERAL             | CAPITAL<br>PROJECTS  | OTHER<br>GOVERNMENTAL<br>FUNDS | ELIMINATIONS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|---------------------|----------------------|--------------------------------|--------------|--------------------------------|
| <b>REVENUES</b>  |                     |                      |                                |              |                                |
| Taxes:   |                     |                      |                                |              |                                |
| Property   | \$ 10,136,357       | \$ -                 | \$ 1,241,138                   | \$ -         | \$ 11,377,495                  |
| Franchise  | 6,955,310           | -                    | 1,405,936                      | -            | 8,361,246                      |
| Sales and use  | 18,827,285          | 9,280,187            | -                              | -            | 28,107,472                     |
| Licenses and permits   | 882,812             | -                    | -                              | -            | 882,812                        |
| Fines, forfeitures, and penalties                            | 4,610,941           | -                    | 99,546                         | -            | 4,710,487                      |
| Revenues from use of money or property                       | 119,295             | 149,047              | 444,775                        | -            | 713,117                        |
| Charges for current services                                 | 2,630,589           | -                    | 113,921                        | -            | 2,744,510                      |
| Revenues from other agencies                                 | 757,846             | 133,204              | 9,483,809                      | -            | 10,374,859                     |
| Donations  | -                   | -                    | 62,986                         | -            | 62,986                         |
| Miscellaneous  | 918,478             | -                    | 1,643,692                      | -            | 2,562,170                      |
| Total revenues   | <u>45,838,913</u>   | <u>9,562,438</u>     | <u>14,495,803</u>              | <u>-</u>     | <u>69,897,154</u>              |
| <b>EXPENDITURES</b>  |                     |                      |                                |              |                                |
| Current:   |                     |                      |                                |              |                                |
| General government   | 6,112,958           | -                    | 1,500                          | -            | 6,114,458                      |
| Public safety  | 27,197,356          | -                    | 24,372                         | -            | 27,221,728                     |
| Public services  | 1,103,189           | -                    | 10,388,522                     | -            | 11,491,711                     |
| Highways and streets   | 6,183,028           | -                    | -                              | -            | 6,183,028                      |
| Culture and recreation                                       | 2,463,442           | -                    | 943,179                        | -            | 3,406,621                      |
| Capital outlay   | 902,120             | 6,107,555            | 466,912                        | -            | 7,476,587                      |
| Debt service:  |                     |                      |                                |              |                                |
| Principal retirement   | -                   | -                    | 880,000                        | -            | 880,000                        |
| Interest and fiscal charges                                  | -                   | -                    | 340,617                        | -            | 340,617                        |
| Total expenditures   | <u>43,962,093</u>   | <u>6,107,555</u>     | <u>13,045,102</u>              | <u>-</u>     | <u>63,114,750</u>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>1,876,820</u>    | <u>3,454,883</u>     | <u>1,450,701</u>               | <u>-</u>     | <u>6,782,404</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                      |                                |              |                                |
| Transfers in   | 176,665             | 227,669              | 913,414                        | (1,090,079)  | 227,669                        |
| Transfers out  | (924,412)           | (111,717)            | (766,119)                      | 1,090,079    | (712,169)                      |
| Sale of capital assets                                       | 30,746              | -                    | -                              | -            | 30,746                         |
| Total other financing sources (uses)                         | <u>(717,001)</u>    | <u>115,952</u>       | <u>147,295</u>                 | <u>-</u>     | <u>(453,754)</u>               |
| Net change in fund balances                                  | 1,159,819           | 3,570,835            | 1,597,996                      | -            | 6,328,650                      |
| Fund balances - beginning of year                            | 6,478,758           | 8,847,230            | 6,039,075                      | -            | 21,365,063                     |
| Fund balances - end of year                                  | <u>\$ 7,638,577</u> | <u>\$ 12,418,065</u> | <u>\$ 7,637,071</u>            | <u>\$ -</u>  | <u>\$ 27,693,713</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, 2004**

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

|  |    |             |
|--|----|-------------|
| Net change in fund balances - total governmental funds   | \$ | 6,328,650   |
| 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 depreciation exceeded capital outlay in the current period.   |    | (3,070,395) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.   |    | (26,887)    |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |    | 174,662     |
| 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. |    | 880,000     |
| 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.   |    | 145,955     |
| 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.  |    | 5,296       |
| 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 (\$ 231,175 ).  |    | 1,871,926   |
| Change in net assets of governmental activities  | \$ | 6,309,207   |

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

**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, 2004**

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|--------------------|-------------------|-------------------|--|
| <b>REVENUES</b>                        |                    |                   |                   |  |
| Property tax collections               | \$ 9,858,500       | \$ 9,858,500      | \$ 10,136,357     | \$ 277,857   |
| Franchise fees                         | 6,623,500          | 6,623,500         | 6,955,310         | 331,810  |
| Sales and use taxes                    | 17,095,000         | 17,095,000        | 18,827,285        | 1,732,285  |
| Licenses and permits                   | 579,900            | 579,900           | 882,812           | 302,912  |
| Fines, forfeitures, and penalties      | 3,392,000          | 3,392,000         | 4,610,941         | 1,218,941  |
| Revenues from use of money or property | 82,500             | 82,500            | 119,295           | 36,795   |
| Charges for current services           | 2,613,248          | 2,613,248         | 2,630,589         | 17,341   |
| Revenues from other agencies           | 508,505            | 590,338           | 757,846           | 167,508  |
| Miscellaneous                          | 223,500            | 223,500           | 918,478           | 694,978  |
| Total revenues                         | <u>40,976,653</u>  | <u>41,058,486</u> | <u>45,838,913</u> | <u>4,780,427</u>                                     |
| <b>EXPENDITURES</b>                    |                    |                   |                   |  |
| GENERAL GOVERNMENT:                    |                    |                   |                   |  |
| General government services            | 3,391,628          | 3,355,959         | 3,413,603         | (57,644)   |
| City Manager                           | 417,248            | 417,248           | 338,975           | 78,273   |
| City Clerk                             | 112,714            | 112,714           | 113,178           | (464)  |
| City Hall                              | 272,159            | 272,159           | 279,089           | (6,930)  |
| Accounting                             | 441,283            | 441,283           | 429,906           | 11,377   |
| Legal                                  | 368,959            | 368,959           | 391,712           | (22,753)   |
| Information services                   | 936,192            | 936,192           | 868,185           | 68,007   |
| Staff services                         | 294,447            | 294,447           | 286,973           | 7,474  |
| Total General Government               | <u>6,234,630</u>   | <u>6,198,961</u>  | <u>6,121,621</u>  | <u>77,340</u>  |
| POLICE                                 | <u>16,631,471</u>  | <u>16,713,304</u> | <u>16,576,497</u> | <u>136,807</u>                                       |
| FIRE                                   | <u>9,107,450</u>   | <u>9,077,450</u>  | <u>9,315,816</u>  | <u>(238,366)</u>                                     |
| PUBLIC SERVICES                        |                    |                   |                   |  |
| Engineering                            | 835,627            | 1,210,627         | 1,240,694         | (30,067)   |
| Street administration                  | 1,607,422          | 1,607,422         | 1,569,890         | 37,532   |
| Labor pool                             | 1,896,978          | 1,896,978         | 1,958,120         | (61,142)   |
| Traffic operations                     | 2,036,620          | 2,036,620         | 2,031,208         | 5,412  |
| Total Public Services                  | <u>6,376,647</u>   | <u>6,751,647</u>  | <u>6,799,912</u>  | <u>(48,265)</u>                                      |
| LIBRARIES:                             |                    |                   |                   |  |
| Library administration                 | <u>1,305,918</u>   | <u>1,305,918</u>  | <u>1,221,218</u>  | <u>84,700</u>  |
| Total Libraries                        | <u>1,305,918</u>   | <u>1,305,918</u>  | <u>1,221,218</u>  | <u>84,700</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, 2004**

|  | BUDGET<br>ORIGINAL    | BUDGET<br>AMENDED     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|-----------------------|-----------------------|---------------------|--|
| <b>EXPENDITURES (continued)</b>                              |                       |                       |                     |  |
| PARKS AND RECREATION:  |                       |                       |                     |  |
| Parks administration   | 898,307               | 898,307               | 1,047,879           | (149,572)  |
| Park maintenance   | 629,502               | 629,502               | 666,736             | (37,234)   |
| Total Parks and Recreation                                   | 1,527,809             | 1,527,809             | 1,714,615           | (186,806)  |
| PLANNING AND INSPECTION:                                     |                       |                       |                     |  |
| Planning and zoning  | 235,445               | 235,445               | 252,915             | (17,470)   |
| Building inspection  | 494,085               | 494,085               | 487,229             | 6,856  |
| Capital projects administration                              | 108,577               | 108,577               | 107,797             | 780  |
| Total Planning and Inspection                                | 838,107               | 838,107               | 847,941             | (9,834)  |
| MUNICIPAL COURT  | 1,787,794             | 1,787,794             | 1,364,473           | 423,321  |
| Total expenditures   | 43,809,826            | 44,200,990            | 43,962,093          | 238,897  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (2,833,173)           | (3,142,504)           | 1,876,820           | 5,019,324  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                       |                     |  |
| Transfers in   | 700,400               | 700,400               | 176,665             | (523,735)  |
| Transfers out  | (585,678)             | (651,347)             | (924,412)           | (273,065)  |
| Sale of property and equipment                               | 500                   | 500                   | 30,746              | 30,246   |
| Total other financing sources (uses)                         | 115,222               | 49,553                | (717,001)           | (766,554)  |
| Net change in fund balance                                   | (2,717,951)           | (3,092,951)           | 1,159,819           | 4,252,770  |
| Fund Balance - October 1, 2003                               | -                     | -                     | 6,478,758           | 6,478,758  |
| <b>FUND BALANCE - SEPTEMBER 30, 2004</b>                     | <b>\$ (2,717,951)</b> | <b>\$ (3,092,951)</b> | <b>\$ 7,638,577</b> | <b>\$ 10,731,528</b>                                 |

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, 2004**

|   | BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |                      |                              |                              | GOVERNMENTAL<br>ACTIVITIES   |
|---|--|----------------------|------------------------------|------------------------------|------------------------------|
|   | WATER &<br>SEWER<br>FUND                     | SANITATION<br>FUND   | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL<br>ENTERPRISE<br>FUNDS | INTERNAL<br>SERVICE<br>FUNDS |
| <b>ASSETS</b>   |  |                      |                              |                              |                              |
| Current assets:   |  |                      |                              |                              |                              |
| Cash and cash equivalents   | \$ 7,089,670                                 | \$ 5,117,557         | \$ 355,535                   | \$ 12,562,762                | \$ 7,565,792                 |
| Cash - demand deposits and on hand  | 1,700  | 30                   | -                            | 1,730                        | 85,000                       |
| Prepaid expenses  | -  | -                    | -                            | -                            | 59,147                       |
| Accounts receivable (net)   | 2,630,962                                    | 1,037,296            | 36,404                       | 3,704,662                    | 366,574                      |
| Inventories - at average cost   | 320,568                                      | -                    | -                            | 320,568                      | 186,544                      |
| Total current assets  | <u>10,042,900</u>                            | <u>6,154,883</u>     | <u>391,939</u>               | <u>16,589,722</u>            | <u>8,263,057</u>             |
| Restricted Current assets:  |  |                      |                              |                              |                              |
| Temporarily restricted  |  |                      |                              |                              |                              |
| Customer deposits   | 5,400  | -                    | -                            | 5,400                        | -                            |
| Cash and cash equivalents for payment of current maturities<br>of revenue bond principal and interest   | 657,030                                      | -                    | -                            | 657,030                      | -                            |
| Total restricted current assets   | <u>662,430</u>                               | <u>-</u>             | <u>-</u>                     | <u>662,430</u>               | <u>-</u>                     |
| Noncurrent assets:  |  |                      |                              |                              |                              |
| Restricted assets:  |  |                      |                              |                              |                              |
| Temporarily restricted  |  |                      |                              |                              |                              |
| Cash and cash equivalents   | 6,780,771                                    | -                    | -                            | 6,780,771                    | -                            |
| Total restricted assets   | <u>6,780,771</u>                             | <u>-</u>             | <u>-</u>                     | <u>6,780,771</u>             | <u>-</u>                     |
| Deferred charges (net)  | 521,131                                      | -                    | -                            | 521,131                      | -                            |
| Water rights - Lake Palestine   | 12,524,200                                   | -                    | -                            | 12,524,200                   | -                            |
| Capital assets:   |  |                      |                              |                              |                              |
| Land  | 1,897,452                                    | 3,012,086            | 734,765                      | 5,644,303                    | 65,000                       |
| Buildings   | 29,364,133                                   | 94,704               | 20,097,532                   | 49,556,369                   | 1,167,863                    |
| Improvements other than buildings   | 173,463,538                                  | 225,953              | 11,510,537                   | 185,200,028                  | 280,294                      |
| Machinery and equipment   | 1,568,737                                    | 3,770,560            | 225,033                      | 5,564,330                    | 20,360,572                   |
| Construction in progress  | -  | -                    | 177,009                      | 177,009                      | -                            |
| Less accumulated depreciation   | (50,404,291)                                 | (2,292,948)          | (6,182,623)                  | (58,879,862)                 | (13,397,202)                 |
| Total capital assets net of accumulated depreciation  | <u>155,889,569</u>                           | <u>4,810,355</u>     | <u>26,562,253</u>            | <u>187,262,177</u>           | <u>8,476,527</u>             |
| Total noncurrent assets   | <u>175,715,671</u>                           | <u>4,810,355</u>     | <u>26,562,253</u>            | <u>207,088,279</u>           | <u>8,476,527</u>             |
| Total assets  | <u>\$ 186,421,001</u>                        | <u>\$ 10,965,238</u> | <u>\$ 26,954,192</u>         | <u>\$ 224,340,431</u>        | <u>\$ 16,739,584</u>         |
| <b>LIABILITIES</b>  |  |                      |                              |                              |                              |
| Current liabilities:  |  |                      |                              |                              |                              |
| Accounts and contracts payable  | \$ 1,621,655                                 | \$ 319,304           | \$ 38,912                    | \$ 1,979,871                 | \$ 131,805                   |
| Insurance claims payable  | -  | -                    | -                            | -                            | 828,414                      |
| Current portion of landfill closure postclosure costs payable   | -  | 125,000              | -                            | 125,000                      | -                            |
| Current portion of compensated absences payable   | 9,584  | 3,415                | 418                          | 13,417                       | 1,933                        |
| Total current liabilities   | <u>1,631,239</u>                             | <u>447,719</u>       | <u>39,330</u>                | <u>2,118,288</u>             | <u>962,152</u>               |
| Current liabilities payable from restricted assets:   |  |                      |                              |                              |                              |
| Revenue bonds payable   | 2,265,000                                    | -                    | -                            | 2,265,000                    | -                            |
| Customer deposits   | 5,400  | -                    | -                            | 5,400                        | -                            |
| Accrued interest  | 227,315                                      | -                    | -                            | 227,315                      | -                            |
| Total current liabilities payable from restricted assets  | <u>2,497,715</u>                             | <u>-</u>             | <u>-</u>                     | <u>2,497,715</u>             | <u>-</u>                     |
| Noncurrent liabilities:   |  |                      |                              |                              |                              |
| Revenue bonds payable   | 58,041,221                                   | -                    | -                            | 58,041,221                   | -                            |
| Landfill closure postclosure costs payable  | -  | 214,476              | -                            | 214,476                      | -                            |
| Compensated absences  | 316,788                                      | 114,093              | 31,902                       | 462,783                      | 36,711                       |
| Total noncurrent liabilities  | <u>58,358,009</u>                            | <u>328,569</u>       | <u>31,902</u>                | <u>58,718,480</u>            | <u>36,711</u>                |
| Total liabilities   | <u>62,486,963</u>                            | <u>776,288</u>       | <u>71,232</u>                | <u>63,334,483</u>            | <u>998,863</u>               |
| <b>NET ASSETS</b>   |  |                      |                              |                              |                              |
| Invested in capital assets, net of related debt   | 95,583,348                                   | 4,810,355            | 26,562,253                   | 126,955,956                  | 8,476,527                    |
| Restricted net assets:  |  |                      |                              |                              |                              |
| Debt service  | 430,154                                      | -                    | -                            | 430,154                      | -                            |
| Capital projects  | 6,491,470                                    | -                    | -                            | 6,491,470                    | -                            |
| Unrestricted  | <u>21,429,066</u>                            | <u>5,378,595</u>     | <u>320,707</u>               | <u>27,128,368</u>            | <u>7,264,194</u>             |
| Total net assets  | <u>\$ 123,934,038</u>                        | <u>\$ 10,188,950</u> | <u>\$ 26,882,960</u>         | <u>161,005,948</u>           | <u>\$ 15,740,721</u>         |
| Reconciliation to government-wide statements of net assets:   |  |                      |                              |                              |                              |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |  |                      | prior years<br>current year  | (740,117)<br>231,175         |                              |
| Net assets of business-type activities  |  |                      |                              | <u>\$ 160,497,006</u>        |                              |

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

**CITY OF TYLER, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|  | BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |                      |                              | TOTAL<br>ENTERPRISE<br>FUNDS | GOVERNMENTAL<br>ACTIVITIES   |
|--|--|----------------------|------------------------------|------------------------------|------------------------------|
|  | WATER &<br>SEWER<br>FUND                     | SANITATION<br>FUND   | MUNICIPAL<br>AIRPORT<br>FUND |                              | INTERNAL<br>SERVICE<br>FUNDS |
| <b>OPERATING REVENUES</b>  |  |                      |                              |                              |                              |
| Water and sewer operations   | \$ 20,131,814                                | \$ -                 | \$ -                         | \$ 20,131,814                | \$ -                         |
| Trash and garbage  | -  | 8,159,610            | -                            | 8,159,610                    | -                            |
| Airport sales and rentals  | -  | -                    | 1,135,983                    | 1,135,983                    | -                            |
| Charges for services   | -  | -                    | -                            | -                            | 4,089,807                    |
| Contributions  | -  | -                    | -                            | -                            | 9,149,611                    |
| Miscellaneous  | 1,061,553                                    | 12,182               | 6,046                        | 1,079,781                    | 200,624                      |
| <b>Total operating revenues</b>  | <b>21,193,367</b>                            | <b>8,171,792</b>     | <b>1,142,029</b>             | <b>30,507,188</b>            | <b>13,440,042</b>            |
| <b>OPERATING EXPENSES</b>  |  |                      |                              |                              |                              |
| Water and sewer operations   | 14,249,230                                   | -                    | -                            | 14,249,230                   | -                            |
| Sanitation operations  | -  | 6,882,016            | -                            | 6,882,016                    | -                            |
| Municipal Airport operations   | -  | -                    | 948,514                      | 948,514                      | -                            |
| Garage operations  | -  | -                    | -                            | -                            | 1,118,896                    |
| Depreciation   | 4,546,731                                    | 250,410              | 796,979                      | 5,594,120                    | 1,860,520                    |
| Insurance claims   | -  | -                    | -                            | -                            | 6,002,044                    |
| Administrative   | -  | -                    | -                            | -                            | 2,109,159                    |
| Special services   | -  | -                    | -                            | -                            | 372,668                      |
| Maintenance  | -  | -                    | -                            | -                            | 529,414                      |
| <b>Total operating expenses</b>  | <b>18,795,961</b>                            | <b>7,132,426</b>     | <b>1,745,493</b>             | <b>27,673,880</b>            | <b>11,992,701</b>            |
| Operating income (loss)  | 2,397,406                                    | 1,039,366            | (603,464)                    | 2,833,308                    | 1,447,341                    |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>   |  |                      |                              |                              |                              |
| Revenues from use of money and property  | 318,952                                      | 73,483               | 4,168                        | 396,603                      | 101,921                      |
| Amortization   | (48,554)                                     | -                    | -                            | (48,554)                     | -                            |
| Sale of property   | (533,781)                                    | (19,950)             | -                            | (553,731)                    | 178,282                      |
| Interest expense   | (2,689,628)                                  | -                    | -                            | (2,689,628)                  | -                            |
| <b>Total non-operating revenues (expenses)</b>   | <b>(2,953,011)</b>                           | <b>53,533</b>        | <b>4,168</b>                 | <b>(2,895,310)</b>           | <b>280,203</b>               |
| Income (loss) before operating transfers   | (555,605)                                    | 1,092,899            | (599,296)                    | (62,002)                     | 1,727,544                    |
| Contributed capital  | -  | -                    | 227,805                      | 227,805                      | -                            |
| Transfers in   | -  | 150,784              | 341,485                      | 492,269                      | 462,317                      |
| Transfers out  | -  | (202,006)            | (181,319)                    | (383,325)                    | (86,760)                     |
| Net transfers and capital contributions  | -  | (51,222)             | 387,971                      | 336,749                      | 375,557                      |
| Change in net assets   | (555,605)                                    | 1,041,677            | (211,325)                    | 274,747                      | 2,103,101                    |
| Net Assets - October 1, 2003   | 124,489,643                                  | 9,147,273            | 27,094,285                   | 157,729,201                  | 13,637,620                   |
| <b>NET ASSETS - SEPTEMBER 30, 2004</b>   | <b>\$ 123,934,038</b>                        | <b>\$ 10,188,950</b> | <b>\$ 26,882,960</b>         | <b>\$ 150,805,948</b>        | <b>\$ 15,740,721</b>         |
| Reconciliation to government-wide statements of net assets   |  |                      |                              |                              |                              |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds |  |                      |                              | 231,175                      |                              |
| Change in net assets of business-type activities   |  |                      |                              | <u>\$ 505,922</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, 2003

Increase (Decrease) In Cash and Cash Equivalents

|   | BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |                     |                              |                              | GOVERNMENTAL<br>ACTIVITIES   |
|---|--|---------------------|------------------------------|------------------------------|------------------------------|
|   | WATER &<br>SEWER<br>FUND                     | SANITATION<br>FUND  | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL<br>ENTERPRISE<br>FUNDS | INTERNAL<br>SERVICE<br>FUNDS |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |  |                     |                              |                              |                              |
| Cash received from customers and users                                  | \$ 21,469,868                                | \$ 7,821,512        | \$ 1,145,495                 | \$ 30,436,875                | \$ 13,357,971                |
| Cash paid to suppliers for goods and services                           | (7,655,803)                                  | (4,173,222)         | (533,944)                    | (12,362,969)                 | (3,649,357)                  |
| Cash paid for interfund services used                                   | (1,657,782)                                  | (197,400)           | (49,800)                     | (1,904,982)                  | -                            |
| Cash paid to employees for services                                     | (4,597,049)                                  | (1,980,110)         | (372,215)                    | (6,949,374)                  | (652,865)                    |
| Insurance claims paid   | -  | -                   | -                            | -                            | (6,017,658)                  |
| Net cash provided by (used in) operating activities                     | 7,559,234                                    | 1,470,780           | 189,536                      | 9,219,550                    | 3,038,091                    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                 |  |                     |                              |                              |                              |
| Transfers-in from other funds   | -  | 150,784             | 341,485                      | 492,269                      | 462,317                      |
| Transfers-out to other funds  | -  | (202,006)           | (181,319)                    | (383,325)                    | (86,760)                     |
| Net cash (used in) provided by non-capital financing activities         | -  | (51,222)            | 160,166                      | 108,944                      | 375,557                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>         |  |                     |                              |                              |                              |
| Acquisition and construction of capital assets                          | (17,310,172)                                 | (406,184)           | (10,900)                     | (17,727,256)                 | (2,425,000)                  |
| Proceeds from sale of assets  | 2,225  | 163,592             | -                            | 165,817                      | 264,614                      |
| Payments on bonded debt   | (2,085,000)                                  | -                   | -                            | (2,085,000)                  | -                            |
| Interest paid   | (2,783,667)                                  | -                   | -                            | (2,783,667)                  | -                            |
| Net cash provided by (used in) capital and related financing activities | (22,176,614)                                 | (242,592)           | (10,900)                     | (22,430,106)                 | (2,160,386)                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |  |                     |                              |                              |                              |
| Interest and dividends on investments                                   | 290,109                                      | 63,828              | 3,452                        | 357,389                      | 88,712                       |
| Net cash (used in) provided by investing activities                     | 290,109                                      | 63,828              | 3,452                        | 357,389                      | 88,712                       |
| Net increase (decrease) in cash and cash equivalents                    | (14,327,271)                                 | 1,240,794           | 342,254                      | (12,744,223)                 | 1,341,974                    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                   | 28,861,842                                   | 3,876,793           | 13,281                       | 32,751,916                   | 6,308,818                    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                         | <u>\$ 14,534,571</u>                         | <u>\$ 5,117,587</u> | <u>\$ 355,535</u>            | <u>\$ 20,007,693</u>         | <u>\$ 7,650,792</u>          |

(Continued)

**CITY OF TYLER, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

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

|  | BUSINESS-TYPE ACTIVITIES |                     |                              |                              | GOVERNMENTAL                 |
|--|--------------------------|---------------------|------------------------------|------------------------------|------------------------------|
|  | WATER &<br>SEWER<br>FUND | SANITATION<br>FUND  | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL<br>ENTERPRISE<br>FUNDS | INTERNAL<br>SERVICE<br>FUNDS |
| Operating income (loss)  | \$ 2,397,406             | \$ 1,039,366        | \$ (603,464)                 | \$ 2,833,308                 | \$ 1,447,341                 |
| Adjustments to reconcile operating income to net cash<br>Provided by (used in) operating activities: |                          |                     |                              |                              |                              |
| Depreciation expense   | 4,546,731                | 250,410             | 796,979                      | 5,594,120                    | 1,860,520                    |
| Decrease (increase) in accounts receivable   | 276,501                  | (350,280)           | 3,466                        | (70,313)                     | (82,071)                     |
| Decrease in advance from other funds   | -                        | 500,000             | -                            | 500,000                      | -                            |
| Increase in prepaid expenses   | -                        | -                   | -                            | -                            | (59,147)                     |
| (Increase) decrease in inventories   | (44,321)                 | -                   | -                            | (44,321)                     | (57,627)                     |
| Increase (decrease) in accounts payable  | 356,083                  | 39,985              | (8,322)                      | 387,746                      | (70,586)                     |
| Increase (decrease) in compensated absences payable  | 26,834                   | (7,771)             | 877                          | 19,940                       | (339)                        |
| Increase (decrease) in landfill closure costs payable  | -                        | (930)               | -                            | (930)                        | -                            |
| Total adjustments  | <u>5,161,828</u>         | <u>431,414</u>      | <u>793,000</u>               | <u>6,386,242</u>             | <u>1,590,750</u>             |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>   | <u>\$ 7,559,234</u>      | <u>\$ 1,470,780</u> | <u>\$ 189,536</u>            | <u>\$ 9,219,550</u>          | <u>\$ 3,038,091</u>          |

**Non-cash Investing, Capital and Financing Activities:**

The Municipal airport received capital asset contributions of \$ 227,805 from donations and grants from the federal government.

**CITY OF TYLER, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2004**

|  | <u>EMPLOYEE<br/>PENSION AND<br/>OTHER BENEFIT<br/>TRUSTS</u> | <u>GREENWOOD<br/>LANDFILL<br/>PRIVATE -PURPOSE<br/>TRUST</u> |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| Equity in pooled cash and investments                    | \$ 983,634   | \$ 1,679,482   |
| Receivables  |  |  |
| Accounts receivable                                      | 20,664   | -  |
| Interest receivable                                      | 149,242  | 2,949  |
| Total receivables  | <u>169,906</u>   | <u>2,949</u>   |
| Investments - at fair value                              |  |  |
| Equities   | 10,779,030   | -  |
| Bonds  | 9,368,697  | -  |
| Collectives  | 13,777,577   | -  |
| Total investments - at fair value                        | <u>33,925,304</u>  | <u>-</u>   |
| Total assets   | <u>35,078,844</u>  | <u>1,682,431</u>   |
| <b>NET ASSETS</b>  |  |  |
| Held in trust for pension benefits and<br>other purposes | <u>\$ 35,078,844</u>   | <u>\$ 1,682,431</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, 2004**

|   | EMPLOYEE<br>PENSION AND<br>OTHER BENEFIT<br>TRUSTS | GREENWOOD<br>LANDFILL<br>PRIVATE -PURPOSE<br>TRUST |
|---|--|--|
| <b>ADDITIONS</b>                              |  |  |
| Contributions:                                |  |  |
| Employees                                     | \$ 907,357   | \$ -   |
| Employer                                      | 990,073  | -  |
| Other   | -  | 400,000  |
| Total contributions                           | <u>1,897,430</u>                                   | <u>400,000</u>                                     |
| Investment income:                            |  |  |
| Net appreciation in fair value of investments | 2,612,309  | -  |
| Interest                                      | 634,511  | 18,373   |
| Dividends                                     | 166,364  | -  |
| Gain (Loss) on sale of securities             | 158,948  | -  |
| Net investment income                         | <u>3,572,132</u>                                   | <u>18,373</u>                                      |
| Total additions                               | <u>5,469,562</u>                                   | <u>418,373</u>                                     |
| <b>DEDUCTIONS</b>                             |  |  |
| Benefits                                      | 2,974,075  | -  |
| Administrative expenses                       | <u>216,255</u>                                     | <u>-</u>   |
| Total deductions                              | <u>3,190,330</u>                                   | <u>-</u>   |
| Change in net assets                          | <u>2,279,232</u>                                   | <u>418,373</u>                                     |
| Net Assets - October 1, 2003                  | <u>32,799,612</u>                                  | <u>1,264,058</u>                                   |
| <b>NET ASSETS - SEPTEMBER 30, 2004</b>        | <u><u>\$ 35,078,844</u></u>                        | <u><u>\$ 1,682,431</u></u>                         |

**CITY OF TYLER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004**

**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 Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and Government Accounting Standards Board Statement No. 39 "Determining Whether Certain Organizations are Component Units – an amendment of GASB No. 14", 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 uses the proceeds of the one-half cent sales tax to pay for infrastructure, thereby removing the need for debt financing of such improvements which will result in the elimination of general obligation indebtedness and 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 Sanitation Fund accounts for residential and commercial solid waste collection, disposal services, and recycling operations of the City.

The Airport Fund is used to account for operations of the Tyler Pounds Regional Airport.

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.

The City of Tyler reports the following Internal Service Funds:

1. Productivity Improvement – to track performance pay of City employees
2. Fleet – to track maintenance, repair and equipment replacement
3. Property Liability – accounts for property casualty and liability insurance programs
4. Employee Benefits – accounts for the City's health and workers' compensation self-insurance programs
5. Property and Facility Management – accounts for utility costs

6. Technology – accounts for the City’s investment in technology and office automation.

Fiduciary Funds:

Landfill Trust is used to accumulate resources held in trust for Allied Waste Management, to be used for closure and post-closure expenses of the Greenwood Landfill.

The Firemen’s Relief and Retirement Fund accounts for the activities of the firefighter’s retirement system, which accumulates resources for pension and relief benefit payments to qualified firefighters.

The Section 125 Fund is used to account for the resources accumulated and payments made on behalf of City employees enrolled in the cafeteria plan administered by Health First.

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

The City classifies 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 Internal Service 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, 2004, there were no material unrealized gains or losses.

### Investment Pools

The City holds investments in two external investment pools, TexPool and TexStar. Texas Local Government Investment Pool (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. In May 2003, the City Council approved joining the Texas Short Term Asset Reserve Program (TexStar), an investment pool established to provide for the joint investments of public funds. TexStar was created under the authority of applicable Texas law, including the Cooperation Act and the Investment Act.

Both investment pools carry investments at amortized cost, which approximates fair value. Investments are priced daily and compared to 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, the investment pools will sell investment securities, as required, to maintain the ratio at a point between .995 and 1.005.

TexPool and TexStar 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 the financial statements of TexPool or TexStar 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). 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.

The City provides an allowance for doubtful accounts based upon the anticipated collectibility of each specific account, as determined by experience. All receivables are shown net of this allowance. A detail schedule of receivables can be found at Note 4.B.

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, 2004, was \$.248855 per \$100, which means that the City has a tax margin of \$1.52115 per \$100 and could raise up to \$66,709,457 additional taxes a year from the present valuation of \$4,443,904,967 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 Utilities Construction Fund 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.

Infrastructure assets are reported retroactively based on estimated historical cost and include assets acquired or constructed prior to June 30, 1980.

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 \$3,255,611. Of this amount, \$228,891 was included as part of the cost of capital assets under construction in the water utilities fund.

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 legislation 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 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, 2004.

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.

**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 \$11,495,263 difference are as follows:

|  |                     |
|--|---------------------|
| Bonds payable  | \$ 6,300,000        |
| Claims and judgement   | 195,000             |
| Compensated absences   | <u>5,000,263</u>    |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities | <u>\$11,495,263</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 \$209,747,711 difference are as follows:

|  |                      |
|--|----------------------|
| Beginning balance of capital assets, net of accumulated depreciation | \$212,844,993        |
| Capital asset additions, net of retirements                          | 8,144,588            |
| Depreciation of capital assets, current year                         | <u>(11,241,870)</u>  |
|  | <u>\$209,747,711</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 \$5,578,293 difference are as follows:

|   |                    |
|---|--------------------|
| Deferred property tax revenues                        | \$ 618,155         |
| Sales taxes receivable                                | 5,022,921          |
| Allowance for uncollectible property taxes receivable | <u>(62,783)</u>    |
|   | <u>\$5,578,293</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 \$(3,070,395) difference are as follows:

|   |                      |
|---|----------------------|
| Capital outlay  | \$ 8,171,475         |
| Depreciation expense  | <u>(11,241,870)</u>  |
| Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities | <u>\$(3,070,395)</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 \$174,662 difference are as follows:

|   |                   |
|---|-------------------|
| Change in deferred property tax revenues                        | \$(113,303)       |
| Change in sales tax receivable                                  | 291,461           |
| Change in allowance for uncollectible property taxes receivable | <u>(3,496)</u>    |
|   | <u>\$ 174,662</u> |

Another element of that reconciliation states that “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.” The details of this \$145,955 difference are as follows:

|                                |                  |
|--------------------------------|------------------|
| Change in compensated absences | \$ 40,955        |
| Change in accrued legal claims | <u>105,000</u>   |
|                                | <u>\$145,955</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 Permanent Funds (Rose Hill Cemetery Fund, Westview Cemetery Fund, and Oakwood 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 \$44,852,337. Appropriations, which are not expended or encumbered at year-end, must be rebudgeted in the succeeding year.

6. Comparison of budgeted and actual amounts 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), and the Debt Service Fund, 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<br/>In Excess of<br/>Appropriations</u> |
|---|---------------------|-----------------------|---|
| Tyler Tourism and Convention<br>Facility Fund | \$ 622,240          | \$ 616,275            | \$ 5,965  |
| Fleet Management                              | 2,753,579           | 2,664,652             | 88,927  |
| Technology Fund                               | 1,121,595           | 1,121,526             | 69  |
| Rose Hill Cemetery Permanent<br>Fund          | 184,845             | 181,104               | 3,741   |

As of September 30, 2004, no individual Fund had a deficit fund balance or net assets.

**NOTE 4: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At September 30, 2004, the carrying amount of the City's bank deposits was \$515,941, and the bank balance was \$3,524,560. 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, 2004, are shown below.

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

|                            | <u>Carrying<br/>Value</u> | <u>Fair<br/>Value</u> |
|----------------------------|---------------------------|-----------------------|
| U.S. Government Securities | \$21,933,173              | \$21,933,173          |
| TexPool                    | 30,799,367                | 30,799,367            |
| TexStar                    | 4,760,008                 | 4,760,008             |
| Cash in bank               | <u>515,941</u>            | <u>515,941</u>        |
| Total                      | <u>\$58,008,489</u>       | <u>\$58,008,489</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.

| <u>Investments</u>         | <u>Category</u> |              |          | <u>Uncategorized</u> | <u>Carrying Amount</u> | <u>Fair Value</u> |
|----------------------------|-----------------|--------------|----------|----------------------|------------------------|-------------------|
|                            | <u>1</u>        | <u>2</u>     | <u>3</u> |                      |                        |                   |
| TexPool                    |                 |              |          | \$30,799,367         | \$30,799,367           | \$30,799,367      |
| TexStar                    |                 |              |          | 4,760,008            | 4,760,008              | 4,760,008         |
| U.S. Government Securities |                 | \$21,933,173 |          |                      | 21,933,173             | 21,933,173        |

The difference between the fair value of the U.S. Government Securities and the carrying amount of \$21,933,173 was insignificant.

## 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:

| <u>Receivables:</u>                | <u>General and Internal Service Fund</u> | <u>Water Utilities Fund</u> | <u>Solid Waste Fund</u> | <u>Airport Fund</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u>        |
|------------------------------------|--|-----------------------------|-------------------------|---------------------|---------------------------------|---------------------|
| Taxes                              | \$5,757,561                              | \$ -                        | \$ -                    | \$ -                | \$ -                            | \$ 5,757,561        |
| Miscellaneous                      | 366,574                                  | -                           | -                       | -                   | -                               | 366,574             |
| Grants                             | 54,763                                   | -                           | -                       | -                   | 622,020                         | 676,783             |
| Accounts                           | <u>923,388</u>                           | <u>2,791,699</u>            | <u>1,077,480</u>        | <u>36,404</u>       | <u>410,116</u>                  | <u>5,239,087</u>    |
| Gross receivables                  | 7,102,286                                | 2,791,699                   | 1,077,480               | 36,404              | 1,032,136                       | 12,040,005          |
| Less: Allowance for Uncollectibles | <u>(62,783)</u>                          | <u>(160,737)</u>            | <u>(40,184)</u>         | <u>-</u>            | <u>-</u>                        | <u>(263,704)</u>    |
| Net total receivables              | <u>\$7,039,503</u>                       | <u>\$2,630,962</u>          | <u>\$1,037,296</u>      | <u>\$36,404</u>     | <u>\$1,032,136</u>              | <u>\$11,776,301</u> |

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> |
|   | \$ 24,476          |
| Deferred property taxes receivable (general fund) | <u>618,155</u>     |
| Total deferred revenue for Governmental funds     | <u>\$642,631</u>   |

### C. Capital Assets

Capital asset activity for the year ended September 30, 2004 was as follows:

| <u>Primary Government</u>                    | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>      | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| Governmental Activities:                     |                              |                     |                       |                           |
| Capital assets, not being depreciated:       |                              |                     |                       |                           |
| Land   | \$ 5,309,001                 | \$ 1,880            | \$ -                  | \$ 5,310,881              |
| Construction in progress                     | <u>7,287,603</u>             | <u>6,739,956</u>    | <u>(1,720,806)</u>    | <u>12,306,753</u>         |
| Total capital assets not being depreciated   | 12,596,604                   | 6,741,836           | (1,720,806)           | 17,617,634                |
| Capital assets, being depreciated:           |                              |                     |                       |                           |
| Buildings                                    | 25,078,466                   | 359,244             | -                     | 25,437,710                |
| Improvements, other than buildings           | 79,490,721                   | 1,292,499           | -                     | 80,783,220                |
| Machinery and equipment                      | 32,448,176                   | 2,924,439           | (804,834)             | 34,567,781                |
| Infrastructure                               | <u>218,773,770</u>           | <u>805,807</u>      | <u>-</u>              | <u>219,579,577</u>        |
| Total capital assets being depreciated       | 355,791,133                  | 5,381,988           | (894,834)             | 360,368,287               |
| Less accumulated depreciation for:           |                              |                     |                       |                           |
| Buildings                                    | (8,339,843)                  | (608,148)           | -                     | (8,947,991)               |
| Improvements other than buildings            | (10,067,749)                 | (3,872,388)         | -                     | (13,940,137)              |
| Machinery and equipment                      | (19,022,887)                 | (3,071,675)         | 716,145               | (21,378,417)              |
| Infrastructure                               | <u>(110,465,429)</u>         | <u>(5,550,179)</u>  | <u>-</u>              | <u>(116,015,608)</u>      |
| Total accumulated depreciation               | (147,895,908)                | (13,102,390)        | 716,145               | (160,282,153)             |
| Total capital assets being depreciated       | <u>207,895,226</u>           | <u>(7,720,401)</u>  | <u>(88,689)</u>       | <u>200,086,135</u>        |
| Government activities capital assets, net    | <u>\$220,491,829</u>         | <u>\$ (978,566)</u> | <u>\$(1,809,495)</u>  | <u>\$217,703,768</u>      |
| Business-Type Activities:                    |                              |                     |                       |                           |
| Capital assets, not being depreciated:       |                              |                     |                       |                           |
| Land   | \$ 5,627,226                 | \$ 17,077           | \$ -                  | \$ 5,644,303              |
| Construction in progress                     | <u>9,628,952</u>             | <u>9,024,410</u>    | <u>(18,476,352)</u>   | <u>177,009</u>            |
| Total capital assets, not being depreciated  | 15,256,178                   | 9,941,486           | (18,476,352)          | 5,821,312                 |
| Capital assets, being depreciated:           |                              |                     |                       |                           |
| Buildings                                    | 46,608,300                   | 2,948,069           | -                     | 49,556,369                |
| Improvements, other than buildings           | 165,058,083                  | 23,358,988          | (3,217,043)           | 185,200,028               |
| Machinery and equipment                      | <u>5,533,299</u>             | <u>712,271</u>      | <u>(681,241)</u>      | <u>5,564,329</u>          |
| Total capital assets being depreciated       | 217,199,682                  | 27,019,328          | (3,898,284)           | 240,320,726               |
| Less accumulated depreciation for:           |                              |                     |                       |                           |
| Buildings                                    | (12,487,349)                 | (1,073,491)         | -                     | (13,560,840)              |
| Improvements other than buildings            | (41,239,012)                 | (4,166,844)         | 2,681,037             | (42,724,819)              |
| Machinery and equipment                      | <u>(2,458,870)</u>           | <u>(353,785)</u>    | <u>218,453</u>        | <u>(2,594,202)</u>        |
| Total accumulated depreciation               | (56,185,231)                 | (5,594,120)         | 2,899,490             | (58,879,861)              |
| Total capital assets, being depreciated net, | <u>161,014,451</u>           | <u>21,425,208</u>   | <u>(998,794)</u>      | <u>181,440,865</u>        |
| Business-Type Activities Capital Assets, Net | <u>\$176,270,629</u>         | <u>\$30,466,694</u> | <u>\$(19,475,146)</u> | <u>\$187,262,177</u>      |



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

|  |                     |
|--|---------------------|
| Governmental activities:   |                     |
| General government   | \$ 112,112          |
| Public safety  | 793,992             |
| Highways and streets, including depreciation of general infrastructure assets  | 8,729,526           |
| Culture and recreation   | 1,606,240           |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>1,860,520</u>    |
| Total depreciation expense – governmental activities   | <u>\$13,102,390</u> |
| Business-type activities:  |                     |
| Water  | \$ 4,546,731        |
| Airport  | 796,979             |
| Solid Waste  | <u>250,410</u>      |
| Total depreciation expense – business-type activities  | <u>\$ 5,594,120</u> |

### Construction commitments

The government has active construction projects as of September 30, 2004. The projects center around street construction and expansion. 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> |
|------------------------|----------------------|---------------------------------------|
| Loop 49 Project        | \$1,284,312          | \$ 885,688                            |
| Grande Blvd. Extension | <u>5,304,817</u>     | <u>4,595,183</u>                      |
| Total                  | <u>\$6,589,129</u>   | <u>\$5,480,871</u>                    |

The projects for public purposes are either funded from existing resources held by 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, 2004, is as follows:

Advances from/to other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u>     | <u>Amount</u>    |
|------------------------|-------------------------|------------------|
| General Fund           | 2004 CBDG Home Grant    | \$102,242        |
| General Fund           | 2003 CBDG               | 97,640           |
| General Fund           | HAP Fund                | 13,377           |
| General Fund           | State and Federal Grant | <u>204,279</u>   |
|                        |                         | <u>\$417,538</u> |

The interfund balances result from overdrafts in the City's pooled cash account that were funded by the general fund.

Interfund transfers:

|                        | Capital<br>Projects<br>Fund | Transfers In                 |                    |                  | Total            |
|------------------------|-----------------------------|------------------------------|--------------------|------------------|------------------|
|                        |                             | Internal<br>Service<br>Funds | Sanitation<br>Fund | Airport<br>Fund  |                  |
| Transfers out:         |                             |                              |                    |                  |                  |
| General Fund           | \$ -                        | \$ -                         | \$ -               | \$341,485        | \$341,485        |
| Capital Projects Fund  | -                           | -                            | 64,024             | -                | 64,024           |
| Internal service funds | -                           | -                            | 86,760             | -                | 86,760           |
| Airport Fund           | 181,319                     | -                            | -                  | -                | 181,319          |
| Sanitation Fund        | <u>46,350</u>               | <u>155,656</u>               | <u>-</u>           | <u>-</u>         | <u>202,006</u>   |
| Total Transfers Out/In | <u>\$227,669</u>            | <u>\$155,656</u>             | <u>\$150,784</u>   | <u>\$341,485</u> | <u>\$875,594</u> |

Interfund transfers are made in accordance with the City's adopted budget or through approvals to meet unexpected operating needs.

**E. Leases**

Operating Leases

The City operates under numerous lease agreements classified as operating leases. The leases contain annual renewals 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, 2004 were \$412,521.

**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 1997 | Refunding | 3.85 to 4.90%  | <u>\$6,300,000</u> |

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

| Year Ending<br>September 30 | Principal          | Interest           |
|-----------------------------|--------------------|--------------------|
| 2005                        | \$ 960,000         | \$ 297,492         |
| 2006                        | 1,000,000          | 253,333            |
| 2007                        | 1,030,000          | 206,833            |
| 2008                        | 1,055,000          | 158,423            |
| 2009                        | 1,105,000          | 108,838            |
| 2010-2014                   | <u>1,150,000</u>   | <u>56,350</u>      |
| Total                       | <u>\$6,300,000</u> | <u>\$1,081,269</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 \$68,440,000.

Revenue bonds currently outstanding are as follows:

| <u>Issue</u>                    | <u>Purpose</u>                       | <u>Interest Rates</u> | <u>Amount</u>       |
|---------------------------------|--------------------------------------|-----------------------|---------------------|
| Series 2000                     | Lake Palestine water treatment plant | 5.00 to 5.70%         | \$32,675,000        |
| Series 2002                     | Lake Palestine water treatment plant | 2.00 to 4.75%         | 14,025,000          |
| Series 2003                     | Water meter replacement              | 2.00 to 5.00%         | <u>13,290,000</u>   |
| Total outstanding revenue bonds |                                      |                       | <u>\$59,990,000</u> |

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

| <u>Year Ending September 30</u> | <u>Principal</u>    | <u>Interest</u>     |
|---------------------------------|---------------------|---------------------|
| 2005                            | \$ 2,265,000        | \$ 2,837,512        |
| 2006                            | 2,325,000           | 2,774,062           |
| 2007                            | 2,390,000           | 2,704,487           |
| 2008                            | 2,470,000           | 2,626,348           |
| 2009                            | 2,560,000           | 2,541,649           |
| 2010-2014                       | 12,800,000          | 10,931,120          |
| 2015-2019                       | 8,090,000           | 8,579,076           |
| 2020-2024                       | 10,395,000          | 6,267,348           |
| 2025-2029                       | 13,530,000          | 3,141,998           |
| 2030-2034                       | <u>3,165,000</u>    | <u>172,045</u>      |
| Total                           | <u>\$59,990,000</u> | <u>\$42,575,645</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, 2004, 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, 2004, was as follows:

|                                  | <u>Beginning Balance 10/1/03</u> | <u>Additions</u> | <u>Reductions</u>  | <u>Ending Balance 9/30/04</u> | <u>Due Within One Year</u> | <u>Due in More Than One Year</u> |
|----------------------------------|----------------------------------|------------------|--------------------|-------------------------------|----------------------------|----------------------------------|
| Governmental Activities:         |                                  |                  |                    |                               |                            |                                  |
| Claims and judgments             | \$ 300,000                       | \$ -             | \$105,000          | \$ 195,000                    | \$ -                       | \$ 195,000                       |
| General obligation bonds payable | 7,180,000                        | -                | 880,000            | 6,300,000                     | 960,000                    | 5,340,000                        |
| Compensated absences             | <u>5,080,203</u>                 | <u>31,867</u>    | <u>73,163</u>      | <u>5,038,907</u>              | <u>95,263</u>              | <u>4,943,644</u>                 |
| Governmental Activity            |                                  |                  |                    |                               |                            |                                  |
| Long-Term Liabilities            | <u>\$12,560,203</u>              | <u>\$31,867</u>  | <u>\$1,058,163</u> | <u>\$11,533,907</u>           | <u>\$1,055,263</u>         | <u>\$10,478,644</u>              |

|                                  |                     |                 |                    |                     |                    |                     |
|----------------------------------|---------------------|-----------------|--------------------|---------------------|--------------------|---------------------|
| Business-type Activities:        |                     |                 |                    |                     |                    |                     |
| Revenue bonds payable            | \$62,075,000        | \$ -            | \$2,085,000        | \$59,990,000        | \$2,265,000        | \$57,725,000        |
| Bond premium/discount            | 399,235             | -               | 83,014             | 316,221             | -                  | 316,221             |
| Compensated absences             | 456,262             | 27,711          | 7,773              | 476,200             | 13,417             | 462,783             |
| Landfill closure and postclosure | <u>340,406</u>      | <u>-</u>        | <u>930</u>         | <u>339,476</u>      | <u>125,000</u>     | <u>214,476</u>      |
| Business-type Activities         |                     |                 |                    |                     |                    |                     |
| Long-Term Liabilities            | <u>\$63,270,903</u> | <u>\$27,711</u> | <u>\$2,176,717</u> | <u>\$61,121,897</u> | <u>\$2,403,417</u> | <u>\$58,718,480</u> |

The liabilities listed above for compensated absences and for claims and judgments will be liquidated by the City's general fund and water operating fund.

**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

HEALTH

Employee/Dependents and Non-Medicare Eligible Retirees/Dependents

The City implemented a partially self-insured health plan for employees, their dependents and retirees/dependents, who are non-Medicare eligible. Employees can choose between two (2) PPO Plans. Non-Medicare Retirees and/or their dependents that have been continuously covered under the City's health plan may elect to continue their coverage at retirement. The employees and non-Medicare Retirees pay a portion of the premiums and the City pays the remainder. 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 third-party administrator administers health claims and payments.

Medicare Eligible Retirees/Dependents

Retirees and/or their spouses who become eligible for Medicare and have been continuously covered under the City's health insurance plan may elect to participate in the City's self-funded prescription drug card plan and the Medicare Supplement Insurance Program. The retiree pays 30% and their dependent pays 60% of the premium, the City pays the remainder. The insurance provider for the Medicare Supplement Plan processes and pays health claims. A third-party administrator administers prescription claims and payments.

DENTAL

Employees/Retirees

The City offers fully self-funded dental and orthodontic benefits to eligible employees/dependents and retirees/dependents. Employees and retirees pay a portion of the premiums and the City pays the remainder. A third-party administrator administers dental claims and payments.

## LIFE INSURANCE

### Employees/Retirees

City provides \$10,000 basic life and AD&D insurance for each full-time active employee and \$5,000 basic life for eligible retirees. For employees actively at work, benefit amounts reduce to 65% of original coverage at age 65, 50% of original coverage at age 70 and to 30% of original coverage at age 75. This supplemental life coverage is portable. The insurance provider processes and pays life insurance claims.

### 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. 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, 2004, was \$195,000. See note 4, F. for a reconciliation of changes in claims and judgements.

During the prior year, the City discovered an embezzlement scheme in its Municipal Court. A portion of the embezzled funds is a fee normally due to the State. Although the outcome of this matter is not presently determinable, in the opinion of the City's management, the resolution of this matter will not have an adverse effect on the financial condition of the government.

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, 2004 and 2003, is presented below:

| <u>Fund</u>             | <u>Insurance<br/>Claims<br/>Payable At<br/>Beginning of Year</u> | <u>Current<br/>Year Claims<br/>and Changes<br/>In Estimates</u> | <u>Actual<br/>Claim<br/>Payments</u> | <u>Insurance<br/>Claims<br/>Payable At<br/>End of Year</u> |
|-------------------------|--|---|--------------------------------------|--|
| Employees Benefits Fund |  |   |                                      |  |
| FYE 2003                | \$768,000  | \$7,572,323   | \$7,520,377                          | \$819,946  |
| FYE 2004                | 819,946  | 6,272,192   | 6,263,724                            | 828,414  |

## **C. 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, 2004 is the ninth year of operation of the District as a separate entity from the City and County.

For the year ended September 30, 2004, the City budgeted funding of \$675,000 for the Health District and \$290,000 for Animal/Vector Control contractual services to be provided by the District. The City's equity interest in the Health District was \$520,470 at September 30, 2004. Financial statements for the Health District may be obtained at the entity's administrative offices.

**D. 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 5 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 life 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<br>Retirees<br><u>Participating</u> | Cost of<br>Benefits<br><u>For YE 9-30-04</u> |
|---|---|--|
| Retirees – Life Insurance   | 269   | \$42,027                                     |
| Not Medicare Eligible – Health<br>Employees, Retirees, and Dependents | 778   | 5,290,212                                    |
| Medicare Eligible   |   |  |
| Retiree and Spouse – Health   | 191   | 498,384                                      |
| Retiree and Spouse – Prescription Plan                                | 131   | 316,474                                      |
| Dental Insurance  |   |  |
| Employees, Retirees, and Dependents                                   | 888   | 399,248                                      |

**E. 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 \$7,486,690 for September 30, 2004.

**F. 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 774 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, 2003 are contained in the 2003 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 (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. 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.

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.

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, 2002 valuation is effective for rates beginning January 2004).

The City's contributions were based on an annual covered payroll of \$21,013,958. For the 2004 fiscal year, total contributions of \$2,852,763 were required and 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>                   | December 31,<br><u>2003</u> |
|--------------------------------|-----------------------------|
| Number of Annuitants           | 293                         |
| Number of Members              | 815                         |
| Number of Contributing Members | 597                         |

**Trend Information:**

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Contribution as a Percentage of Payroll | Net Pension Obligation |
|--------------------|---------------------------|-------------------------------|---|------------------------|
| 09/30/04           | \$2,765,414               | 100%                          | 12.65%                                  | \$ 0                   |
| 09/30/03           | \$ 2,737,120              | 100%                          | 12.65%                                  | \$ 0                   |
| 09/30/02           | \$ 2,470,876              | 100%                          | 12.52%                                  | \$ 0                   |

**Actuarial Assumptions:**

|                               |   |
|-------------------------------|---|
| Actuarial Cost Method         | Unit Credit   |
| Amortization Method           | Level Percent of Payroll  |
| Remaining Amortization Period | 25 Years – Open Period  |
| Asset Valuation Method        | Amortized Cost<br>(to accurately reflect the requirements of GASB Statement No. 25, paragraphs 36e and 138) |
| Investment Rate of Return     | 8%  |
| Projected Salary Increases    | None  |
| Includes Inflation At         | None  |
| Cost-of-Living Adjustments    | None  |

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, 2003:

| <u>Group</u>   | <u>December 31, 2003</u> |
|--|--------------------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 79                       |
| Current employees:   |                          |
| Fully vested   | 39                       |
| Nonvested  | <u>93</u>                |
| Total  | <u>211</u>               |

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.



The plan does not issue separate financial statements but this information has been combined with the City's Section 125 plan and can be found in Exhibits 10 and 11.

**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, 2004, the City of Tyler, Texas' annual pension cost of \$748,542 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, 2003 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, 2003. 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 |
|--------------------|---------------------------|-------------------------------|---|------------------------|
| 09/30/04           | \$748,542                 | 100%                          | 11.50%                                  | \$ 0                   |
| 09/30/03           | \$714,901                 | 100%                          | 11.50%                                  | \$ 0                   |
| 09/30/02           | \$637,952                 | 100%                          | 11.50%                                  | \$ 0                   |

For the 2004 fiscal year, total contributions of \$1,529,639 were required and were paid into the Fund. Total contributions made for the 2003 and 2002 fiscal year were \$1,438,262 and \$1,238,604, respectively.

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

| Plan Year Ended December 31 | Annual Contribution As a Fixed Percentage of Payroll | Annual Required Contribution <sup>1</sup> | Percentage Contributed |
|-----------------------------|--|---|------------------------|
| 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%                   |
| 2003                        | 11.5%  | \$714,901                                 | 100%                   |
| 2004                        | 11.5%  | \$748,542                                 | 100%                   |

<sup>1</sup> 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.

Since September 30, 2004, two changes in the plan of benefits have been approved by the firefighters, the Board of Trustees, and the Board's actuary. The changes, effective January 1, 2005, were to increase the firefighters' contributions from 12.0% of pay to 13.5% of pay and to reduce the benefit for surviving spouses from 100% to 66-2/3% of the monthly benefit before the firefighter's death. These changes modified the December 31, 2003 actuarial valuation results by reducing the unfunded actuarial accrued liability (UAAL) from \$6,817,417 to \$6,451,974 and reducing the number of years needed to amortize the UAAL from 36 years to 19 years.

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

**G. Commitments**

The City has several on-going construction projects as of September 30, 2004. Most of these are accounted for within the City's Capital Projects Fund. The more significant of the City's projects under construction at September 30, 2004 are as follows:

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. This project was completed subsequent to September 30, 2004.

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2004 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 the Texas Commission on Environmental Quality.

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

Water Sales Contracts – The City has an agreement with surrounding cities and water supply corporations to provide a supplemental source of water supply. The amount to be provided is estimated to be 50% of the annual supply. The parties have established a minimum annual and monthly take or pay volume and a surcharge to water taken above maximum day volume.

#### **H. Landfill Closure and Postclosure Costs**

Ewing Landfill – The City of Tyler is responsible for closure and postclosure costs associated with the Ewing Landfill, a municipal sanitation landfill. The landfill stopped accepting waste in 1988. Currently, the City is in the process of final closure of the landfill and has two years remaining on a closure plan filed with the State of Texas. The City has recognized a postclosure liability of \$339,476 in the sanitation fund, which is an estimate of the total current cost of landfill closure and postclosure care. This estimate is subject to changes resulting from inflation/deflation, technology, or changes in applicable laws or regulations. One hundred percent of the landfill's capacity has been utilized and has no remaining useful life.

Greenwood Landfill – The City has contracted with a private enterprise to operate the Greenwood Landfill. The private enterprise bears the full financial responsibility of operating the landfill including all closure and postclosure costs. The operator is funding a landfill trust, which is administered by the City of Tyler and established for the future closure and postclosure costs of the Greenwood Landfill.

## REQUIRED SUPPLEMENTAL INFORMATION

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

| <b>Actuarial Valuation Date</b> | <b>Actuarial Value of Assets (a)</b> | <b>Entry Age Actuarial Accrued Liability (b)</b> | <b>Unfunded AAL (UAAL) d=( b-a )</b> | <b>Funded Ratio c=( a/b)</b> | <b>Annual Covered Payroll (e)</b> | <b>UAAL as a Percentage of covered payroll ((b-a)/e)</b> |
|---------------------------------|--------------------------------------|--|--------------------------------------|------------------------------|-----------------------------------|--|
| 12/31/2001                      | 44,887,612                           | 60,542,339                                       | 15,654,727                           | 74.1%                        | 18,825,026                        | 83.2%  |
| 12/31/2002                      | 46,866,107                           | 64,294,058                                       | 17,427,951                           | 72.9%                        | 20,204,882                        | 86.3%  |
| 12/31/2003                      | 48,972,160                           | 69,509,020                                       | 20,536,860                           | 70.5%                        | 21,013,958                        | 97.7%  |

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

| <b>Actuarial<br/>Valuation<br/>Date (3)</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Entry Age<br/>Actuarial<br/>Accrued<br/>Liability<br/>(b)</b> | <b>Unfunded<br/>(Overfunded)<br/>AAL<br/>(UAAL)<br/>(b - a) (1)</b> | <b>Funded<br/>Ratio<br/>(a/b)</b> | <b>Annual Covered<br/>Payroll<br/>C</b> | <b>UAAL as a<br/>Percentage of<br/>covered<br/>Payroll<br/>((b-a)/C)</b> |
|---|--|--|---|-----------------------------------|---|--|
| 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%  |
| 12/31/2003                                  | 38,363,213                                       | 45,180,630   | 6,817,417   | 84.9%                             | 6,434,890                               | 105.9%   |

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, 2004

|   | SPECIAL REVENUE FUNDS                          |                                      |                   |  |                            |                                      |   |
|---|--|--------------------------------------|-------------------|--|----------------------------|--------------------------------------|---|
|   | POLICE<br>JUDGMENT<br>OF<br>FORFEITURE<br>FUND | HOTEL-MOTEL<br>OCCUPANCY<br>TAX FUND | DONATIONS<br>FUND | TYLER<br>TOURISM AND<br>CONVENTION<br>FACILITY<br>FUND | OIL & GAS<br>LEASE<br>FUND | RETAINED<br>H.U.D.<br>ADMIN.<br>FUND | 2004<br>COMMUNITY<br>BLOCK<br>DEVELOPMENT<br>HOME GRANT |
| <b>ASSETS</b>                               |  |                                      |                   |  |                            |                                      |   |
| Equity in pooled cash and investments       | \$ 307,052                                     | \$ 359,128                           | \$ 57,528         | \$ 92,630  | \$ 1,057,333               | \$ 105,219                           | \$ -  |
| Accounts and grants receivable              | 544  | 664                                  | -                 | 177  | 398,840                    | 253                                  | 164,844   |
| Prepaid items                               | -  | -                                    | -                 | -  | -                          | -                                    | -   |
| Total assets                                | <u>\$ 307,596</u>                              | <u>\$ 359,792</u>                    | <u>\$ 57,528</u>  | <u>\$ 92,807</u>                                       | <u>\$ 1,456,173</u>        | <u>\$ 105,472</u>                    | <u>\$ 164,844</u>                                       |
| <b>LIABILITIES AND FUND BALANCES</b>        |  |                                      |                   |  |                            |                                      |   |
| Liabilities:                                |  |                                      |                   |  |                            |                                      |   |
| Accounts payable                            | \$ -   | \$ -                                 | \$ 1,678          | \$ 31,633  | \$ 5,257                   | \$ 715                               | \$ 58,523   |
| Deposits and other refundable balances      | 158,160  | -                                    | -                 | 32,875   | -                          | -                                    | -   |
| Due to other funds                          | -  | -                                    | -                 | -  | -                          | -                                    | 102,242   |
| Deferred revenue                            | -  | -                                    | -                 | -  | -                          | -                                    | -   |
| Total liabilities                           | <u>158,160</u>                                 | <u>-</u>                             | <u>1,678</u>      | <u>64,508</u>  | <u>5,257</u>               | <u>715</u>                           | <u>160,765</u>  |
| Fund balances:                              |  |                                      |                   |  |                            |                                      |   |
| Reserved for:                               |  |                                      |                   |  |                            |                                      |   |
| Debt service                                | -  | -                                    | -                 | -  | -                          | -                                    | -   |
| Perpetual care                              | -  | -                                    | -                 | -  | -                          | -                                    | -   |
| Court ordered disbursements                 | 149,436  | -                                    | -                 | -  | -                          | -                                    | -   |
| Grants / donations                          | -  | -                                    | 55,850            | -  | -                          | 104,757                              | 4,079   |
| Total reserved fund balances                | <u>149,436</u>                                 | <u>-</u>                             | <u>55,850</u>     | <u>-</u>   | <u>-</u>                   | <u>104,757</u>                       | <u>4,079</u>  |
| Unreserved fund balances:                   |  |                                      |                   |  |                            |                                      |   |
| Undesignated, reported in:                  |  |                                      |                   |  |                            |                                      |   |
| Permanent funds                             | -  | -                                    | -                 | -  | -                          | -                                    | -   |
| Special revenue funds                       | -  | 359,792                              | -                 | 28,299   | 1,450,916                  | -                                    | -   |
| Total unreserved undesignated fund balances | <u>-</u>                                       | <u>359,792</u>                       | <u>-</u>          | <u>28,299</u>  | <u>1,450,916</u>           | <u>-</u>                             | <u>-</u>  |
| Total fund balances                         | <u>149,436</u>                                 | <u>359,792</u>                       | <u>55,850</u>     | <u>28,299</u>  | <u>1,450,916</u>           | <u>104,757</u>                       | <u>4,079</u>  |
| Total liabilities and fund balances         | <u>\$ 307,596</u>                              | <u>\$ 359,792</u>                    | <u>\$ 57,528</u>  | <u>\$ 92,807</u>                                       | <u>\$ 1,456,173</u>        | <u>\$ 105,472</u>                    | <u>\$ 164,844</u>                                       |

CITY OF TYLER, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2004

SPECIAL REVENUE FUNDS (continued)

|   | 2003<br>COMMUNITY<br>BLOCK<br>DEVELOPMENT<br>GRANT | HOUSING<br>ASSISTANCE<br>PAYMENT<br>FUND | STATE<br>AND<br>FEDERAL<br>GRANT<br>FUND | TRANSIT<br>GRANT<br>FUND | PAYROLL<br>FUND   | TOTAL               |
|---|--|--|--|--------------------------|-------------------|---------------------|
| <b>ASSETS</b>                               |  |  |  |                          |                   |                     |
| Equity in pooled cash and investments       | \$ -   | \$ -                                     | \$ -                                     | \$ 89,266                | \$ 330,558        | 2,398,714           |
| Accounts and grants receivable              | 103,217  | 37,386                                   | 210,174                                  | 107,127                  | -                 | 1,023,226           |
| Prepaid items                               | -  | -  | -  | -                        | -                 | -                   |
| Total assets                                | <u>\$ 103,217</u>                                  | <u>\$ 37,386</u>                         | <u>\$ 210,174</u>                        | <u>\$ 196,393</u>        | <u>\$ 330,558</u> | <u>\$ 3,421,940</u> |
| <b>LIABILITIES AND FUND BALANCES</b>        |  |  |  |                          |                   |                     |
| Liabilities:                                |  |  |  |                          |                   |                     |
| Accounts payable                            | \$ 5,577   | \$ 24,009                                | \$ 5,858                                 | \$ 1,451                 | \$ 330,558        | 465,259             |
| Deposits and other refundable balances      | -  | -  | -  | -                        | -                 | 191,035             |
| Due to other funds                          | 97,640   | 13,377                                   | 204,279                                  | -                        | -                 | 417,538             |
| Deferred revenue                            | -  | -  | 33                                       | 19,380                   | -                 | 19,413              |
| Total liabilities                           | <u>103,217</u>                                     | <u>37,386</u>                            | <u>210,170</u>                           | <u>20,831</u>            | <u>330,558</u>    | <u>1,093,245</u>    |
| Fund balances:                              |  |  |  |                          |                   |                     |
| Reserved for:                               |  |  |  |                          |                   |                     |
| Debt service                                | -  | -  | -  | -                        | -                 | -                   |
| Perpetual care                              | -  | -  | -  | -                        | -                 | -                   |
| Court ordered disbursements                 | -  | -  | -  | -                        | -                 | 149,436             |
| Grants / donations                          | -  | -  | 4  | 175,562                  | -                 | 340,252             |
| Total reserved fund balances                | <u>-</u>   | <u>-</u>                                 | <u>4</u>                                 | <u>175,562</u>           | <u>-</u>          | <u>489,688</u>      |
| Unreserved fund balances:                   |  |  |  |                          |                   |                     |
| Undesignated, reported in:                  |  |  |  |                          |                   |                     |
| Permanent funds                             | -  | -  | -  | -                        | -                 | -                   |
| Special revenue funds                       | -  | -  | -  | -                        | -                 | 1,839,007           |
| Total unreserved undesignated fund balances | <u>-</u>   | <u>-</u>                                 | <u>-</u>                                 | <u>-</u>                 | <u>-</u>          | <u>1,839,007</u>    |
| Total fund balances                         | <u>-</u>   | <u>-</u>                                 | <u>4</u>                                 | <u>175,562</u>           | <u>-</u>          | <u>2,328,695</u>    |
| Total liabilities and fund balances         | <u>\$ 103,217</u>                                  | <u>\$ 37,386</u>                         | <u>\$ 210,174</u>                        | <u>\$ 196,393</u>        | <u>\$ 330,558</u> | <u>\$ 3,421,940</u> |

CITY OF TYLER, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2004

|   | PERMANENT FUNDS         |                       |                     |                      |                |                     | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|---|-------------------------|-----------------------|---------------------|----------------------|----------------|---------------------|--|
|   | DEBT<br>SERVICE<br>FUND | ROSE HILL<br>CEMETERY | OAKWOOD<br>CEMETERY | WESTVIEW<br>CEMETERY | PARKS<br>TRUST | TOTAL               |  |
| <b>ASSETS</b>                               |                         |                       |                     |                      |                |                     |  |
| Equity in pooled cash and investments       | \$ 2,514,971            | \$ 2,791,174          | \$ -                | \$ -                 | \$ -           | \$ 2,791,174        | \$ 7,704,859                               |
| Accounts and grants receivable              | 4,484                   | 4,426                 | -                   | -                    | -              | 4,426               | 1,032,136                                  |
| Prepaid items                               | -                       | -                     | -                   | -                    | -              | -                   | -  |
| Total assets                                | <u>\$ 2,519,455</u>     | <u>\$ 2,795,600</u>   | <u>\$ -</u>         | <u>\$ -</u>          | <u>\$ -</u>    | <u>\$ 2,795,600</u> | <u>\$ 8,736,995</u>                        |
| <b>LIABILITIES AND FUND BALANCES</b>        |                         |                       |                     |                      |                |                     |  |
| Liabilities:                                |                         |                       |                     |                      |                |                     |  |
| Accounts payable                            | \$ -                    | \$ 6,679              | \$ -                | \$ -                 | \$ -           | \$ 6,679            | \$ 471,938                                 |
| Deposits and other refundable balances      | -                       | -                     | -                   | -                    | -              | -                   | 191,035                                    |
| Due to other funds                          | -                       | -                     | -                   | -                    | -              | -                   | 417,538                                    |
| Deferred revenue                            | -                       | -                     | -                   | -                    | -              | -                   | 19,413                                     |
| Total liabilities                           | <u>-</u>                | <u>6,679</u>          | <u>-</u>            | <u>-</u>             | <u>-</u>       | <u>6,679</u>        | <u>1,099,924</u>                           |
| Fund balances:                              |                         |                       |                     |                      |                |                     |  |
| Reserved for:                               |                         |                       |                     |                      |                |                     |  |
| Debt service                                | 2,519,455               | -                     | -                   | -                    | -              | -                   | 2,519,455                                  |
| Perpetual care                              | -                       | 1,979,675             | -                   | -                    | -              | 1,979,675           | 1,979,675                                  |
| Court ordered disbursements                 | -                       | -                     | -                   | -                    | -              | -                   | 149,436                                    |
| Grants / donations                          | -                       | -                     | -                   | -                    | -              | -                   | 340,252                                    |
| Total reserved fund balances                | <u>2,519,455</u>        | <u>1,979,675</u>      | <u>-</u>            | <u>-</u>             | <u>-</u>       | <u>1,979,675</u>    | <u>4,988,818</u>                           |
| Unreserved fund balances:                   |                         |                       |                     |                      |                |                     |  |
| Undesignated, reported in:                  |                         |                       |                     |                      |                |                     |  |
| Permanent funds                             | -                       | 809,246               | -                   | -                    | -              | 809,246             | 809,246                                    |
| Special revenue funds                       | -                       | -                     | -                   | -                    | -              | -                   | 1,839,007                                  |
| Total unreserved undesignated fund balances | <u>-</u>                | <u>809,246</u>        | <u>-</u>            | <u>-</u>             | <u>-</u>       | <u>809,246</u>      | <u>2,648,253</u>                           |
| Total fund balances                         | <u>2,519,455</u>        | <u>2,788,921</u>      | <u>-</u>            | <u>-</u>             | <u>-</u>       | <u>2,788,921</u>    | <u>7,637,071</u>                           |
| Total liabilities and fund balances         | <u>\$ 2,519,455</u>     | <u>\$ 2,795,600</u>   | <u>\$ -</u>         | <u>\$ -</u>          | <u>\$ -</u>    | <u>\$ 2,795,600</u> | <u>\$ 8,736,995</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, 2004**

|  | <b>SPECIAL REVENUE FUNDS</b>                   |                                      |                   |  |                            |                                      |
|--|--|--------------------------------------|-------------------|--|----------------------------|--------------------------------------|
|  | POLICE<br>JUDGMENT<br>OF<br>FORFEITURE<br>FUND | HOTEL-MOTEL<br>OCCUPANCY<br>TAX FUND | DONATIONS<br>FUND | TYLER<br>TOURISM AND<br>CONVENTION<br>FACILITY<br>FUND | OIL & GAS<br>LEASE<br>FUND | RETAINED<br>H.U.D.<br>ADMIN.<br>FUND |
| <b>REVENUES</b>  |  |                                      |                   |  |                            |                                      |
| Taxes  | \$ -   | \$ 1,405,936                         | \$ -              | \$ -   | \$ -                       | \$ -                                 |
| Grants   | -  | -                                    | -                 | -  | -                          | 36,266                               |
| Fines, forfeitures, and penalties                            | 99,546   | -                                    | -                 | -  | -                          | -                                    |
| Revenues from use of money and property                      | 3,034  | 3,293                                | -                 | 353,172  | 11,321                     | 2,555                                |
| Donations  | -  | -                                    | 62,986            | -  | -                          | -                                    |
| Charges for services   | -  | -                                    | -                 | -  | -                          | -                                    |
| Miscellaneous  | -  | -                                    | -                 | 241  | 1,515,097                  | -                                    |
| Total revenues   | <u>102,580</u>                                 | <u>1,409,229</u>                     | <u>62,986</u>     | <u>353,413</u>   | <u>1,526,418</u>           | <u>38,821</u>                        |
| <b>EXPENDITURES</b>  |  |                                      |                   |  |                            |                                      |
| Current  |  |                                      |                   |  |                            |                                      |
| General government   | -  | -                                    | 1,500             | -  | -                          | -                                    |
| Public safety  | 4,965  | -                                    | 19,407            | -  | -                          | -                                    |
| Highways and streets   | -  | -                                    | -                 | -  | -                          | -                                    |
| Culture and recreations                                      | -  | -                                    | 48,367            | 622,240  | 75,502                     | 11,332                               |
| Public enterprises   | -  | -                                    | 8,874             | -  | -                          | -                                    |
| Miscellaneous:   |  |                                      |                   |  |                            |                                      |
| Hotel-Motel administration                                   | -  | 1,037,848                            | -                 | -  | -                          | -                                    |
| Salaries, supplies and other                                 | -  | -                                    | -                 | -  | -                          | -                                    |
| Housing assistance payments                                  | -  | -                                    | -                 | -  | -                          | 94,911                               |
| Capital Outlay   | 3,612  | -                                    | -                 | -  | -                          | -                                    |
| Debt Service:  |  |                                      |                   |  |                            |                                      |
| Principal  | -  | -                                    | -                 | -  | -                          | -                                    |
| Interest and fiscal charges                                  | -  | -                                    | -                 | -  | -                          | -                                    |
| Total expenditures   | <u>8,577</u>                                   | <u>1,037,848</u>                     | <u>78,148</u>     | <u>622,240</u>   | <u>75,502</u>              | <u>106,243</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>94,003</u>                                  | <u>371,381</u>                       | <u>(15,162)</u>   | <u>(268,827)</u>                                       | <u>1,450,916</u>           | <u>(67,422)</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |  |                                      |                   |  |                            |                                      |
| Transfers in   | -  | -                                    | 1,687             | 265,500  | -                          | -                                    |
| Transfers out  | (10,465)                                       | (265,500)                            | -                 | -  | -                          | (158,258)                            |
| Total other financing sources (uses)                         | <u>(10,465)</u>                                | <u>(265,500)</u>                     | <u>1,687</u>      | <u>265,500</u>   | <u>-</u>                   | <u>(158,258)</u>                     |
| Net change in fund balances                                  | 83,538   | 105,881                              | (13,475)          | (3,327)  | 1,450,916                  | (225,680)                            |
| Fund balances - October 1, 2003                              | <u>65,898</u>                                  | <u>253,911</u>                       | <u>69,325</u>     | <u>31,626</u>  | <u>-</u>                   | <u>330,437</u>                       |
| <b>FUND BALANCES - SEPTEMBER 30, 2004</b>                    | <u>\$ 149,436</u>                              | <u>\$ 359,792</u>                    | <u>\$ 55,850</u>  | <u>\$ 28,299</u>                                       | <u>\$ 1,450,916</u>        | <u>\$ 104,757</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, 2004**

|  | <b>SPECIAL REVENUE FUNDS (continued)</b>                |  |  |  |                          |                 |                     |
|--|---|--|--|--|--------------------------|-----------------|---------------------|
|  | 2004<br>COMMUNITY<br>BLOCK<br>DEVELOPMENT<br>HOME GRANT | 2003<br>COMMUNITY<br>BLOCK<br>DEVELOPMENT<br>GRANT | HOUSING<br>ASSISTANCE<br>PAYMENT<br>FUND | STATE<br>AND<br>FEDERAL<br>GRANT<br>FUND | TRANSIT<br>GRANT<br>FUND | PAYROLL<br>FUND | TOTAL               |
| <b>REVENUES</b>  |   |  |  |  |                          |                 |                     |
| Taxes  | \$ -  | \$ -   | \$ -                                     | \$ -                                     | \$ -                     | \$ -            | \$ 1,405,936        |
| Grants   | 477,238   | 662,154  | 5,913,054                                | 1,009,915                                | 1,385,182                | -               | 9,483,809           |
| Fines, forfeitures, and penalties                            | -   | -  | -  | -  | -                        | -               | 99,546              |
| Revenues from use of money and property                      | -   | -  | 1,296                                    | -  | -                        | -               | 374,671             |
| Donations  | -   | -  | -  | -  | -                        | -               | 62,986              |
| Charges for services   | -   | -  | -  | -  | -                        | -               | -                   |
| Miscellaneous  | 4,079   | -  | -  | -  | 122,580                  | -               | 1,641,997           |
| Total revenues   | <u>481,317</u>  | <u>662,154</u>                                     | <u>5,914,350</u>                         | <u>1,009,915</u>                         | <u>1,507,762</u>         | <u>-</u>        | <u>13,068,945</u>   |
| <b>EXPENDITURES</b>  |   |  |  |  |                          |                 |                     |
| Current  |   |  |  |  |                          |                 |                     |
| General government   | -   | -  | -  | -  | -                        | -               | 1,500               |
| Public safety  | -   | -  | -  | -  | -                        | -               | 24,372              |
| Highways and streets   | -   | -  | -  | -  | -                        | -               | -                   |
| Culture and recreations                                      | -   | -  | -  | -  | -                        | -               | 757,441             |
| Public enterprises   | -   | -  | -  | -  | 1,565,284                | -               | 1,574,158           |
| Miscellaneous:   |   |  |  |  |                          |                 |                     |
| Hotel-Motel administration                                   | -   | -  | -  | -  | -                        | -               | 1,037,848           |
| Salaries, supplies and other                                 | 283,018   | 39,537   | 623,741                                  | 652,066                                  | -                        | -               | 1,598,362           |
| Housing assistance payments                                  | 194,220   | 622,617  | 5,266,406                                | -  | -                        | -               | 6,178,154           |
| Capital Outlay   | -   | -  | 24,203                                   | 439,097                                  | -                        | -               | 466,912             |
| Debt Service:  |   |  |  |  |                          |                 |                     |
| Principal  | -   | -  | -  | -  | -                        | -               | -                   |
| Interest and fiscal charges                                  | -   | -  | -  | -  | -                        | -               | -                   |
| Total expenditures   | <u>477,238</u>  | <u>662,154</u>                                     | <u>5,914,350</u>                         | <u>1,091,163</u>                         | <u>1,565,284</u>         | <u>-</u>        | <u>11,638,747</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>4,079</u>  | <u>-</u>   | <u>-</u>                                 | <u>(81,248)</u>                          | <u>(57,522)</u>          | <u>-</u>        | <u>1,430,198</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |   |  |  |  |                          |                 |                     |
| Transfers in   | -   | -  | -  | 81,248                                   | 233,083                  | -               | 581,518             |
| Transfers out  | -   | -  | -  | -  | -                        | -               | (434,223)           |
| Total other financing sources (uses)                         | <u>-</u>  | <u>-</u>   | <u>-</u>                                 | <u>81,248</u>                            | <u>233,083</u>           | <u>-</u>        | <u>147,295</u>      |
| Net change in fund balances                                  | 4,079   | -  | -  | -  | 175,561                  | -               | 1,577,493           |
| Fund balances - October 1, 2003                              | -   | -  | -  | 4  | 1                        | -               | 751,202             |
| <b>FUND BALANCES - SEPTEMBER 30, 2004</b>                    | <u>\$ 4,079</u>   | <u>\$ -</u>  | <u>\$ -</u>                              | <u>\$ 4</u>                              | <u>\$ 175,562</u>        | <u>\$ -</u>     | <u>\$ 2,328,695</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, 2004**

|  | <u>PERMANENT FUNDS</u>           |                               |                             |                              |                        | <u>TOTAL</u>        | <u>TOTAL<br/>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</u> |
|--|----------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------|---------------------|--|
|  | <u>DEBT<br/>SERVICE<br/>FUND</u> | <u>ROSE HILL<br/>CEMETERY</u> | <u>OAKWOOD<br/>CEMETERY</u> | <u>WESTVIEW<br/>CEMETERY</u> | <u>PARKS<br/>TRUST</u> |                     |  |
| <b>REVENUES</b>  |                                  |                               |                             |                              |                        |                     |  |
| Taxes  | \$ 1,241,138                     | \$ -                          | \$ -                        | \$ -                         | \$ -                   | \$ -                | \$ 2,647,074   |
| Grants   | -                                | -                             | -                           | -                            | -                      | -                   | 9,483,809  |
| Fines, forfeitures, and penalties                            | -                                | -                             | -                           | -                            | -                      | -                   | 99,546   |
| Revenues from use of money and property                      | 36,338                           | 30,809                        | 1,473                       | 1,473                        | 11                     | 33,766              | 444,775  |
| Donations  | -                                | -                             | -                           | -                            | -                      | -                   | 62,986   |
| Charges for services   | -                                | 54,508                        | 29,706                      | 29,707                       | -                      | 113,921             | 113,921  |
| Miscellaneous  | -                                | 1,695                         | -                           | -                            | -                      | 1,695               | 1,643,692  |
| Total revenues   | <u>1,277,476</u>                 | <u>87,012</u>                 | <u>31,179</u>               | <u>31,180</u>                | <u>11</u>              | <u>149,382</u>      | <u>14,495,803</u>                                    |
| <b>EXPENDITURES</b>  |                                  |                               |                             |                              |                        |                     |  |
| Current  |                                  |                               |                             |                              |                        |                     |  |
| General government   | -                                | -                             | -                           | -                            | -                      | -                   | 1,500  |
| Public safety  | -                                | -                             | -                           | -                            | -                      | -                   | 24,372   |
| Highways and streets   | -                                | -                             | -                           | -                            | -                      | -                   | -  |
| Culture and recreations                                      | -                                | 184,845                       | 695                         | 198                          | -                      | 185,738             | 943,179  |
| Public enterprises   | -                                | -                             | -                           | -                            | -                      | -                   | 1,574,158  |
| Miscellaneous:   |                                  |                               |                             |                              |                        |                     |  |
| Hotel-Motel administration                                   | -                                | -                             | -                           | -                            | -                      | -                   | 1,037,848  |
| Salaries, supplies and other                                 | -                                | -                             | -                           | -                            | -                      | -                   | 1,598,362  |
| Housing assistance payments                                  | -                                | -                             | -                           | -                            | -                      | -                   | 6,178,154  |
| Capital Outlay   | -                                | -                             | -                           | -                            | -                      | -                   | 466,912  |
| Debt Service:  |                                  |                               |                             |                              |                        |                     |  |
| Principal  | 880,000                          | -                             | -                           | -                            | -                      | -                   | 880,000  |
| Interest and fiscal charges                                  | 340,617                          | -                             | -                           | -                            | -                      | -                   | 340,617  |
| Total expenditures   | <u>1,220,617</u>                 | <u>184,845</u>                | <u>695</u>                  | <u>198</u>                   | <u>-</u>               | <u>185,738</u>      | <u>13,045,102</u>                                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>56,859</u>                    | <u>(97,833)</u>               | <u>30,484</u>               | <u>30,982</u>                | <u>11</u>              | <u>(36,356)</u>     | <u>1,450,701</u>                                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                  |                               |                             |                              |                        |                     |  |
| Transfers in   | -                                | 331,896                       | -                           | -                            | -                      | 331,896             | 913,414  |
| Transfers out  | -                                | -                             | (164,376)                   | (166,386)                    | (1,134)                | (331,896)           | (766,119)  |
| Total other financing sources (uses)                         | <u>-</u>                         | <u>331,896</u>                | <u>(164,376)</u>            | <u>(166,386)</u>             | <u>(1,134)</u>         | <u>-</u>            | <u>147,295</u>                                       |
| Net change in fund balances                                  | 56,859                           | 234,063                       | (133,892)                   | (135,404)                    | (1,123)                | (36,356)            | 1,597,996  |
| Fund balances - October 1, 2003                              | <u>2,462,596</u>                 | <u>2,554,858</u>              | <u>133,892</u>              | <u>135,404</u>               | <u>1,123</u>           | <u>2,825,277</u>    | <u>6,039,075</u>                                     |
| <b>FUND BALANCES - SEPTEMBER 30, 2004</b>                    | <u>\$ 2,519,455</u>              | <u>\$ 2,788,921</u>           | <u>\$ -</u>                 | <u>\$ -</u>                  | <u>\$ -</u>            | <u>\$ 2,788,921</u> | <u>\$ 7,637,071</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, 2004**

|  | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u> | <u>ACTUAL</u>     | <u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE/(NEGATIVE)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>  |                            |                         |                   |   |
| Fines, forfeitures, and penalties  | \$ 14,160                  | \$ 14,160               | \$ 99,546         | \$ 85,386   |
| Revenues from use of money and property  | -                          | -                       | 3,034             | 3,034   |
| Total revenues   | <u>14,160</u>              | <u>14,160</u>           | <u>102,580</u>    | <u>88,420</u>   |
| <b>EXPENDITURES</b>  |                            |                         |                   |   |
| Public Safety:   |                            |                         |                   |   |
| Supplies and services  | 9,965                      | 9,965                   | 4,965             | 5,000   |
| Capital Outlay   | <u>3,695</u>               | <u>3,695</u>            | <u>3,612</u>      | <u>83</u>   |
| Total expenditures   | <u>13,660</u>              | <u>13,660</u>           | <u>8,577</u>      | <u>5,083</u>  |
| Excess of revenues over (under) expenditures   | <u>500</u>                 | <u>500</u>              | <u>94,003</u>     | <u>93,503</u>   |
| <b>OTHER FINANCING (USES)</b>  |                            |                         |                   |   |
| Transfers out  | <u>(10,465)</u>            | <u>(10,465)</u>         | <u>(10,465)</u>   | -   |
| Total other financing (uses)   | <u>(10,465)</u>            | <u>(10,465)</u>         | <u>(10,465)</u>   | -   |
| Excess of revenues and other financing<br>sources over expenditures and other<br>financing uses - GAAP basis | <u>\$ (9,965)</u>          | <u>\$ (9,965)</u>       | 83,538            | <u>\$ 93,503</u>  |
| Fund Balance - October 1, 2003   |                            |                         | <u>65,898</u>     |   |
| <b>FUND BALANCE - SEPTEMBER 30, 2004</b>   |                            |                         | <u>\$ 149,436</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, 2004**

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL    | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|--------------------|--------------------|-------------------|--|
| <b>REVENUES</b>  |                    |                    |                   |  |
| Taxes  | \$ 1,250,000       | \$ 1,250,000       | \$ 1,405,936      | \$ 155,936   |
| Revenue from use of money and property   | 500                | 500                | 3,293             | 2,793  |
| Total revenues   | <u>1,250,500</u>   | <u>1,250,500</u>   | <u>1,409,229</u>  | <u>158,729</u>                                       |
| <b>EXPENDITURES</b>  |                    |                    |                   |  |
| Hotel-Motel Administration:  |                    |                    |                   |  |
| East Texas Symphony  | 12,500             | 12,500             | 12,500            | -  |
| Tyler Museum of Art  | 49,500             | 49,500             | 49,500            | -  |
| Smith County Historical Society  | 9,500              | 9,500              | 9,500             | -  |
| Tyler Chamber of Commerce  | 498,500            | 498,500            | 498,500           | -  |
| McClendon House  | 5,000              | 5,000              | 5,000             | -  |
| Rose Garden  | 462,848            | 462,848            | 462,848           | -  |
| Total Hotel-Motel administration   | <u>1,037,848</u>   | <u>1,037,848</u>   | <u>1,037,848</u>  | <u>-</u>   |
| Total expenditures   | <u>1,037,848</u>   | <u>1,037,848</u>   | <u>1,037,848</u>  | <u>-</u>   |
| Excess of revenues over expenditures   | <u>212,652</u>     | <u>212,652</u>     | <u>371,381</u>    | <u>158,729</u>                                       |
| <b>OTHER FINANCING (USES)</b>  |                    |                    |                   |  |
| Transfers out  | <u>(265,500)</u>   | <u>(265,500)</u>   | <u>(265,500)</u>  | <u>-</u>   |
| Total other financing (uses)   | <u>(265,500)</u>   | <u>(265,500)</u>   | <u>(265,500)</u>  | <u>-</u>   |
| Excess (deficiency) of revenues over (under) expenditures and other financing uses | <u>\$ (52,848)</u> | <u>\$ (52,848)</u> | 105,881           | <u>\$ 158,729</u>                                    |
| Fund balance - October 1, 2003   |                    |                    | <u>253,911</u>    |  |
| <b>FUND BALANCE - SEPTEMBER 30, 2004</b>   |                    |                    | <u>\$ 359,792</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, 2004**

|   | BUDGET<br>ORIGINAL | BUDGET<br>FINAL    | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|--------------------|--------------------|------------------|--|
| <b>REVENUES</b>   |                    |                    |                  |  |
| Revenues from use of money and property   | \$ 335,625         | \$ 335,625         | \$ 353,172       | \$ 17,547  |
| Miscellaneous revenues  | -                  | -                  | 241              | 241  |
| Total revenues  | <u>335,625</u>     | <u>335,625</u>     | <u>353,413</u>   | <u>17,788</u>  |
| <b>EXPENDITURES</b>   |                    |                    |                  |  |
| Parks and Recreation:   |                    |                    |                  |  |
| Salaries and benefits   | 346,684            | 334,504            | 331,424          | 3,080  |
| Supplies and services   | 51,101             | 63,281             | 65,808           | (2,527)  |
| Utilities   | 132,920            | 132,920            | 148,587          | (15,667)   |
| Maintenance   | 49,700             | 49,700             | 47,163           | 2,537  |
| Capital outlay  | <u>35,870</u>      | <u>35,870</u>      | <u>29,258</u>    | <u>6,612</u>   |
| Total parks and recreation  | <u>616,275</u>     | <u>616,275</u>     | <u>622,240</u>   | <u>(5,965)</u>                                       |
| Total expenditures  | <u>616,275</u>     | <u>616,275</u>     | <u>622,240</u>   | <u>(5,965)</u>                                       |
| Excess (deficiency) of revenues over<br>(under) expenditures  | <u>(280,650)</u>   | <u>(280,650)</u>   | <u>(268,827)</u> | <u>11,823</u>  |
| <b>OTHER FINANCING SOURCES</b>  |                    |                    |                  |  |
| Transfers in  | <u>265,500</u>     | <u>265,500</u>     | <u>265,500</u>   | -  |
| Total other financing sources   | <u>265,500</u>     | <u>265,500</u>     | <u>265,500</u>   | -  |
| Excess (deficiency) of revenues and other<br>financing sources over expenditures and other<br>financing uses - GAAP basis | <u>\$ (15,150)</u> | <u>\$ (15,150)</u> | (3,327)          | <u>\$ 11,823</u>                                     |
| Fund Balance - October 1, 2003  |                    |                    | <u>31,626</u>    |  |
| <b>FUND BALANCE - SEPTEMBER 30, 2004</b>  |                    |                    | <u>\$ 28,299</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, 2004**

|   | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u> | <u>ACTUAL</u>              | <u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE/(NEGATIVE)</u> |
|---|----------------------------|-------------------------|----------------------------|---|
| <b>REVENUES</b>                           |                            |                         |                            |   |
| Property tax collections                  | \$ 1,221,000               | \$ 1,221,000            | \$ 1,241,138               | \$ 20,138   |
| Revenue from use of money and property    | <u>39,000</u>              | <u>39,000</u>           | <u>36,338</u>              | <u>(2,662)</u>  |
| Total revenues                            | <u>1,260,000</u>           | <u>1,260,000</u>        | <u>1,277,476</u>           | <u>17,476</u>   |
| <b>EXPENDITURES</b>                       |                            |                         |                            |   |
| Paying agent fees                         | 3,908                      | 3,908                   | 3,525                      | 383   |
| Principal retirements                     | 880,000                    | 880,000                 | 880,000                    | -   |
| Interest and redemption                   | <u>337,092</u>             | <u>337,092</u>          | <u>337,092</u>             | <u>-</u>  |
| Total expenditures                        | <u>1,221,000</u>           | <u>1,221,000</u>        | <u>1,220,617</u>           | <u>383</u>  |
| Deficiency of expenditures under revenues | <u>39,000</u>              | <u>39,000</u>           | 56,859                     | <u>17,859</u>   |
| Fund balance - October 1, 2003            |                            |                         | <u>2,462,596</u>           |   |
| <b>FUND BALANCE - SEPTEMBER 30, 2004</b>  |                            |                         | <u><u>\$ 2,519,455</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, 2004**

|   | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|--------------------|-------------------|-------------------|--|
| <b>REVENUES</b>                         |                    |                   |                   |  |
| Trust Fund:                             |                    |                   |                   |  |
| Revenues from use of money and property | \$ 10,000          | \$ 10,000         | \$ 20,372         | \$ 10,372  |
| Mausoleum and lot sales                 | 14,000             | 14,000            | 37,737            | 23,737   |
| Operations:                             |                    |                   |                   |  |
| Revenues from use of money and property | 10,000             | 10,000            | 10,437            | 437  |
| Licenses and permits                    | 1,200              | 1,200             | 1,695             | 495  |
| Mausoleum and lot sales                 | 10,000             | 10,000            | 16,771            | 6,771  |
| <b>TOTAL REVENUES - BUDGET BASIS</b>    | <u>\$ 45,200</u>   | <u>\$ 45,200</u>  | 87,012            | <u>\$ 41,812</u>                                     |
| Financial statement adjustments:        |                    |                   |                   |  |
| Transfer in                             |                    |                   | <u>331,896</u>    |  |
| <b>TOTAL EXPENSES - GAAP BASIS</b>      |                    |                   | <u>\$ 418,908</u> |  |
| <b>EXPENSES</b>                         |                    |                   |                   |  |
| Operations:                             |                    |                   |                   |  |
| Salaries and benefits                   | \$ 85,166          | \$ 85,166         | \$ 93,908         | \$ (8,742)   |
| Supplies and services                   | 22,588             | 22,988            | 21,707            | 1,281  |
| Utilities                               | 29,110             | 29,110            | 30,276            | (1,166)  |
| Maintenance                             | 21,740             | 21,340            | 22,242            | (902)  |
| Capital outlay                          | 22,500             | 22,500            | 16,712            | 5,788  |
| <b>TOTAL EXPENSES - BUDGET BASIS</b>    | <u>\$ 181,104</u>  | <u>\$ 181,104</u> | <u>\$ 184,845</u> | <u>\$ (3,741)</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, 2004**

|   | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u> | <u>ACTUAL</u>            | <u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE/(NEGATIVE)</u> |
|---|----------------------------|-------------------------|--------------------------|---|
| <b>REVENUES</b>                         |                            |                         |                          |   |
| Trust Fund:                             |                            |                         |                          |   |
| Revenues from use of money and property | \$ 1,000                   | \$ 1,000                | \$ 31,180                | \$ 30,180   |
| Mausoleum and lot sales                 | <u>5,000</u>               | <u>5,000</u>            | <u>-</u>                 | <u>(5,000)</u>  |
| <b>TOTAL REVENUES - BUDGET BASIS</b>    | <u><u>\$ 6,000</u></u>     | <u><u>\$ 6,000</u></u>  | <u><u>\$ 31,180</u></u>  | <u><u>\$ 25,180</u></u>                                       |
| <b>EXPENSES</b>                         |                            |                         |                          |   |
| Operations:                             |                            |                         |                          |   |
| Utilities                               | <u>\$ 600</u>              | <u>\$ 600</u>           | <u>\$ 695</u>            | <u>\$ (95)</u>  |
| <b>TOTAL EXPENSES - BUDGET BASIS</b>    | <u><u>\$ 600</u></u>       | <u><u>\$ 600</u></u>    | <u>695</u>               | <u><u>\$ (95)</u></u>   |
| Financial statement adjustments:        |                            |                         |                          |   |
| Transfer out                            |                            |                         | <u>164,376</u>           |   |
| <b>TOTAL EXPENSES - GAAP BASIS</b>      |                            |                         | <u><u>\$ 165,071</u></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, 2004**

|   | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u> | <u>ACTUAL</u>     | <u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE/(NEGATIVE)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>                         |                            |                         |                   |   |
| Trust Fund:                             |                            |                         |                   |   |
| Revenues from use of money and property | \$ 1,000                   | \$ 1,000                | \$ 1,473          | \$ 473  |
| Mausoleum and lot sales                 | <u>5,000</u>               | <u>5,000</u>            | <u>29,707</u>     | <u>24,707</u>   |
| <b>TOTAL REVENUES - BUDGET BASIS</b>    | <u>\$ 6,000</u>            | <u>\$ 6,000</u>         | <u>\$ 31,180</u>  | <u>\$ 25,180</u>  |
| <b>EXPENSES</b>                         |                            |                         |                   |   |
| Operations:                             |                            |                         |                   |   |
| Utilities                               | <u>\$ 100</u>              | <u>\$ 100</u>           | <u>\$ 198</u>     | <u>\$ (98)</u>  |
| <b>TOTAL EXPENSES - BUDGET BASIS</b>    | <u>\$ 100</u>              | <u>\$ 100</u>           | <u>198</u>        | <u>\$ (98)</u>  |
| Financial statement adjustments:        |                            |                         |                   |   |
| Transfer out                            |                            |                         | <u>166,386</u>    |   |
| <b>TOTAL EXPENSES - GAAP BASIS</b>      |                            |                         | <u>\$ 166,584</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, 2004**

|  | PRODUCTIVITY<br>IMPROVEMENT | FLEET<br>MANAGEMENT | PROPERTY<br>LIABILITY | EMPLOYEE<br>BENEFITS | PROPERTY<br>AND<br>FACILITY<br>MANAGEMENT | TECHNOLOGY          | TOTAL                |
|--|-----------------------------|---------------------|-----------------------|----------------------|---|---------------------|----------------------|
| <b>ASSETS</b>  |                             |                     |                       |                      |   |                     |                      |
| Current assets:  |                             |                     |                       |                      |   |                     |                      |
| Equity in pooled cash and investments                  | \$ 263,318                  | \$ 599,195          | \$ 280,411            | \$ 5,650,946         | \$ 638,834                                | \$ 133,088          | \$ 7,565,792         |
| Deposits   | -                           | -                   | 75,000                | 10,000               | -   | -                   | 85,000               |
| Prepaid expenses                                       | -                           | -                   | -                     | -                    | -   | 59,147              | 59,147               |
| Accounts receivable (net)                              | 483                         | 1,875               | 505                   | 362,206              | 1,151                                     | 354                 | 366,574              |
| Inventories - at average cost                          | -                           | 186,544             | -                     | -                    | -   | -                   | 186,544              |
| Total current assets                                   | <u>263,801</u>              | <u>787,614</u>      | <u>355,916</u>        | <u>6,023,152</u>     | <u>639,985</u>                            | <u>192,589</u>      | <u>8,263,057</u>     |
| Noncurrent assets:                                     |                             |                     |                       |                      |   |                     |                      |
| Capital assets:  |                             |                     |                       |                      |   |                     |                      |
| Land   | -                           | 65,000              | -                     | -                    | -   | -                   | 65,000               |
| Buildings  | -                           | 351,610             | -                     | -                    | 812,986                                   | 3,267               | 1,167,863            |
| Improvements other than buildings                      | -                           | 203,594             | -                     | -                    | 76,700                                    | -                   | 280,294              |
| Machinery and equipment                                | -                           | 16,370,300          | -                     | -                    | -   | 3,990,272           | 20,360,572           |
| Less accumulated depreciation                          | -                           | (11,410,185)        | -                     | -                    | (332,672)                                 | (1,654,345)         | (13,397,202)         |
| Total Capital assets (net of accumulated depreciation) | <u>-</u>                    | <u>5,580,319</u>    | <u>-</u>              | <u>-</u>             | <u>557,014</u>                            | <u>2,339,194</u>    | <u>8,476,527</u>     |
| Total assets   | <u>\$ 263,801</u>           | <u>\$ 6,367,933</u> | <u>\$ 355,916</u>     | <u>\$ 6,023,152</u>  | <u>\$ 1,196,999</u>                       | <u>\$ 2,531,783</u> | <u>\$ 16,739,584</u> |
| <b>LIABILITIES</b>                                     |                             |                     |                       |                      |   |                     |                      |
| Current liabilities:                                   |                             |                     |                       |                      |   |                     |                      |
| Accounts and contracts payable                         | \$ 12,440                   | \$ 37,416           | \$ 44,732             | \$ 17,331            | \$ 16,785                                 | 3,101               | 131,805              |
| Insurance claims payable                               | -                           | -                   | -                     | 828,414              | -   | -                   | 828,414              |
| Current portion of compensated absences payable        | -                           | 1,814               | -                     | -                    | 119                                       | -                   | 1,933                |
| Total current liabilities                              | <u>12,440</u>               | <u>39,230</u>       | <u>44,732</u>         | <u>845,745</u>       | <u>16,904</u>                             | <u>3,101</u>        | <u>962,152</u>       |
| Noncurrent liabilities:                                |                             |                     |                       |                      |   |                     |                      |
| Compensated absences payable                           | -                           | 30,153              | -                     | -                    | 6,558                                     | -                   | 36,711               |
| Total noncurrent liabilities                           | <u>-</u>                    | <u>30,153</u>       | <u>-</u>              | <u>-</u>             | <u>6,558</u>                              | <u>-</u>            | <u>36,711</u>        |
| Total Liabilities                                      | <u>12,440</u>               | <u>69,383</u>       | <u>44,732</u>         | <u>845,745</u>       | <u>23,462</u>                             | <u>3,101</u>        | <u>998,863</u>       |
| <b>NET ASSETS</b>                                      |                             |                     |                       |                      |   |                     |                      |
| Invested in capital assets, net of related debt        | -                           | 5,580,319           | -                     | -                    | 557,014                                   | 2,339,194           | 8,476,527            |
| Unrestricted   | <u>251,361</u>              | <u>718,231</u>      | <u>311,184</u>        | <u>5,177,407</u>     | <u>616,523</u>                            | <u>189,488</u>      | <u>7,264,194</u>     |
| Total Net Assets                                       | <u>\$ 251,361</u>           | <u>\$ 6,298,550</u> | <u>\$ 311,184</u>     | <u>\$ 5,177,407</u>  | <u>\$ 1,173,537</u>                       | <u>\$ 2,528,682</u> | <u>\$ 15,740,721</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, 2004**

|  | PRODUCTIVITY<br>IMPROVEMENT | FLEET<br>MANAGEMENT | PROPERTY<br>LIABILITY | EMPLOYEE<br>BENEFITS<br>FUND | PROPERTY<br>AND<br>FACILITY<br>MANAGEMENT<br>FUND | TECHNOLOGY<br>FUND  | TOTAL                |
|--|-----------------------------|---------------------|-----------------------|------------------------------|---|---------------------|----------------------|
| <b>OPERATING REVENUES</b>                        |                             |                     |                       |                              |   |                     |                      |
| Charges for services                             | \$ 450,000                  | \$ 1,908,453        | \$ 535,427            | \$ -                         | \$ 103,685  | \$ 1,092,242        | \$ 4,089,807         |
| Contributions                                    | -                           | -                   | -                     | 9,149,611                    | -   | -                   | 9,149,611            |
| Miscellaneous                                    | -                           | -                   | -                     | 200,624                      | -   | -                   | 200,624              |
| Total operating revenues                         | <u>450,000</u>              | <u>1,908,453</u>    | <u>535,427</u>        | <u>9,350,235</u>             | <u>103,685</u>                                    | <u>1,092,242</u>    | <u>13,440,042</u>    |
| <b>OPERATING EXPENSES</b>                        |                             |                     |                       |                              |   |                     |                      |
| Garage operations                                | -                           | 1,118,896           | -                     | -                            | -   | -                   | 1,118,896            |
| Depreciation                                     | -                           | 1,447,766           | -                     | -                            | 9,221   | 403,533             | 1,860,520            |
| Insurance claims                                 | -                           | -                   | 622,745               | 5,379,299                    | -   | -                   | 6,002,044            |
| Administrative                                   | 66,455                      | -                   | -                     | 1,849,616                    | 45,473  | 147,615             | 2,109,159            |
| Special services                                 | 142,540                     | -                   | -                     | 45,158                       | 19,991  | 164,979             | 372,668              |
| Maintenance                                      | -                           | -                   | -                     | -                            | 93,144  | 436,270             | 529,414              |
| Total operating expenses                         | <u>208,995</u>              | <u>2,566,662</u>    | <u>622,745</u>        | <u>7,274,073</u>             | <u>167,829</u>                                    | <u>1,152,397</u>    | <u>11,992,701</u>    |
| Operating income (loss)                          | <u>241,005</u>              | <u>(658,209)</u>    | <u>(87,318)</u>       | <u>2,076,162</u>             | <u>(64,144)</u>                                   | <u>(60,155)</u>     | <u>1,447,341</u>     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>         |                             |                     |                       |                              |   |                     |                      |
| Revenues form use of money and property          | 4,147                       | 16,760              | 3,853                 | 55,460                       | 8,464   | 13,237              | 101,921              |
| Gain (loss) on sale of assets                    | -                           | 178,282             | -                     | -                            | -   | -                   | 178,282              |
| Total non-operating revenues (expenses)          | <u>4,147</u>                | <u>195,042</u>      | <u>3,853</u>          | <u>55,460</u>                | <u>8,464</u>                                      | <u>13,237</u>       | <u>280,203</u>       |
| Income (loss) before contributions and transfers | 245,152                     | (463,167)           | (83,465)              | 2,131,622                    | (55,680)  | (46,918)            | 1,727,544            |
| Transfers In                                     | -                           | 155,656             | -                     | -                            | -   | 306,661             | 462,317              |
| Transfers Out                                    | -                           | (86,760)            | -                     | -                            | -   | -                   | (86,760)             |
| Change in net assets                             | 245,152                     | (394,271)           | (83,465)              | 2,131,622                    | (55,680)  | 259,743             | 2,103,101            |
| Total net assets - October 1, 2003               | <u>6,209</u>                | <u>6,692,821</u>    | <u>394,649</u>        | <u>3,045,785</u>             | <u>1,229,217</u>                                  | <u>2,268,939</u>    | <u>13,637,620</u>    |
| <b>Total net assets - September 30, 2004</b>     | <u>\$ 251,361</u>           | <u>\$ 6,298,550</u> | <u>\$ 311,184</u>     | <u>\$ 5,177,407</u>          | <u>\$ 1,173,537</u>                               | <u>\$ 2,528,682</u> | <u>\$ 15,740,721</u> |



**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

**Increase (Decrease) in Cash and Cash Equivalents**

|  | PRODUCTIVITY<br>IMPROVEMENT | FLEET<br>MANAGEMENT | PROPERTY<br>LIABILITY | EMPLOYEE<br>BENEFITS | PROPERTY<br>AND<br>FACILITY<br>MANAGEMENT | TECHNOLOGY        | TOTAL<br>(EXHIBIT 9) |
|--|-----------------------------|---------------------|-----------------------|----------------------|---|-------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                |                             |                     |                       |                      |   |                   |                      |
| Cash received from customers and users                                     | \$ 450,000                  | \$ 1,908,453        | \$ 535,427            | \$ 9,268,164         | \$ 103,685                                | \$ 1,092,242      | \$ 13,357,971        |
| Cash paid to suppliers for goods and services                              | (142,539)                   | (624,819)           | -                     | (1,955,851)          | (99,167)                                  | (826,981)         | (3,649,357)          |
| Cash paid to employees for services  | (69,944)                    | (538,150)           | -                     | -                    | (44,771)                                  | -                 | (652,865)            |
| Insurance claims paid  | -                           | -                   | (646,827)             | (5,370,831)          | -   | -                 | (6,017,658)          |
| Net cash provided by (used in) operating activities                        | <u>237,517</u>              | <u>745,484</u>      | <u>(111,400)</u>      | <u>1,941,482</u>     | <u>(40,253)</u>                           | <u>265,261</u>    | <u>3,038,091</u>     |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES</b>                |                             |                     |                       |                      |   |                   |                      |
| Transfers in from other funds  | -                           | 155,656             | -                     | -                    | -   | 306,661           | 462,317              |
| Transfers out to other funds   | -                           | (86,760)            | -                     | -                    | -   | -                 | (86,760)             |
| Net cash provided by (used in) non-capital financing activities            | <u>-</u>                    | <u>68,896</u>       | <u>-</u>              | <u>-</u>             | <u>-</u>                                  | <u>306,661</u>    | <u>375,557</u>       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>        |                             |                     |                       |                      |   |                   |                      |
| Acquisition and construction of capital assets                             | -                           | (1,745,608)         | -                     | -                    | -   | (679,392)         | (2,425,000)          |
| Proceeds from sale of assets   | -                           | 264,614             | -                     | -                    | -   | -                 | 264,614              |
| Interest paid  | -                           | -                   | -                     | -                    | -   | -                 | -                    |
| Principal payments on long-term debt                                       | -                           | -                   | -                     | -                    | -   | -                 | -                    |
| Net cash provided by (used in) capital and<br>related financing activities | <u>-</u>                    | <u>(1,480,994)</u>  | <u>-</u>              | <u>-</u>             | <u>-</u>                                  | <u>(679,392)</u>  | <u>(2,160,386)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |                             |                     |                       |                      |   |                   |                      |
| Interest and dividends on investments                                      | 3,664                       | 14,885              | 3,347                 | 46,620               | 7,313                                     | 12,883            | 88,712               |
| Net cash provided by investing activities                                  | <u>3,664</u>                | <u>14,885</u>       | <u>3,347</u>          | <u>46,620</u>        | <u>7,313</u>                              | <u>12,883</u>     | <u>88,712</u>        |
| Net increase (decrease) in cash and cash equivalents                       | 241,181                     | (651,729)           | (108,053)             | 1,988,102            | (32,940)                                  | (94,587)          | 1,341,974            |
| <b>CASH AND CASH EQUIVALENTS AT<br/>BEGINNING OF YEAR</b>                  | <u>22,137</u>               | <u>1,250,924</u>    | <u>463,464</u>        | <u>3,672,844</u>     | <u>671,774</u>                            | <u>227,675</u>    | <u>6,308,818</u>     |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                            | <u>\$ 263,318</u>           | <u>\$ 599,195</u>   | <u>\$ 355,411</u>     | <u>\$ 5,660,946</u>  | <u>\$ 638,834</u>                         | <u>\$ 133,088</u> | <u>\$ 7,650,792</u>  |

(continued)

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

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

|  | PRODUCTIVITY<br>IMPROVEMENT | FLEET<br>MANAGEMENT | PROPERTY<br>LIABILITY | EMPLOYEE<br>BENEFITS<br>FUND | PROPERTY<br>FACILITY<br>MANAGEMENT<br>FUND | TECHNOLOGY<br>FUND | TOTAL<br>(EXHIBIT 9) |
|--|-----------------------------|---------------------|-----------------------|------------------------------|--|--------------------|----------------------|
| Operating income (loss)  | \$ 241,005                  | \$ (658,209)        | \$ (87,318)           | \$ 2,076,162                 | \$ (64,144)                                | \$ (60,155)        | \$ 1,447,341         |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used in) operating<br>activities: |                             |                     |                       |                              |  |                    |                      |
| Depreciation expense   | -                           | 1,447,766           | -                     | -                            | 9,221                                      | 403,533            | 1,860,520            |
| Decrease (increase) in receivables   | -                           | -                   | -                     | (82,071)                     | -  | -                  | (82,071)             |
| Increase in prepaid expenses   | -                           | -                   | -                     | -                            | -  | (59,147)           | (59,147)             |
| Decrease (increase) in inventory   | -                           | (57,627)            | -                     | -                            | -  | -                  | (57,627)             |
| (Decrease) increase in accounts payable  | (3,488)                     | 13,947              | -                     | (61,077)                     | 14,616                                     | (18,970)           | (54,972)             |
| (Decrease) Increase in claims payable  | -                           | -                   | (24,082)              | 8,468                        | -  | -                  | (15,614)             |
| Increase (decrease) in compensated absences payable  | -                           | (393)               | -                     | -                            | 54   | -                  | (339)                |
| Total adjustments  | <u>(3,488)</u>              | <u>1,403,693</u>    | <u>(24,082)</u>       | <u>(134,680)</u>             | <u>23,891</u>                              | <u>325,416</u>     | <u>1,590,750</u>     |
| Net cash (used in) provided by operating activities  | <u>\$ 237,517</u>           | <u>\$ 745,484</u>   | <u>\$ (111,400)</u>   | <u>\$ 1,941,482</u>          | <u>\$ (40,253)</u>                         | <u>\$ 265,261</u>  | <u>\$ 3,038,091</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, 2004**

|   | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|--------------------|-------------------|-------------------|--|
| <b>REVENUES</b>                               |                    |                   |                   |  |
| Revenues from use of money and property       | \$ 1,000           | \$ 1,000          | \$ 4,147          | \$ 3,147   |
| Intergovernmental revenue                     | 450,000            | 450,000           | 450,000           | -  |
| <b>TOTAL REVENUES - BUDGET AND GAAP</b>       | <u>\$ 451,000</u>  | <u>\$ 451,000</u> | <u>\$ 454,147</u> | <u>\$ 3,147</u>                                      |
| <b>EXPENSES</b>                               |                    |                   |                   |  |
| Salaries and benefits                         | \$ 57,300          | \$ 57,300         | \$ 66,455         | \$ (9,155)   |
| Supplies and services                         | 380,000            | 380,000           | 142,540           | 237,460  |
| <b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b> | <u>\$ 437,300</u>  | <u>\$ 437,300</u> | <u>\$ 208,995</u> | <u>\$ 228,305</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, 2004**

|   | BUDGET<br>ORIGINAL  | BUDGET<br>FINAL     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|---------------------|---------------------|---------------------|--|
| <b>REVENUES</b>                         |                     |                     |                     |  |
| Revenues from use of money and property | \$ 10,000           | \$ 10,000           | \$ 16,760           | \$ 6,760   |
| Current service charges                 | 1,924,630           | 1,924,630           | 1,908,453           | (16,177)   |
| Sale of assets                          | 150,200             | 150,200             | 264,614             | 114,414  |
| <b>TOTAL REVENUES - BUDGET BASIS</b>    | <u>\$ 2,084,830</u> | <u>\$ 2,084,830</u> | 2,189,827           | <u>\$ 104,997</u>                                    |
| Financial statement adjustments:        |                     |                     |                     |  |
| Transfer in                             |                     |                     | 155,656             |  |
| Retire basis of assets sold             |                     |                     | <u>(86,332)</u>     |  |
| <b>TOTAL REVENUES - GAAP BASIS</b>      |                     |                     | <u>\$ 2,259,151</u> |  |
| <b>EXPENSES</b>                         |                     |                     |                     |  |
| Garage administration and operations:   |                     |                     |                     |  |
| Salaries and benefits                   | \$ 617,976          | \$ 617,976          | \$ 544,147          | \$ 73,829  |
| Supplies and services                   | 118,329             | 118,329             | 335,871             | (217,542)  |
| Utilities                               | 4,050               | 4,050               | 2,707               | 1,343  |
| Maintenance                             | 41,440              | 41,440              | 39,831              | 1,609  |
| Capital outlay                          | 1,882,857           | 1,882,857           | 1,831,023           | 51,834   |
| Total garage administration             | <u>2,664,652</u>    | <u>2,664,652</u>    | <u>2,753,579</u>    | <u>(88,927)</u>                                      |
| <b>TOTAL EXPENSES - BUDGET BASIS</b>    | <u>\$ 2,664,652</u> | <u>\$ 2,664,652</u> | 2,753,579           | <u>\$ (88,927)</u>                                   |
| Financial statement adjustments:        |                     |                     |                     |  |
| Transfer out                            |                     |                     | 86,760              |  |
| Capital outlay items not expensed       |                     |                     | (1,634,683)         |  |
| Depreciation expense                    |                     |                     | <u>1,447,766</u>    |  |
| <b>TOTAL EXPENSES - GAAP BASIS</b>      |                     |                     | <u>\$ 2,653,422</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, 2004**

|   | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u> | <u>ACTUAL</u>     | <u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE/(NEGATIVE)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>                               |                            |                         |                   |   |
| Revenues from use of money and property       | \$ 2,000                   | \$ 2,000                | \$ 3,853          | \$ 1,853  |
| Intergovernmental revenue                     | <u>535,427</u>             | <u>535,427</u>          | <u>535,427</u>    | <u>-</u>  |
| <b>TOTAL REVENUES</b>                         | <u>\$ 537,427</u>          | <u>\$ 537,427</u>       | <u>\$ 539,280</u> | <u>\$ 1,853</u>   |
| <b>EXPENSES</b>                               |                            |                         |                   |   |
| Claims and premiums                           | <u>\$ 930,125</u>          | <u>\$ 930,125</u>       | <u>\$ 622,745</u> | <u>\$ 307,380</u>   |
| <b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b> | <u>\$ 930,125</u>          | <u>\$ 930,125</u>       | <u>\$ 622,745</u> | <u>\$ 307,380</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, 2004**

|   | BUDGET<br>ORIGINAL  | BUDGET<br>FINAL     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|---------------------|---------------------|---------------------|--|
| <b>REVENUES</b>                               |                     |                     |                     |  |
| Revenues from use of money and property       | \$ 15,000           | \$ 15,000           | \$ 55,460           | \$ 40,460  |
| Health Stop / Loss reimbursement              | 400,000             | 400,000             | 200,624             | (199,376)  |
| Contributions from City of Tyler              | 7,093,409           | 7,093,409           | 7,084,208           | (9,201)  |
| Contributions from employees                  | 1,945,909           | 1,945,909           | 2,065,403           | 119,494  |
| Total revenues                                | <u>9,454,318</u>    | <u>9,454,318</u>    | <u>9,405,695</u>    | <u>(48,623)</u>                                      |
| <b>TOTAL REVENUES - BUDGET AND GAAP</b>       | <u>\$ 9,454,318</u> | <u>\$ 9,454,318</u> | <u>\$ 9,405,695</u> | <u>\$ (48,623)</u>                                   |
| <b>EXPENSES</b>                               |                     |                     |                     |  |
| Employee insurance fund administration:       |                     |                     |                     |  |
| Special services                              | \$ 42,000           | \$ 42,000           | \$ 45,158           | \$ (3,158)   |
| Claims  | 8,886,012           | 8,886,012           | 5,168,825           | 3,717,187  |
| Administrative fees                           | 371,750             | 371,750             | 1,849,616           | (1,477,866)  |
| Life insurance                                | 183,272             | 183,272             | 210,474             | (27,202)   |
| Total employee insurance fund administration  | <u>9,483,034</u>    | <u>9,483,034</u>    | <u>7,274,073</u>    | <u>2,208,961</u>                                     |
| <b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b> | <u>\$ 9,483,034</u> | <u>\$ 9,483,034</u> | <u>\$ 7,274,073</u> | <u>\$ 2,208,961</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, 2004**

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|--------------------|-------------------|-------------------|--|
| <b>REVENUES</b>                            |                    |                   |                   |  |
| Revenues from use of money and property    | \$ 2,000           | \$ 2,000          | \$ 8,464          | \$ 6,464   |
| Charges for services                       | 103,685            | 103,685           | 103,685           | -  |
| Total revenues                             | <u>\$ 105,685</u>  | <u>\$ 105,685</u> | <u>\$ 112,149</u> | <u>\$ 6,464</u>                                      |
| <b>EXPENSES</b>                            |                    |                   |                   |  |
| Property and facility administration:      |                    |                   |                   |  |
| Salaries and benefits                      | \$ 43,722          | \$ 43,722         | \$ 45,473         | \$ (1,751)   |
| Supplies and services                      | 60,508             | 60,508            | 18,952            | 41,556   |
| Utilities                                  | 361                | 361               | 1,039             | (678)  |
| Maintenance                                | 111,730            | 111,730           | 93,144            | 18,586   |
| Capital outlay                             | 58,100             | 58,100            | -                 | 58,100   |
| Total property and facility administration | <u>274,421</u>     | <u>274,421</u>    | <u>158,608</u>    | <u>115,813</u>                                       |
| <b>TOTAL EXPENSES - BUDGET BASIS</b>       | <u>\$ 274,421</u>  | <u>\$ 274,421</u> | 158,608           | <u>\$ 115,813</u>                                    |
| Financial statement adjustments:           |                    |                   |                   |  |
| Depreciation expense                       |                    |                   | <u>9,221</u>      |  |
| <b>TOTAL EXPENSES - GAAP BASIS</b>         |                    |                   | <u>\$ 167,829</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, 2004**

|   | BUDGET<br>ORIGINAL  | BUDGET<br>FINAL     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|---------------------|---------------------|---------------------|--|
| <b>REVENUES</b>                             |                     |                     |                     |  |
| Revenues from use of money and property     | \$ 6,500            | \$ 6,500            | \$ 13,237           | \$ 6,737   |
| Charges for services                        | 1,067,894           | 1,067,894           | 1,092,242           | 24,348   |
| <b>TOTAL REVENUES - BUDGET BASIS</b>        | <u>\$ 1,074,394</u> | <u>\$ 1,074,394</u> | 1,105,479           | <u>\$ 31,085</u>                                     |
| Financial statement adjustments:            |                     |                     |                     |  |
| Transfer in                                 |                     |                     | <u>306,661</u>      |  |
| <b>TOTAL REVENUES - GAAP BASIS</b>          |                     |                     | <u>\$ 1,412,140</u> |  |
| <b>EXPENSES</b>                             |                     |                     |                     |  |
| Office technology fund administration:      |                     |                     |                     |  |
| Supplies and services                       | \$ 331,082          | \$ 331,082          | \$ 312,594          | \$ 18,488  |
| Maintenance                                 | 445,574             | 445,574             | 360,978             | 84,596   |
| Capital outlay                              | 344,870             | 344,870             | 448,023             | (103,153)  |
| Total office technology fund administration | <u>1,121,526</u>    | <u>1,121,526</u>    | <u>1,121,595</u>    | <u>(69)</u>  |
| <b>TOTAL EXPENSES - BUDGET BASIS</b>        | <u>\$ 1,121,526</u> | <u>\$ 1,121,526</u> | 1,121,595           | <u>\$ (69)</u>                                       |
| Financial statement adjustments:            |                     |                     |                     |  |
| Capital outlay items not expensed           |                     |                     | (372,731)           |  |
| Depreciation                                |                     |                     | <u>403,533</u>      |  |
| <b>TOTAL EXPENSES - GAAP BASIS</b>          |                     |                     | <u>\$ 1,152,397</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, 2004**

|   | TOTAL          |
|---|----------------|
| <b>GOVERNMENTAL FUNDS CAPITAL ASSETS:</b>                             |                |
| Land  | \$ 5,245,881   |
| Buildings   | 24,269,846     |
| Improvements other than buildings                                     | 80,502,925     |
| Machinery and equipment   | 14,207,210     |
| Infrastructure  | 219,579,578    |
| Construction in progress  | 12,306,749     |
| Total governmental funds capital assets                               | \$ 356,112,189 |
| <br><b>INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:</b> |                |
| General funds   | 293,873,260    |
| Special revenue funds   | 8,269,554      |
| Capital projects funds  | 46,438,628     |
| Donations   | 7,530,747      |
| Total governmental funds capital assets                               | \$ 356,112,189 |

(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, 2004**

| FUNCTION AND ACTIVITY      | LAND                | BUILDINGS            | IMPROVEMENTS<br>OTHER THAN<br>BUILDINGS | MACHINERY<br>AND<br>EQUIPMENT | INFRASTRUCTURE        | CONSTRUCTION<br>IN<br>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                      | -                   | -                    | -                                       | 70,664                        | -                     | -                              | 70,664                |
| Information services       | -                   | 9,376                | -                                       | 734,151                       | -                     | -                              | 743,527               |
| Accounting                 | -                   | -                    | -                                       | 71,306                        | -                     | -                              | 71,306                |
| Municipal Court            | 50,000              | 352,030              | -                                       | 270,767                       | -                     | -                              | 672,797               |
| City Council               | -                   | 73,381               | 32,030                                  | 2,994                         | -                     | -                              | 108,405               |
| Purchasing                 | -                   | -                    | -                                       | 31,863                        | -                     | -                              | 31,863                |
| Total general government   | <u>75,185</u>       | <u>534,787</u>       | <u>640,102</u>                          | <u>1,225,051</u>              | <u>-</u>              | <u>-</u>                       | <u>2,475,125</u>      |
| Public safety:             |                     |                      |   |                               |                       |                                |                       |
| Police                     | 50,000              | 315,980              | 2,801,106                               | 4,217,742                     | -                     | 4,399,439                      | 11,784,267            |
| Fire                       | 500,000             | 1,216,599            | 24,935                                  | 4,695,293                     | 5,967                 | -                              | 6,442,794             |
| Traffic engineering        | -                   | -                    | 1,731,397                               | 644,922                       | 3,153                 | -                              | 2,379,472             |
| Total public safety        | <u>550,000</u>      | <u>1,532,579</u>     | <u>4,557,438</u>                        | <u>9,557,957</u>              | <u>9,120</u>          | <u>4,399,439</u>               | <u>20,606,533</u>     |
| Highways and streets       | 32,195              | 362,300              | 64,386,575                              | 38,709                        | 219,565,508           | 7,888,471                      | 292,273,758           |
| Culture and recreation     | 4,468,501           | 18,976,046           | 10,553,896                              | 1,848,417                     | 4,949                 | 18,839                         | 35,870,648            |
| Public enterprises         | 120,000             | 2,864,134            | 364,915                                 | 1,537,076                     | -                     | -                              | 4,886,125             |
| Total general fixed assets | <u>\$ 5,245,881</u> | <u>\$ 24,269,846</u> | <u>\$ 80,502,926</u>                    | <u>\$ 14,207,210</u>          | <u>\$ 219,579,577</u> | <u>\$ 12,306,749</u>           | <u>\$ 356,112,189</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, 2004**

| FUNCTION AND ACTIVITY      | GOVERNMENTAL FUNDS CAPITAL ASSETS |                     |                   | GOVERNMENTAL FUNDS CAPITAL ASSETS |
|----------------------------|-----------------------------------|---------------------|-------------------|-----------------------------------|
|                            | OCTOBER 1, 2003                   | ADDITIONS           | DEDUCTIONS        | SEPTEMBER 30, 2004                |
| General government:        |                                   |                     |                   |                                   |
| City Manager               | \$ 624,887                        | \$ -                | \$ -              | \$ 624,887                        |
| City Clerk                 | 13,267                            | -                   | -                 | 13,267                            |
| City Hall                  | 138,409                           | -                   | -                 | 138,409                           |
| Legal                      | 62,001                            | 8,663               | -                 | 70,664                            |
| Information services       | 738,865                           | 4,662               | -                 | 743,527                           |
| Accounting                 | 71,306                            | -                   | -                 | 71,306                            |
| Municipal Court            | 668,035                           | 4,762               | -                 | 672,797                           |
| City Council               | 108,405                           | -                   | -                 | 108,405                           |
| Purchasing                 | 31,863                            | -                   | -                 | 31,863                            |
| Total general government   | <u>2,457,038</u>                  | <u>18,087</u>       | <u>-</u>          | <u>2,475,125</u>                  |
| Public safety:             |                                   |                     |                   |                                   |
| Police                     | 8,638,228                         | 3,173,319           | 27,280            | 11,784,267                        |
| Fire                       | 6,383,207                         | 59,587              | -                 | 6,442,794                         |
| Traffic engineering        | 2,379,472                         | -                   | -                 | 2,379,472                         |
| Total public safety        | <u>17,400,907</u>                 | <u>3,232,906</u>    | <u>27,280</u>     | <u>20,606,533</u>                 |
| Highways and streets       | -                                 | -                   | -                 | -                                 |
| Highways and streets       | 288,451,499                       | 3,822,259           | -                 | 292,273,758                       |
| Culture and recreation     | 35,201,921                        | 737,161             | 68,434            | 35,870,648                        |
| Public enterprises         | 4,860,323                         | 192,133             | 166,331           | 4,886,125                         |
| Total general fixed assets | <u>\$ 348,371,688</u>             | <u>\$ 8,002,546</u> | <u>\$ 262,045</u> | <u>\$ 356,112,189</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  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|--------------------|-------------------|-------------------|--|
| <b>PROPERTY TAX COLLECTIONS</b>          |                    |                   |                   |  |
| Current taxes                            | \$ 9,560,000       | \$ 9,560,000      | \$ 9,719,320      | \$ 159,320   |
| Delinquent taxes                         | 120,000            | 120,000           | 223,975           | 103,975  |
| Penalty and interest                     | 129,000            | 129,000           | 140,395           | 11,395   |
| Tax collection fee                       | 49,500             | 49,500            | 52,667            | 3,167  |
| Total property tax collections           | <u>9,858,500</u>   | <u>9,858,500</u>  | <u>10,136,357</u> | <u>277,857</u>                                       |
| <b>GROSS RECEIPTS TAXES</b>              |                    |                   |                   |  |
| Franchise - light and power              | 3,973,900          | 3,973,900         | 3,831,783         | (142,117)  |
| Franchise - natural gas                  | 680,000            | 680,000           | 1,056,254         | 376,254  |
| Franchise - telephone                    | 954,000            | 954,000           | 1,004,982         | 50,982   |
| Franchise - cable television             | 775,600            | 775,600           | 773,352           | (2,248)  |
| Franchise - street use fee               | 240,000            | 240,000           | 288,939           | 48,939   |
| Total gross receipts taxes               | <u>6,623,500</u>   | <u>6,623,500</u>  | <u>6,955,310</u>  | <u>331,810</u>                                       |
| <b>SALES AND USE TAXES</b>               |                    |                   |                   |  |
| General sales tax                        | 16,868,400         | 16,868,400        | 18,560,375        | 1,691,975  |
| Mixed drink tax                          | 194,000            | 194,000           | 239,105           | 45,105   |
| Bingo tax                                | 32,600             | 32,600            | 27,805            | (4,795)  |
| Total sales and use taxes                | <u>17,095,000</u>  | <u>17,095,000</u> | <u>18,827,285</u> | <u>1,732,285</u>                                     |
| <b>LICENSES AND PERMITS</b>              |                    |                   |                   |  |
| Building                                 | 199,400            | 199,400           | 328,240           | 128,840  |
| Electrical                               | 80,000             | 80,000            | 131,627           | 51,627   |
| Plumbing                                 | 69,000             | 69,000            | 108,687           | 39,687   |
| Zoning                                   | 12,000             | 12,000            | 29,567            | 17,567   |
| Parking meter                            | 93,200             | 93,200            | 115,191           | 21,991   |
| Mechanical permits                       | 24,000             | 24,000            | 44,694            | 20,694   |
| Occupation                               | 7,300              | 7,300             | 10,860            | 3,560  |
| Wrecker                                  | 200                | 200               | 1,089             | 889  |
| Taxicab and limousine                    | 300                | 300               | 2,460             | 2,160  |
| Burglar alarm                            | 45,000             | 45,000            | 45,360            | 360  |
| Sign                                     | 12,000             | 12,000            | 19,030            | 7,030  |
| Contractors                              | 28,000             | 28,000            | 46,897            | 18,897   |
| House movers license                     | 400                | 400               | 1,360             | 960  |
| Permit fee                               | 9,100              | 9,100             | (2,250)           | (11,350)   |
| Total licenses and permits               | <u>579,900</u>     | <u>579,900</u>    | <u>882,812</u>    | <u>302,912</u>                                       |
| <b>FINES, FORFEITURES, AND PENALTIES</b> |                    |                   |                   |  |
| Moving violation fines                   | 2,100,000          | 2,100,000         | 2,598,522         | 498,522  |
| Library fines and rents                  | 3,500              | 3,500             | 6,576             | 3,076  |
| Tax service fees on fines                | 90,000             | 90,000            | 166,145           | 76,145   |
| Arrest fee fines                         | 120,000            | 120,000           | 171,572           | 51,572   |
| Municipal court administrative fees      | 70,000             | 70,000            | 107,265           | 37,265   |
| Warrant fees                             | 385,000            | 385,000           | 446,912           | 61,912   |
| Child safety fees                        | 2,000              | 2,000             | 2,121             | 121  |

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL  | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|--------------------|------------------|------------------|--|
| <b>FINES, FORFEITURES, AND PENALTIES (cont'd.)</b>             |                    |                  |                  |  |
| Teen court fees  | \$ 1,500           | \$ 1,500         | \$ 2,460         | \$ 960   |
| Municipal court security                                       | 110,000            | 110,000          | 136,677          | 26,677   |
| Miscellaneous municipal court fines                            | 10,000             | 10,000           | 15,616           | 5,616  |
| Court time payment fee   | 110,000            | 110,000          | 185,440          | 75,440   |
| Technology fees  | 90,000             | 90,000           | 137,877          | 47,877   |
| Special court fees   | 300,000            | 300,000          | 632,728          | 332,728  |
| Collection firm fee  | -                  | -                | (2,283)          | (2,283)  |
| Court fee - Clearing   | -                  | -                | 3,313            | 3,313  |
|  | <u>3,392,000</u>   | <u>3,392,000</u> | <u>4,610,941</u> | <u>1,218,941</u>                                     |
| <b>REVENUES FROM USE OF MONEY OR PROPERTY</b>                  |                    |                  |                  |  |
| Rent - miscellaneous   | 7,500              | 7,500            | 3,610            | (3,890)  |
| Paving and drainage assessment                                 | -                  | -                | 140              | 140  |
| Distributed interest   | 75,000             | 75,000           | 115,545          | 40,545   |
|  | <u>82,500</u>      | <u>82,500</u>    | <u>119,295</u>   | <u>36,795</u>  |
| <b>CHARGES FOR CURRENT SERVICES</b>                            |                    |                  |                  |  |
| Swimming pool admissions                                       | 4,000              | 4,000            | 8,217            | 4,217  |
| Fire inspection fees   | 5,500              | 5,500            | 12,443           | 6,943  |
| Map sales  | 800                | 800              | 885              | 85   |
| Lot mowing   | 7,000              | 7,000            | 13,253           | 6,253  |
| Glass membership fees  | 40,000             | 40,000           | 46,580           | 6,580  |
| Copying fees   | 12,000             | 12,000           | 17,896           | 5,896  |
| Street repair utility cuts                                     | 14,000             | 14,000           | -                | (14,000)   |
| Platting fees  | 14,000             | 14,000           | 23,731           | 9,731  |
| Open records   | 32,700             | 32,700           | 23,954           | (8,746)  |
| Rental of Glass and Bergfeld                                   | 16,800             | 16,800           | 17,760           | 960  |
| Miscellaneous charges  | 45,000             | 45,000           | 98,040           | 53,040   |
| Contribution for construction                                  | 800                | 800              | -                | (800)  |
|  | <u>192,600</u>     | <u>192,600</u>   | <u>262,759</u>   | <u>70,159</u>  |
| <b>INTERGOVERNMENTAL REVENUES</b>                              |                    |                  |                  |  |
| Reimbursement of overhead from water and sewer operating fund  | 700,000            | 700,000          | 700,000          | -  |
| Reimbursement of overhead from sanitation fund                 | 197,400            | 197,400          | 197,400          | -  |
| Reimbursement of overhead from municipal airport fund          | 49,800             | 49,800           | 49,800           | -  |
| Reimbursement of overhead from hotel/motel occupancy tax fund  | 462,848            | 462,848          | 462,848          | -  |
| In lieu of franchise taxes from water and sewer operating fund | 1,010,600          | 1,010,600        | 957,782          | (52,818)   |
|  | <u>2,420,648</u>   | <u>2,420,648</u> | <u>2,367,830</u> | <u>(52,818)</u>                                      |

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|   | BUDGET<br>ORIGINAL          | BUDGET<br>FINAL             | ACTUAL                      | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|-----------------------------|-----------------------------|-----------------------------|--|
| <b>REVENUES FROM OTHER AGENCIES</b>           |                             |                             |                             |  |
| County government                             | \$ 306,947                  | \$ 306,947                  | \$ 326,947                  | \$ 20,000  |
| Historic properties survey                    | -                           | -                           | 13,730                      | 13,730   |
| State government                              | 14,300                      | 14,300                      | 14,530                      | 230  |
| County hazardous material service             | 5,000                       | 5,000                       | 5,000                       | -  |
| Prior year restitution income                 | -                           | -                           | 677                         | 677  |
| DEA Project reimbursement                     | 36,235                      | 36,235                      | 40,958                      | 4,723  |
| Auto theft task force grant                   | 66,043                      | 66,043                      | 66,205                      | 162  |
| ETEX violent crimes task force                | -                           | -                           | 7,817                       | 7,817  |
| ET arson/Expl task force                      | 5,000                       | 5,000                       | -                           | (5,000)  |
| Bullet proof vest grant                       | -                           | -                           | 3,848                       | 3,848  |
| Local law enforcement grant                   | -                           | 81,833                      | 178,787                     | 96,954   |
| Safe and Sober Grant                          | 49,980                      | 49,980                      | 49,994                      | 14   |
| Click it or ticket grant                      | -                           | -                           | 23,853                      | 23,853   |
| School crossing guards                        | 25,000                      | 25,000                      | 25,500                      | 500  |
| Total revenues from other agencies            | <u>508,505</u>              | <u>590,338</u>              | <u>757,846</u>              | <u>167,508</u>                                       |
| <b>MISCELLANEOUS</b>                          |                             |                             |                             |  |
| Oil leases and royalties                      | 15,000                      | 15,000                      | 13,884                      | (1,116)  |
| Contractor testing fees                       | 18,000                      | 18,000                      | 56,620                      | 38,620   |
| Unclaimed property revenue                    | -                           | -                           | 14,927                      | 14,927   |
| Utility litigation settlement                 | -                           | -                           | 577,876                     | 577,876  |
| Returned check fees                           | 2,000                       | 2,000                       | 3,150                       | 1,150  |
| Participant fees                              | 147,300                     | 147,300                     | 195,298                     | 47,998   |
| Concessions                                   | 8,700                       | 8,700                       | 7,673                       | (1,027)  |
| Field rental                                  | 3,000                       | 3,000                       | 39,555                      | 36,555   |
| Sports field maintenance                      | 29,500                      | 29,500                      | 9,495                       | (20,005)   |
| Total miscellaneous                           | <u>223,500</u>              | <u>223,500</u>              | <u>918,478</u>              | <u>694,978</u>                                       |
| Total revenues before other financing sources | <u>40,976,653</u>           | <u>41,058,486</u>           | <u>45,838,913</u>           | <u>4,780,427</u>                                     |
| <b>OTHER FINANCING SOURCES</b>                |                             |                             |                             |  |
| Transfer from half-cent sales tax fund        | 31,200                      | 31,200                      | 31,200                      | -  |
| Transfer from Forfeiture fund                 | -                           | -                           | 10,465                      | 10,465   |
| Transfer from State / Federal grant fund      | 135,000                     | 135,000                     | 135,000                     | -  |
| Transfer from stormwater management fund      | 534,200                     | 534,200                     | -                           | (534,200)  |
| Sale of equipment                             | 500                         | 500                         | 30,746                      | 30,246   |
| Total other financing sources                 | <u>700,900</u>              | <u>700,900</u>              | <u>207,411</u>              | <u>(493,489)</u>                                     |
| <b>TOTAL REVENUES</b>                         | <u><u>\$ 41,677,553</u></u> | <u><u>\$ 41,759,386</u></u> | <u><u>\$ 46,046,324</u></u> | <u><u>\$ 4,286,938</u></u>                           |

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|                                   | BUDGET<br>ORIGINAL | BUDGET<br>FINAL  | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|-----------------------------------|--------------------|------------------|------------------|--|
| <b>GENERAL GOVERNMENT</b>         |                    |                  |                  |  |
| GENERAL GOVERNMENT SERVICES:      |                    |                  |                  |  |
| Salaries and benefits             | \$ 785,823         | \$ 785,823       | \$ 785,823       | \$ -   |
| Supplies and services             | 2,605,805          | 2,570,136        | 2,627,780        | (57,644)   |
| Total general government services | <u>3,391,628</u>   | <u>3,355,959</u> | <u>3,413,603</u> | <u>(57,644)</u>                                      |
| CITY MANAGER:                     |                    |                  |                  |  |
| Salaries and benefits             | 371,707            | 365,707          | 285,560          | 80,147   |
| Supplies and services             | 43,471             | 49,471           | 51,754           | (2,283)  |
| Utilities                         | 2,070              | 2,070            | 1,661            | 409  |
| Total city manager                | <u>417,248</u>     | <u>417,248</u>   | <u>338,975</u>   | <u>78,273</u>  |
| CITY CLERK:                       |                    |                  |                  |  |
| Salaries and benefits             | 92,228             | 92,228           | 89,495           | 2,733  |
| Supplies and services             | 19,332             | 19,332           | 22,275           | (2,943)  |
| Utilities                         | 600                | 600              | 652              | (52)   |
| Maintenance                       | 554                | 554              | 756              | (202)  |
| Total city clerk                  | <u>112,714</u>     | <u>112,714</u>   | <u>113,178</u>   | <u>(464)</u>   |
| CITY HALL:                        |                    |                  |                  |  |
| Salaries and benefits             | 90,736             | 90,736           | 88,925           | 1,811  |
| Supplies and services             | 88,863             | 88,863           | 82,233           | 6,630  |
| Utilities                         | 65,720             | 65,720           | 69,620           | (3,900)  |
| Maintenance                       | 26,840             | 26,840           | 38,311           | (11,471)   |
| Total city hall                   | <u>272,159</u>     | <u>272,159</u>   | <u>279,089</u>   | <u>(6,930)</u>                                       |
| ACCOUNTING:                       |                    |                  |                  |  |
| Salaries and benefits             | 396,299            | 396,299          | 383,770          | 12,529   |
| Supplies and services             | 42,289             | 42,289           | 44,630           | (2,341)  |
| Utilities                         | 2,695              | 2,695            | 1,506            | 1,189  |
| Total accounting                  | <u>441,283</u>     | <u>441,283</u>   | <u>429,906</u>   | <u>11,377</u>  |
| LEGAL:                            |                    |                  |                  |  |
| Salaries and benefits             | 304,075            | 304,075          | 317,039          | (12,964)   |
| Supplies and services             | 58,324             | 58,324           | 64,630           | (6,306)  |
| Utilities                         | 1,260              | 1,260            | 1,380            | (120)  |
| Capital outlay                    | 5,300              | 5,300            | 8,663            | (3,363)  |
| Total legal                       | <u>368,959</u>     | <u>368,959</u>   | <u>391,712</u>   | <u>(22,753)</u>                                      |

(Continued)



**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|   | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|--------------------|-------------------|-------------------|--|
| <b>GENERAL GOVERNMENT (continued)</b>     |                    |                   |                   |  |
| INFORMATION SERVICES ADMINISTRATION:      |                    |                   |                   |  |
| Salaries and benefits                     | \$ 842,527         | \$ 842,527        | \$ 802,483        | \$ 40,044  |
| Supplies and services                     | 82,222             | 82,222            | 53,908            | 28,314   |
| Utilities                                 | 9,643              | 9,643             | 9,994             | (351)  |
| Maintenance                               | 1,800              | 1,800             | 1,800             | -  |
| Total information services administration | <u>936,192</u>     | <u>936,192</u>    | <u>868,185</u>    | <u>68,007</u>  |
| STAFF SERVICES:                           |                    |                   |                   |  |
| Salaries and benefits                     | 241,168            | 241,168           | 231,900           | 9,268  |
| Supplies and services                     | 51,472             | 51,472            | 53,531            | (2,059)  |
| Utilities                                 | 1,707              | 1,707             | 1,497             | 210  |
| Maintenance                               | 100                | 100               | 45                | 55   |
| Total personnel                           | <u>294,447</u>     | <u>294,447</u>    | <u>286,973</u>    | <u>7,474</u>   |
| Total general government                  | <u>6,234,630</u>   | <u>6,198,961</u>  | <u>6,121,621</u>  | <u>77,340</u>  |
| <b>POLICE ADMINISTRATION</b>              |                    |                   |                   |  |
| Salaries and benefits                     | 14,873,065         | 14,743,014        | 14,847,972        | (104,958)  |
| Supplies and services                     | 1,023,704          | 1,236,632         | 1,032,997         | 203,635  |
| Utilities                                 | 141,678            | 140,634           | 162,029           | (21,395)   |
| Maintenance                               | 593,024            | 593,024           | 533,499           | 59,525   |
| Total police administration               | <u>16,631,471</u>  | <u>16,713,304</u> | <u>16,576,497</u> | <u>136,807</u>                                       |
| <b>FIRE ADMINISTRATION</b>                |                    |                   |                   |  |
| Salaries and benefits                     | 8,471,638          | 8,471,638         | 8,712,114         | (240,476)  |
| Supplies and services                     | 290,934            | 292,934           | 287,383           | 5,551  |
| Utilities                                 | 97,248             | 97,248            | 105,093           | (7,845)  |
| Maintenance                               | 171,330            | 169,330           | 166,271           | 3,059  |
| Capital outlay                            | 76,300             | 46,300            | 44,955            | 1,345  |
| Total fire administration                 | <u>9,107,450</u>   | <u>9,077,450</u>  | <u>9,315,816</u>  | <u>(238,366)</u>                                     |
| <b>PUBLIC SERVICES</b>                    |                    |                   |                   |  |
| ENGINEERING:                              |                    |                   |                   |  |
| Salaries and benefits                     | 550,292            | 550,292           | 533,413           | 16,879   |
| Supplies and services                     | 55,318             | 55,318            | 66,458            | (11,140)   |
| Utilities                                 | 6,617              | 6,617             | 6,207             | 410  |
| Maintenance                               | 223,400            | 23,400            | 29,966            | (6,566)  |
| Capital outlay                            | -                  | 575,000           | 604,650           | (29,650)   |
| Total engineering                         | <u>835,627</u>     | <u>1,210,627</u>  | <u>1,240,694</u>  | <u>(30,067)</u>                                      |

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|                                  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL  | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|----------------------------------|--------------------|------------------|------------------|--|
| <b>PUBLIC SERVICES (cont'd.)</b> |                    |                  |                  |  |
| STREETS:                         |                    |                  |                  |  |
| Salaries and benefits            | \$ 1,225,917       | \$ 1,225,917     | \$ 1,193,716     | \$ 32,201  |
| Supplies and services            | 168,026            | 168,026          | 161,105          | 6,921  |
| Utilities                        | 6,029              | 6,029            | 5,785            | 244  |
| Maintenance                      | 199,900            | 199,900          | 202,074          | (2,174)  |
| Capital outlay                   | 7,550              | 7,550            | 7,210            | 340  |
| Total streets                    | <u>1,607,422</u>   | <u>1,607,422</u> | <u>1,569,890</u> | <u>37,532</u>  |
| LABOR POOL:                      |                    |                  |                  |  |
| Salaries and benefits            | 902,639            | 824,639          | 851,607          | (26,968)   |
| Supplies & services              | 227,729            | 295,729          | 266,276          | 29,453   |
| Utilities                        | 247,400            | 247,400          | 329,645          | (82,245)   |
| Maintenance                      | 511,210            | 521,210          | 502,992          | 18,218   |
| Capital outlay                   | 8,000              | 8,000            | 7,600            | 400  |
| Total labor pool                 | <u>1,896,978</u>   | <u>1,896,978</u> | <u>1,958,120</u> | <u>(61,142)</u>                                      |
| TRAFFIC OPERATIONS:              |                    |                  |                  |  |
| Salaries and benefits            | 683,683            | 683,683          | 634,777          | 48,906   |
| Supplies and services            | 136,403            | 138,003          | 143,997          | (5,994)  |
| Utilities                        | 1,065,754          | 1,065,754        | 1,101,949        | (36,195)   |
| Maintenance                      | 150,780            | 149,180          | 153,121          | (3,941)  |
| Capital outlay                   | -                  | -                | (2,636)          | 2,636  |
| Total traffic operations         | <u>2,036,620</u>   | <u>2,036,620</u> | <u>2,031,208</u> | <u>5,412</u>   |
| Total public services            | <u>6,376,647</u>   | <u>6,751,647</u> | <u>6,799,912</u> | <u>(48,265)</u>                                      |
| <b>LIBRARY ADMINISTRATION</b>    |                    |                  |                  |  |
| Salaries and benefits            | 880,647            | 880,647          | 821,257          | 59,390   |
| Supplies and services            | 204,286            | 204,286          | 192,617          | 11,669   |
| Utilities                        | 73,325             | 73,325           | 50,968           | 22,357   |
| Maintenance                      | 37,660             | 37,660           | 38,347           | (687)  |
| Capital outlay                   | 110,000            | 110,000          | 118,029          | (8,029)  |
| Total library administration     | <u>1,305,918</u>   | <u>1,305,918</u> | <u>1,221,218</u> | <u>84,700</u>  |

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|                                | BUDGET<br>ORIGINAL | BUDGET<br>FINAL  | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--------------------------------|--------------------|------------------|------------------|--|
| <b>PARKS AND RECREATION</b>    |                    |                  |                  |  |
| PARKS:                         |                    |                  |                  |  |
| Salaries and benefits          | \$ 501,157         | \$ 480,957       | \$ 450,796       | \$ 30,161  |
| Supplies and services          | 274,619            | 294,819          | 381,784          | (86,965)   |
| Utilities                      | 72,236             | 72,236           | 123,356          | (51,120)   |
| Maintenance                    | 29,700             | 29,700           | 38,740           | (9,040)  |
| Capital outlay                 | 20,595             | 20,595           | 53,203           | (32,608)   |
| Total parks administration     | <u>898,307</u>     | <u>898,307</u>   | <u>1,047,879</u> | <u>(149,572)</u>                                     |
| ROSE GARDEN MAINTENANCE:       |                    |                  |                  |  |
| Salaries and benefits          | 350,553            | 350,553          | 336,446          | 14,107   |
| Supplies and services          | 86,809             | 93,309           | 99,143           | (5,834)  |
| Utilities                      | 70,700             | 69,700           | 99,184           | (29,484)   |
| Maintenance                    | 73,440             | 70,940           | 86,052           | (15,112)   |
| Capital outlay                 | 48,000             | 45,000           | 45,911           | (911)  |
| Total Rose Garden maintenance  | <u>629,502</u>     | <u>629,502</u>   | <u>666,736</u>   | <u>(37,234)</u>                                      |
| Total parks and recreation     | <u>1,527,809</u>   | <u>1,527,809</u> | <u>1,714,615</u> | <u>(186,806)</u>                                     |
| <b>PLANNING AND INSPECTION</b> |                    |                  |                  |  |
| PLANNING AND ZONING:           |                    |                  |                  |  |
| Salaries and benefits          | 210,003            | 210,003          | 193,640          | 16,363   |
| Supplies and services          | 21,032             | 21,032           | 53,352           | (32,320)   |
| Utilities                      | 1,510              | 1,510            | 2,432            | (922)  |
| Maintenance                    | 2,900              | 2,900            | 3,491            | (591)  |
| Total planning and zoning      | <u>235,445</u>     | <u>235,445</u>   | <u>252,915</u>   | <u>(17,470)</u>                                      |
| BUILDING INSPECTION:           |                    |                  |                  |  |
| Salaries and benefits          | 439,440            | 439,440          | 430,021          | 9,419  |
| Supplies and services          | 33,185             | 33,185           | 35,850           | (2,665)  |
| Utilities                      | 4,840              | 4,840            | 4,007            | 833  |
| Maintenance                    | 16,620             | 16,620           | 17,351           | (731)  |
| Total building inspection      | <u>494,085</u>     | <u>494,085</u>   | <u>487,229</u>   | <u>6,856</u>   |

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|   | BUDGET<br>ORIGINAL   | BUDGET<br>FINAL      | ACTUAL               | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|----------------------|----------------------|----------------------|--|
| <b>CAPITAL PROJECTS ADMINISTRATION:</b> |                      |                      |                      |  |
| Salaries and benefits                   | \$ 99,122            | \$ 99,122            | \$ 100,523           | \$ (1,401)   |
| Supplies and services                   | 8,346                | 8,346                | 6,768                | 1,578  |
| Utilities                               | 1,109                | 1,109                | 506                  | 603  |
| Total capital projects                  | <u>108,577</u>       | <u>108,577</u>       | <u>107,797</u>       | <u>780</u>   |
| Total planning and inspection           | <u>838,107</u>       | <u>838,107</u>       | <u>847,941</u>       | <u>(9,834)</u>                                       |
| <b>MUNICIPAL COURT</b>                  |                      |                      |                      |  |
| Salaries and benefits                   | 725,026              | 725,026              | 552,789              | 172,237  |
| Supplies and services                   | 628,614              | 628,614              | 760,331              | (131,717)  |
| Utilities                               | 13,557               | 13,557               | 13,963               | (406)  |
| Maintenance                             | 30,220               | 30,220               | 22,915               | 7,305  |
| Capital outlay                          | 390,377              | 390,377              | 14,475               | 375,902  |
| Total municipal court                   | <u>1,787,794</u>     | <u>1,787,794</u>     | <u>1,364,473</u>     | <u>423,321</u>                                       |
| <b>OTHER FINANCING USES</b>             |                      |                      |                      |  |
| Transfer to enterprise                  | 341,485              | 341,485              | 341,485              | -  |
| Transfer to internal service            | -                    | -                    | 306,661              | (306,661)  |
| Transfer to special revenue             | 244,193              | 309,862              | 276,266              | 33,596   |
| Total other financing uses              | <u>585,678</u>       | <u>651,347</u>       | <u>924,412</u>       | <u>33,596</u>  |
| <b>TOTAL EXPENDITURES</b>               | <u>\$ 44,395,504</u> | <u>\$ 44,852,337</u> | <u>\$ 44,886,505</u> | <u>\$ 272,493</u>                                    |

**CITY OF TYLER, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2004**

|   | WATER &<br>SEWER<br>FUND<br>(F-4) | SANITATION<br>FUND          | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL                        |
|---|-----------------------------------|-----------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>   |                                   |                             |                              |                              |
| Current assets:   |                                   |                             |                              |                              |
| Cash and cash equivalents   | \$ 14,532,871                     | \$ 5,117,557                | \$ 355,535                   | \$ 20,005,963                |
| Cash - demand deposits and on hand                                  | 1,700                             | 30                          | -                            | 1,730                        |
| Accounts receivable (net)   | 2,630,962                         | 1,037,296                   | 36,404                       | 3,704,662                    |
| Inventories - at average cost                                       | 320,568                           | -                           | -                            | 320,568                      |
| Total current assets  | <u>17,486,101</u>                 | <u>6,154,883</u>            | <u>391,939</u>               | <u>24,032,923</u>            |
| Capital assets:   |                                   |                             |                              |                              |
| Land  | 1,897,452                         | 3,012,086                   | 734,765                      | 5,644,303                    |
| Buildings   | 29,364,133                        | 94,704                      | 20,097,532                   | 49,556,369                   |
| Improvements other than buildings                                   | 173,463,538                       | 225,953                     | 11,510,537                   | 185,200,028                  |
| Machinery and equipment   | 1,568,737                         | 3,770,560                   | 225,033                      | 5,564,330                    |
| Construction in progress  | -                                 | -                           | 177,009                      | 177,009                      |
| Less accumulated depreciation                                       | <u>(50,404,291)</u>               | <u>(2,292,948)</u>          | <u>(6,182,623)</u>           | <u>(58,879,862)</u>          |
| Net capital assets  | <u>155,889,569</u>                | <u>4,810,355</u>            | <u>26,562,253</u>            | <u>187,262,177</u>           |
| Other assets:   |                                   |                             |                              |                              |
| Deferred charges (net of accumulated amortization<br>of \$ 201,628) | 521,131                           | -                           | -                            | 521,131                      |
| Water rights - Lake Palestine                                       | <u>12,524,200</u>                 | <u>-</u>                    | <u>-</u>                     | <u>12,524,200</u>            |
| Total other assets  | <u>13,045,331</u>                 | <u>-</u>                    | <u>-</u>                     | <u>13,045,331</u>            |
| Total assets  | <u><u>\$ 186,421,001</u></u>      | <u><u>\$ 10,965,238</u></u> | <u><u>\$ 26,954,192</u></u>  | <u><u>\$ 224,340,431</u></u> |

(Continued)

**CITY OF TYLER, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2004**

|  | WATER &<br>SEWER<br>FUND<br>(F-4) | SANITATION<br>FUND   | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL                 |
|--|-----------------------------------|----------------------|------------------------------|-----------------------|
| <b>LIABILITIES AND FUND EQUITY</b>   |                                   |                      |                              |                       |
| Current liabilities:   |                                   |                      |                              |                       |
| Accounts and contracts payable   | \$ 1,848,970                      | \$ 319,304           | \$ 38,912                    | \$ 2,207,186          |
| Current portion of landfill closure postclosure costs                              | -                                 | 125,000              | -                            | 125,000               |
| Refundable water and sewer contracts   | 5,400                             | -                    | -                            | 5,400                 |
| Current portion of revenue bonds payable   | 2,265,000                         | -                    | -                            | 2,265,000             |
| Current portion of compensated absences payable                                    | 9,584                             | 3,415                | 418                          | 13,417                |
| Total current liabilities  | <u>4,128,954</u>                  | <u>447,719</u>       | <u>39,330</u>                | <u>4,616,003</u>      |
| Noncurrent liabilities:  |                                   |                      |                              |                       |
| Landfill closure postclosure costs- long-term portion                              | -                                 | 214,476              | -                            | 214,476               |
| Revenue bonds payable (net of \$316,221 unamortized<br>bond discounts and premium) | 58,041,221                        | -                    | -                            | 58,041,221            |
| Compensated absences payable   | 316,788                           | 114,093              | 31,902                       | 462,783               |
| Total noncurrent liabilities   | <u>58,358,009</u>                 | <u>328,569</u>       | <u>31,902</u>                | <u>58,718,480</u>     |
| Total liabilities  | <u>62,486,963</u>                 | <u>776,288</u>       | <u>71,232</u>                | <u>63,334,483</u>     |
| Net Assets:  |                                   |                      |                              |                       |
| Invested in capital assets, net of related debt                                    | 95,583,348                        | 4,810,355            | 26,562,253                   | 126,955,956           |
| Restricted for debt service  | 430,154                           | -                    | -                            | 430,154               |
| Unrestricted   | 27,920,536                        | 5,378,595            | 320,707                      | 33,619,838            |
| Total net assets   | <u>\$ 123,934,038</u>             | <u>\$ 10,188,950</u> | <u>\$ 26,882,960</u>         | <u>\$ 161,005,948</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, 2004**

|                                 | WATER &<br>SEWER<br>FUND<br>(F-5) | SANITATION<br>FUND | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL             |
|---------------------------------|-----------------------------------|--------------------|------------------------------|-------------------|
| <b>OPERATING REVENUES</b>       |                                   |                    |                              |                   |
| Charges for sales and services: |                                   |                    |                              |                   |
| Metered water sales             | \$ 13,179,569                     | \$ -               | \$ -                         | \$ 13,179,569     |
| Sewer service charges           | 6,266,874                         | -                  | -                            | 6,266,874         |
| Charges to other funds          | 685,371                           | -                  | -                            | 685,371           |
| Trash and garbage fees          | -                                 | 8,159,610          | -                            | 8,159,610         |
| Airport services                | -                                 | -                  | 1,135,983                    | 1,135,983         |
| Miscellaneous                   | 1,061,553                         | 12,182             | 6,046                        | 1,079,781         |
| Total operating revenues        | <u>21,193,367</u>                 | <u>8,171,792</u>   | <u>1,142,029</u>             | <u>30,507,188</u> |
| <b>OPERATING EXPENSES</b>       |                                   |                    |                              |                   |
| Water and sewer administration  | 3,480,503                         | -                  | -                            | 3,480,503         |
| Water and sewer office          | 1,085,854                         | -                  | -                            | 1,085,854         |
| Water distribution              | 1,409,210                         | -                  | -                            | 1,409,210         |
| Water plants                    | 3,047,633                         | -                  | -                            | 3,047,633         |
| Waste collection                | 1,068,918                         | -                  | -                            | 1,068,918         |
| Waste treatment plant           | 3,586,694                         | -                  | -                            | 3,586,694         |
| Lake Tyler                      | 570,418                           | -                  | -                            | 570,418           |
| Sanitation administration       | -                                 | 1,058,375          | -                            | 1,058,375         |
| Collection department           | -                                 | 5,642,593          | -                            | 5,642,593         |
| Maintenance complex             | -                                 | 181,048            | -                            | 181,048           |
| Municipal airport operations    | -                                 | -                  | 948,514                      | 948,514           |
| Depreciation                    | 4,546,731                         | 250,410            | 796,979                      | 5,594,120         |
| Total operating expenses        | <u>18,795,961</u>                 | <u>7,132,426</u>   | <u>1,745,493</u>             | <u>27,673,880</u> |
| Operating income (loss)         | <u>2,397,406</u>                  | <u>1,039,366</u>   | <u>(603,464)</u>             | <u>2,833,308</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, 2004**

|  | WATER &<br>SEWER<br>FUND<br>(F-5) | SANITATION<br>FUND          | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL                        |
|--|-----------------------------------|-----------------------------|------------------------------|------------------------------|
| <b>NON-OPERATING REVENUES (EXPENSES)</b>         |                                   |                             |                              |                              |
| Revenues from use of money and property          | \$ 318,952                        | \$ 73,483                   | \$ 4,168                     | \$ 396,603                   |
| Amortization                                     | (48,554)                          | -                           | -                            | (48,554)                     |
| Sale of property                                 | (533,781)                         | (19,950)                    | -                            | (553,731)                    |
| Interest expense                                 | (2,689,628)                       | -                           | -                            | (2,689,628)                  |
| <br>   |                                   |                             |                              |                              |
| Total non-operating revenues                     | <u>(2,953,011)</u>                | <u>53,533</u>               | <u>4,168</u>                 | <u>(2,895,310)</u>           |
| <br>   |                                   |                             |                              |                              |
| Income (loss) before contributions and transfers | <u>(555,605)</u>                  | <u>1,092,899</u>            | <u>(599,296)</u>             | <u>(62,002)</u>              |
| <br>   |                                   |                             |                              |                              |
| Contributed capital                              | -                                 | -                           | 227,805                      | 227,805                      |
| Transfers in                                     | -                                 | 150,784                     | 341,485                      | 492,269                      |
| Transfers out                                    | -                                 | (202,006)                   | (181,319)                    | (383,325)                    |
| <br>   |                                   |                             |                              |                              |
| Total transfers and contributed capital          | <u>-</u>                          | <u>(51,222)</u>             | <u>387,971</u>               | <u>336,749</u>               |
| <br>   |                                   |                             |                              |                              |
| Change in net assets                             | (555,605)                         | 1,041,677                   | (211,325)                    | 274,747                      |
| <br>   |                                   |                             |                              |                              |
| Net Assets - October 1, 2003                     | <u>124,489,643</u>                | <u>9,147,273</u>            | <u>27,094,285</u>            | <u>160,731,201</u>           |
| <br>   |                                   |                             |                              |                              |
| <b>NET ASSETS - SEPTEMBER 30, 2004</b>           | <u><u>\$ 123,934,038</u></u>      | <u><u>\$ 10,188,950</u></u> | <u><u>\$ 26,882,960</u></u>  | <u><u>\$ 161,005,948</u></u> |



**CITY OF TYLER, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

**Increase (Decrease) in Cash and Cash Equivalents**

|   | WATER &<br>SEWER<br>FUND<br>(F-6) | SANITATION<br>FUND | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL               |
|---|-----------------------------------|--------------------|------------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |                                   |                    |                              |                     |
| Cash received from customers and users                                  | \$ 21,469,868                     | \$ 7,821,512       | \$ 1,145,495                 | \$ 30,436,875       |
| Cash paid to suppliers for goods and services                           | (7,655,803)                       | (4,173,222)        | (533,944)                    | (12,362,969)        |
| Cash paid for interfund services used                                   | (1,657,782)                       | (197,400)          | (49,800)                     | (1,904,982)         |
| Cash paid to employees for services                                     | (4,597,049)                       | (1,980,110)        | (372,215)                    | (6,949,374)         |
| Net cash provided by (used in) operating activities                     | <u>7,559,234</u>                  | <u>1,470,780</u>   | <u>189,536</u>               | <u>9,219,550</u>    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                 |                                   |                    |                              |                     |
| Transfers - in from other funds   | -                                 | 150,784            | 341,485                      | 492,269             |
| Transfers - out to other funds  | -                                 | (202,006)          | (181,319)                    | (383,325)           |
| Net cash provided by (used in) non-capital financing activities         | <u>-</u>                          | <u>(51,222)</u>    | <u>160,166</u>               | <u>108,944</u>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>         |                                   |                    |                              |                     |
| Acquisition and construction of capital assets and equipment            | (17,310,172)                      | (406,184)          | (10,900)                     | (17,727,256)        |
| Proceeds from sale of equipment   | 2,225                             | 163,592            | -                            | 165,817             |
| Payments on bonded debt   | (2,085,000)                       | -                  | -                            | (2,085,000)         |
| Interest paid on revenue bonds  | (2,783,667)                       | -                  | -                            | (2,783,667)         |
| Net cash provided by (used in) capital and related financing activities | <u>(22,176,614)</u>               | <u>(242,592)</u>   | <u>(10,900)</u>              | <u>(22,430,106)</u> |

(Continued)

**CITY OF TYLER, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

**Increase (Decrease) in Cash and Cash Equivalents**

|   | WATER &<br>SEWER<br>FUND<br>(F-6) | SANITATION<br>FUND  | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL                |
|---|-----------------------------------|---------------------|------------------------------|----------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |                                   |                     |                              |                      |
| Interest and dividends on investments                 | 290,109                           | 63,828              | 3,452                        | 357,389              |
| Net cash provided by (used in) investing activities   | 290,109                           | 63,828              | 3,452                        | 357,389              |
| Net increase (decrease) in cash and cash equivalents  | (14,327,271)                      | 1,240,794           | 342,254                      | (12,744,223)         |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> | 28,861,842                        | 3,876,793           | 13,281                       | 32,751,916           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>       | <u>\$ 14,534,571</u>              | <u>\$ 5,117,587</u> | <u>\$ 355,535</u>            | <u>\$ 20,007,693</u> |

(Continued)

**CITY OF TYLER, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

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

|   | WATER &<br>SEWER<br>FUND<br>(F-6) | SANITATION<br>FUND         | MUNICIPAL<br>AIRPORT<br>FUND | TOTAL                      |
|---|-----------------------------------|----------------------------|------------------------------|----------------------------|
| Operating income (loss)   | \$ 2,397,406                      | \$ 1,039,366               | \$ (603,464)                 | \$ 2,833,308               |
| Adjustments to reconcile net income (loss) to net cash<br>Provided by (used in) operating activities: |                                   |                            |                              |                            |
| Depreciation expense  | 4,546,731                         | 250,410                    | 796,979                      | 5,594,120                  |
| (Increase) decrease in accounts receivable  | 276,501                           | (350,280)                  | 3,466                        | (70,313)                   |
| Decrease in advance from other funds  | -                                 | 500,000                    | -                            | 500,000                    |
| Decrease in inventories   | (44,321)                          | -                          | -                            | (44,321)                   |
| Increase (decrease) in accounts payable   | 356,083                           | 39,985                     | (8,322)                      | 387,746                    |
| Increase (decrease) in compensated absences payable   | 26,834                            | (7,771)                    | 877                          | 19,940                     |
| Increase (decrease) in landfill closure costs payable   | -                                 | (930)                      | -                            | (930)                      |
| Total adjustments   | <u>5,161,828</u>                  | <u>431,414</u>             | <u>793,000</u>               | <u>6,386,242</u>           |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>  | <b><u>\$ 7,559,234</u></b>        | <b><u>\$ 1,470,780</u></b> | <b><u>\$ 189,536</u></b>     | <b><u>\$ 9,219,550</u></b> |

**Non-cash Investing, Capital and Financing Activities:**

The Municipal airport received capital asset contributions of \$227,805 from donations and grants from the federal government.

**CITY OF TYLER, TEXAS  
WATER & SEWER FUND  
COMBINING SCHEDULE OF NET ASSETS  
SEPTEMBER 30, 2004**

|   | OPERATING<br>FUND     | CAPITAL<br>PROJECT<br>FUND | DEBT<br>SERVICE<br>FUND | TOTAL<br>(F-1)        |
|---|-----------------------|----------------------------|-------------------------|-----------------------|
| <b>ASSETS</b>   |                       |                            |                         |                       |
| Current assets:   |                       |                            |                         |                       |
| Cash and cash equivalents   | \$ 7,095,070          | \$ 6,780,771               | \$ 657,030              | \$ 14,532,871         |
| Cash - demand deposits and on hand                                  | 1,700                 | -                          | -                       | 1,700                 |
| Accounts receivable (net)   | 2,617,571             | 12,952                     | 439                     | 2,630,962             |
| Inventories - at average cost                                       | 320,568               | -                          | -                       | 320,568               |
| Total current assets  | <u>10,034,909</u>     | <u>6,793,723</u>           | <u>657,469</u>          | <u>17,486,101</u>     |
| Capital assets:   |                       |                            |                         |                       |
| Land  | 1,897,452             | -                          | -                       | 1,897,452             |
| Buildings   | 29,364,133            | -                          | -                       | 29,364,133            |
| Improvements other than buildings                                   | 173,463,538           | -                          | -                       | 173,463,538           |
| Machinery and equipment   | 1,568,737             | -                          | -                       | 1,568,737             |
| Construction in progress  | -                     | -                          | -                       | -                     |
| Less accumulated depreciation                                       | <u>(50,404,291)</u>   | <u>-</u>                   | <u>-</u>                | <u>(50,404,291)</u>   |
| Net capital assets  | <u>155,889,569</u>    | <u>-</u>                   | <u>-</u>                | <u>155,889,569</u>    |
| Other assets:   |                       |                            |                         |                       |
| Deferred charges (net of accumulated amortization<br>of \$ 201,628) | 521,131               | -                          | -                       | 521,131               |
| Water rights - Lake Palestine                                       | <u>12,524,200</u>     | <u>-</u>                   | <u>-</u>                | <u>12,524,200</u>     |
| Total other assets  | <u>13,045,331</u>     | <u>-</u>                   | <u>-</u>                | <u>13,045,331</u>     |
| Total assets  | <u>\$ 178,969,809</u> | <u>\$ 6,793,723</u>        | <u>\$ 657,469</u>       | <u>\$ 186,421,001</u> |

(Continued)

**CITY OF TYLER, TEXAS  
WATER & SEWER FUND  
COMBINING SCHEDULE OF NET ASSETS  
SEPTEMBER 30, 2004**

|   | <u>OPERATING<br/>FUND</u> | <u>CAPITAL<br/>PROJECT<br/>FUND</u> | <u>DEBT<br/>SERVICE<br/>FUND</u> | <u>TOTAL<br/>(F-1)</u> |
|---|---------------------------|-------------------------------------|----------------------------------|------------------------|
| <b>LIABILITIES AND FUND EQUITY</b>  |                           |                                     |                                  |                        |
| Current liabilities:  |                           |                                     |                                  |                        |
| Accounts and contracts payable  | \$ 1,319,402              | \$ 302,253                          | \$ 227,315                       | \$ 1,848,970           |
| Customer deposits   | 5,400                     | -                                   | -                                | 5,400                  |
| Current portion of revenue bonds payable  | 2,265,000                 | -                                   | -                                | 2,265,000              |
| Current portion of compensated absences payable                                       | 9,584                     | -                                   | -                                | 9,584                  |
| Total current liabilities   | <u>3,599,386</u>          | <u>302,253</u>                      | <u>227,315</u>                   | <u>4,128,954</u>       |
| Noncurrent liabilities:   |                           |                                     |                                  |                        |
| Revenue bonds payable - (net of \$316,221<br>unamortized bond discounts and premiums) | 58,041,221                | -                                   | -                                | 58,041,221             |
| Compensated absences payable  | 316,788                   | -                                   | -                                | 316,788                |
| Total noncurrent liabilities  | <u>58,358,009</u>         | <u>-</u>                            | <u>-</u>                         | <u>58,358,009</u>      |
| Total liabilities   | <u>61,957,395</u>         | <u>302,253</u>                      | <u>227,315</u>                   | <u>62,486,963</u>      |
| Net Assets:   |                           |                                     |                                  |                        |
| Invested in capital assets, net of related debt                                       | 95,583,348                | -                                   | -                                | 95,583,348             |
| Restricted for debt service   | -                         | -                                   | 430,154                          | 430,154                |
| Unrestricted  | 21,429,066                | 6,491,470                           | -                                | 27,920,536             |
| Total net assets  | <u>\$ 117,012,414</u>     | <u>\$ 6,491,470</u>                 | <u>\$ 430,154</u>                | <u>\$ 123,934,038</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, 2004**

|                                 | OPERATING<br>FUND | CAPITAL<br>PROJECT<br>FUND | DEBT<br>SERVICE<br>FUND | ELIMINATIONS | TOTAL<br>(F-2)    |
|---------------------------------|-------------------|----------------------------|-------------------------|--------------|-------------------|
| <b>OPERATING REVENUES</b>       |                   |                            |                         |              |                   |
| Charges for sales and services: |                   |                            |                         |              |                   |
| Metered water sales             | \$ 13,179,569     | \$ -                       | \$ -                    | \$ -         | \$ 13,179,569     |
| Sewer service charges           | 6,266,874         | -                          | -                       | -            | 6,266,874         |
| Miscellaneous income            | 685,371           | -                          | -                       | -            | 685,371           |
| Other water and sewer revenue   | 1,061,553         | -                          | -                       | -            | 1,061,553         |
| Total operating revenues        | <u>21,193,367</u> | <u>-</u>                   | <u>-</u>                | <u>-</u>     | <u>21,193,367</u> |
| <b>OPERATING EXPENSES</b>       |                   |                            |                         |              |                   |
| Water and sewer administration  | 3,472,871         | -                          | 7,632                   | -            | 3,480,503         |
| Water and sewer office          | 1,085,854         | -                          | -                       | -            | 1,085,854         |
| Water distribution              | 1,409,210         | -                          | -                       | -            | 1,409,210         |
| Water plants                    | 3,047,633         | -                          | -                       | -            | 3,047,633         |
| Waste collection                | 1,068,918         | -                          | -                       | -            | 1,068,918         |
| Waste treatment plant           | 3,586,694         | -                          | -                       | -            | 3,586,694         |
| Lake Tyler                      | 570,418           | -                          | -                       | -            | 570,418           |
| Depreciation                    | 4,546,731         | -                          | -                       | -            | 4,546,731         |
| Total operating expenses        | <u>18,788,329</u> | <u>-</u>                   | <u>7,632</u>            | <u>-</u>     | <u>18,795,961</u> |
| Operating income (loss)         | <u>2,405,038</u>  | <u>-</u>                   | <u>(7,632)</u>          | <u>-</u>     | <u>2,397,406</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, 2004**

|  | OPERATING<br>FUND     | CAPITAL<br>PROJECT<br>FUND | DEBT<br>SERVICE<br>FUND | ELIMINATIONS | TOTAL<br>(F-2)        |
|--|-----------------------|----------------------------|-------------------------|--------------|-----------------------|
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |                       |                            |                         |              |                       |
| Revenues from use of money and property  | \$ 167,721            | \$ 128,397                 | \$ 22,834               | \$ -         | \$ 318,952            |
| Amortization                             | (48,554)              | -                          | -                       | -            | (48,554)              |
| Sale of property                         | (533,781)             | -                          | -                       | -            | (533,781)             |
| Interest expense                         | -                     | -                          | (2,689,628)             | -            | (2,689,628)           |
| Total non-operating revenues (expenses)  | (414,614)             | 128,397                    | (2,666,794)             | -            | (2,953,011)           |
| Income (loss) before transfers           | 1,990,424             | 128,397                    | (2,674,426)             | -            | (555,605)             |
| Transfers in                             | 6,589,668             | -                          | 5,141,346               | (11,731,014) | -                     |
| Transfers out                            | (5,102,600)           | (4,314,523)                | (2,313,891)             | 11,731,014   | -                     |
| Total transfers in (out)                 | 1,487,068             | (4,314,523)                | 2,827,455               | -            | -                     |
| Change in net assets                     | 3,477,492             | (4,186,126)                | 153,029                 | -            | (555,605)             |
| Net Assets - October 1, 2003             | 113,534,922           | 10,677,596                 | 277,125                 | -            | 124,489,643           |
| <b>NET ASSETS - SEPTEMBER 30, 2004</b>   | <u>\$ 117,012,414</u> | <u>\$ 6,491,470</u>        | <u>\$ 430,154</u>       | <u>\$ -</u>  | <u>\$ 123,934,038</u> |

**CITY OF TYLER, TEXAS  
WATER & SEWER FUND  
SCHEDULE OF COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

**Increase (Decrease) in Cash and Cash Equivalents**

|   | OPERATING<br>FUND   | CAPITAL<br>PROJECT<br>FUND | DEBT<br>SERVICE<br>FUND | ELIMINATIONS | TOTAL<br>(F-3)       |
|---|---------------------|----------------------------|-------------------------|--------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |                     |                            |                         |              |                      |
| Cash received from customers and users                                  | \$ 21,469,868       | \$ -                       | \$ -                    | \$ -         | \$ 21,469,868        |
| Cash paid to suppliers for goods and services                           | (7,648,171)         | -                          | (7,632)                 | -            | (7,655,803)          |
| Cash paid for interfund services used                                   | (1,657,782)         | -                          | -                       | -            | (1,657,782)          |
| Cash paid to employees for services                                     | (4,597,049)         | -                          | -                       | -            | (4,597,049)          |
| Net cash provided by (used in) operating activities                     | <u>7,566,866</u>    | <u>-</u>                   | <u>(7,632)</u>          | <u>-</u>     | <u>7,559,234</u>     |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                 |                     |                            |                         |              |                      |
| Advance to operating fund   | -                   | (7,153,025)                | -                       | 7,153,025    | -                    |
| Due from capital projects fund  | 7,153,025           | -                          | -                       | (7,153,025)  | -                    |
| Transfers - in from other funds   | 2,313,891           | -                          | 5,141,346               | (7,455,237)  | -                    |
| Transfers - out to other funds  | (5,102,600)         | (38,746)                   | (2,313,891)             | 7,455,237    | -                    |
| Net cash provided by (used in) non-capital financing activities         | <u>4,364,316</u>    | <u>(7,191,771)</u>         | <u>2,827,455</u>        | <u>-</u>     | <u>-</u>             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>         |                     |                            |                         |              |                      |
| Acquisition and construction of capital assets and equipment            | (14,123,323)        | (3,186,849)                | -                       | -            | (17,310,172)         |
| Proceeds from sale of equipment   | 2,225               | -                          | -                       | -            | 2,225                |
| Payments on bonded debt   | (2,085,000)         | -                          | -                       | -            | (2,085,000)          |
| Interest paid on revenue bonds  | -                   | -                          | (2,783,667)             | -            | (2,783,667)          |
| Net cash provided by (used in) capital and related financing activities | <u>(16,206,098)</u> | <u>(3,186,849)</u>         | <u>(2,783,667)</u>      | <u>-</u>     | <u>(22,176,614)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |                     |                            |                         |              |                      |
| Interest and dividends on investments                                   | 152,270             | 115,444                    | 22,395                  | -            | 290,109              |
| Net cash provided by investing activities                               | <u>152,270</u>      | <u>115,444</u>             | <u>22,395</u>           | <u>-</u>     | <u>290,109</u>       |
| Net increase (decrease) in cash and cash equivalents                    | (4,122,646)         | (10,263,176)               | 58,551                  | -            | (14,327,271)         |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                   | <u>11,219,416</u>   | <u>17,043,947</u>          | <u>598,479</u>          | <u>-</u>     | <u>28,861,842</u>    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                         | <u>\$ 7,096,770</u> | <u>\$ 6,780,771</u>        | <u>\$ 657,030</u>       | <u>\$ -</u>  | <u>\$ 14,534,571</u> |

(Continued)



**CITY OF TYLER, TEXAS  
WATER & SEWER FUND  
SCHEDULE OF COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

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

|   | <u>OPERATING<br/>FUND</u> | <u>UTILITIES<br/>CONSTRUCTION<br/>FUND</u> | <u>DEBT<br/>SERVICE<br/>FUND</u> | <u>ELIMINATIONS</u> | <u>TOTAL<br/>(F-3)</u> |
|---|---------------------------|--|----------------------------------|---------------------|------------------------|
| Operating income (loss)   | \$ 2,405,038              | \$ -                                       | \$ (7,632)                       | \$ -                | \$ 2,397,406           |
| Adjustments to reconcile net income (loss)<br>to net cash provided by (used in) |                           |  |                                  |                     |                        |
| Operating activities:   |                           |  |                                  |                     |                        |
| Depreciation expense  | 4,546,731                 | -  | -                                | -                   | 4,546,731              |
| Decrease in accounts receivable   | 276,501                   | -  | -                                | -                   | 276,501                |
| Increase in inventories   | (44,321)                  | -  | -                                | -                   | (44,321)               |
| Increase in accounts payable  | 356,083                   | -  | -                                | -                   | 356,083                |
| Increase in compensated absences payable  | 26,834                    | -  | -                                | -                   | 26,834                 |
| Total adjustments   | <u>5,161,828</u>          | <u>-</u>                                   | <u>-</u>                         | <u>-</u>            | <u>5,161,828</u>       |
| Net cash provided by (used in) operating activities                             | <u>\$ 7,566,866</u>       | <u>\$ -</u>                                | <u>\$ (7,632)</u>                | <u>\$ -</u>         | <u>\$ 7,559,234</u>    |

**Non-cash Investing, Capital and Financing Activities:**

Non cash transfers totaling \$ 4,144,932 were transferred out of the capital projects fund into the utility operating fund to capitalize completed construction projects.

**CITY OF TYLER, TEXAS  
 WATER & SEWER OPERATING FUND  
 DETAILED SCHEDULE OF REVENUES - BUDGET  
 AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|  | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u> | <u>ACTUAL</u>        | <u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE/(NEGATIVE)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| <b>REVENUES</b>                        |                            |                         |                      |   |
| Revenues from use of money or property | \$ 139,400                 | \$ 139,400              | \$ 167,721           | \$ 28,321   |
| Charges for current services           | 20,595,400                 | 20,595,400              | 20,507,996           | (87,404)  |
| Miscellaneous income                   | <u>94,400</u>              | <u>94,400</u>           | <u>685,372</u>       | <u>590,972</u>  |
| <b>TOTAL REVENUES BUDGET BASIS</b>     | <u>\$ 20,829,200</u>       | <u>\$ 20,829,200</u>    | 21,361,089           | <u>\$ 531,889</u>   |
| Financial Statement Adjustments:       |                            |                         |                      |   |
| Sale and disposal of assets            |                            |                         | (533,781)            |   |
| Transfers in                           |                            |                         | <u>6,589,668</u>     |   |
| <b>TOTAL REVENUES GAAP BASIS</b>       |                            |                         | <u>\$ 27,416,976</u> |   |

**CITY OF TYLER, TEXAS  
WATER & SEWER OPERATING FUND  
DETAILED SCHEDULE OF EXPENSES - BUDGET  
AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL  | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|--------------------|------------------|------------------|--|
| <b>WATER ADMINISTRATION AND SUNDRY</b> |                    |                  |                  |  |
| Salaries and benefits                  | \$ 547,570         | \$ 547,570       | \$ 544,520       | \$ 3,050   |
| Supplies and services                  | 3,196,851          | 3,196,851        | 2,891,361        | (305,490)  |
| Utilities                              | 25,358             | 25,358           | 23,612           | 1,746  |
| Maintenance                            | 21,787             | 21,787           | 12,610           | 9,177  |
| Capital outlay                         | 3,800              | 3,800            | 768              | 3,032  |
| Transfers out                          | 5,102,600          | 5,102,600        | 5,102,600        | -  |
| Total water administration and sundry  | <u>8,897,966</u>   | <u>8,897,966</u> | <u>8,575,471</u> | <u>322,495</u>                                       |
| <b>WATER OFFICE</b>                    |                    |                  |                  |  |
| Salaries and benefits                  | 662,042            | 662,042          | 577,558          | 84,484   |
| Supplies and services                  | 460,242            | 460,242          | 466,668          | (6,426)  |
| Utilities                              | 3,935              | 3,935            | 7,405            | (3,470)  |
| Maintenance                            | 34,372             | 34,372           | 34,223           | 149  |
| Total water office                     | <u>1,160,591</u>   | <u>1,160,591</u> | <u>1,085,854</u> | <u>74,737</u>  |
| <b>WATER DISTRIBUTION</b>              |                    |                  |                  |  |
| Salaries and benefits                  | 912,766            | 912,766          | 740,522          | 172,244  |
| Supplies and services                  | 107,172            | 107,172          | 370,774          | (263,602)  |
| Utilities                              | 16,825             | 16,825           | 25,225           | (8,400)  |
| Maintenance                            | 255,378            | 255,378          | 267,682          | (12,304)   |
| Capital outlay                         | 809,517            | 809,517          | 889,631          | (80,114)   |
| Total water distribution               | <u>2,101,658</u>   | <u>2,101,658</u> | <u>2,293,834</u> | <u>(192,176)</u>                                     |
| <b>WATER PLANT</b>                     |                    |                  |                  |  |
| Salaries and benefits                  | 974,855            | 974,855          | 944,092          | 30,763   |
| Supplies and services                  | 451,924            | 451,924          | 455,412          | (3,488)  |
| Utilities                              | 1,822,386          | 1,822,386        | 1,524,791        | 297,595  |
| Maintenance                            | 168,870            | 168,870          | 162,235          | 6,635  |
| Capital outlay                         | 1,875,400          | 1,875,400        | 1,340,878        | 534,522  |
| Total water plant                      | <u>5,293,435</u>   | <u>5,293,435</u> | <u>4,427,408</u> | <u>866,027</u>                                       |

(Continued)

**CITY OF TYLER, TEXAS  
WATER & SEWER OPERATING FUND  
DETAILED SCHEDULE OF EXPENSES - BUDGET  
AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|  | BUDGET<br>ORIGINAL   | BUDGET<br>FINAL      | ACTUAL               | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|----------------------|----------------------|----------------------|--|
| <b>WASTE COLLECTION</b>                                |                      |                      |                      |  |
| Salaries and benefits                                  | \$ 602,470           | \$ 602,470           | \$ 416,745           | \$ 185,725   |
| Supplies and services                                  | 59,733               | 59,733               | 307,259              | (247,526)  |
| Utilities  | 788                  | 788                  | 6,530                | (5,742)  |
| Maintenance  | 344,600              | 344,600              | 334,007              | 10,593   |
| Capital outlay   | 2,777,041            | 2,777,041            | 2,368,949            | 408,092  |
| Total waste collection                                 | <u>3,784,632</u>     | <u>3,784,632</u>     | <u>3,433,490</u>     | <u>351,142</u>                                       |
| <b>WASTE TREATMENT PLANT</b>                           |                      |                      |                      |  |
| Salaries and benefits                                  | 1,126,631            | 1,126,631            | 1,063,241            | 63,390   |
| Supplies and services                                  | 2,149,548            | 2,149,548            | 1,727,310            | 422,238  |
| Utilities  | 580,108              | 580,108              | 602,226              | (22,118)   |
| Maintenance  | 185,480              | 185,480              | 160,179              | 25,301   |
| Capital outlay   | 2,765,100            | 3,265,100            | 1,195,742            | 2,069,358  |
| Total waste treatment plant                            | <u>6,806,867</u>     | <u>7,306,867</u>     | <u>4,748,698</u>     | <u>2,558,169</u>                                     |
| <b>LAKE TYLER</b>                                      |                      |                      |                      |  |
| Salaries and benefits                                  | 406,314              | 406,314              | 390,019              | 16,295   |
| Supplies and services                                  | 106,931              | 106,931              | 47,824               | 59,107   |
| Utilities  | 17,192               | 17,192               | 21,114               | (3,922)  |
| Maintenance  | 228,940              | 228,940              | 70,536               | 158,404  |
| Capital outlay   | 70,200               | 70,200               | 56,535               | 13,665   |
| Total Lake Tyler                                       | <u>829,577</u>       | <u>829,577</u>       | <u>586,028</u>       | <u>243,549</u>                                       |
| <b>TOTAL EXPENSES AND TRANSFERS -<br/>BUDGET BASIS</b> | <u>\$ 28,874,726</u> | <u>\$ 29,374,726</u> | 25,150,783           | <u>\$ 4,223,943</u>                                  |
| Financial statement adjustments:                       |                      |                      |                      |  |
| Amortization   |                      |                      | 48,554               |  |
| Capital outlay items not expensed                      |                      |                      | (5,806,585)          |  |
| Depreciation expense                                   |                      |                      | 4,546,731            |  |
| <b>TOTAL EXPENSES AND TRANSFERS - GAAP BASIS</b>       |                      |                      | <u>\$ 23,939,483</u> |  |

**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|                                       | BUDGET<br>ORIGINAL         | BUDGET<br>FINAL            | ACTUAL                     | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---------------------------------------|----------------------------|----------------------------|----------------------------|--|
| <b>REVENUES</b>                       |                            |                            |                            |  |
| Franchise Fees                        | \$ 382,944                 | \$ 382,944                 | \$ 446,842                 | \$ 63,898  |
| Revenue from use of money or property | 91,992                     | 91,992                     | 73,483                     | (18,509)   |
| Charges for current services          | 6,742,500                  | 6,742,500                  | 7,712,768                  | 970,268  |
| Miscellaneous revenues                | 28,992                     | 28,992                     | 12,182                     | (16,810)   |
| <b>TOTAL REVENUES - BUDGET BASIS</b>  | <b><u>\$ 7,246,428</u></b> | <b><u>\$ 7,246,428</u></b> | 8,245,275                  | <b><u>\$ 998,847</u></b>                             |
| Financial statement adjustments:      |                            |                            |                            |  |
| Sale of property                      |                            |                            | (19,950)                   |  |
| Transfers in                          |                            |                            | 150,784                    |  |
| <b>TOTAL REVENUES - GAAP BASIS</b>    |                            |                            | <b><u>\$ 8,376,109</u></b> |  |
| <b>EXPENSES</b>                       |                            |                            |                            |  |
| Solid waste administration:           |                            |                            |                            |  |
| Salaries and benefits                 | \$ 552,359                 | \$ 552,359                 | \$ 477,827                 | \$ 74,532  |
| Supplies and services                 | 578,435                    | 672,499                    | 562,449                    | 110,050  |
| Utilities                             | 6,283                      | 6,283                      | 4,958                      | 1,325  |
| Maintenance                           | 5,110                      | 5,110                      | 5,572                      | (462)  |
| Transfers out                         | -                          | -                          | 46,350                     | (46,350)   |
| Capital outlay                        | 154,760                    | 79,760                     | 29,309                     | 50,451   |
| Total solid waste administration      | <u>1,296,947</u>           | <u>1,316,011</u>           | <u>1,126,465</u>           | <u>189,546</u>                                       |
| Residential collections:              |                            |                            |                            |  |
| Salaries and benefits                 | 1,002,935                  | 1,002,935                  | 991,043                    | 11,892   |
| Supplies and services                 | 1,843,978                  | 1,843,978                  | 1,806,280                  | 37,698   |
| Utilities                             | 2,800                      | 2,800                      | 1,892                      | 908  |
| Maintenance                           | 676,480                    | 676,480                    | 768,136                    | (91,656)   |
| Capital outlay                        | 633,000                    | 636,592                    | 266,779                    | 369,813  |
| Total residential collections         | <u>4,159,193</u>           | <u>4,162,785</u>           | <u>3,834,130</u>           | <u>328,655</u>                                       |
| Commercial collections:               |                            |                            |                            |  |
| Salaries and benefits                 | 475,039                    | 475,039                    | 524,832                    | (49,793)   |
| Supplies and services                 | 1,172,080                  | 1,172,080                  | 1,249,524                  | (77,444)   |
| Utilities                             | 2,500                      | 2,500                      | 347                        | 2,153  |
| Maintenance                           | 278,800                    | 278,800                    | 300,539                    | (21,739)   |
| Capital outlay                        | 150,000                    | 547,478                    | 273,321                    | 274,157  |
| Total commercial collections          | <u>2,078,419</u>           | <u>2,475,897</u>           | <u>2,348,563</u>           | <u>127,334</u>                                       |
| Litter control:                       |                            |                            |                            |  |
| Supplies and services                 | 74,650                     | 74,650                     | 67,649                     | 7,001  |
| Total litter control                  | <u>74,650</u>              | <u>74,650</u>              | <u>67,649</u>              | <u>7,001</u>   |

(Continued)

**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|                                      | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u>    | <u>ACTUAL</u>              | <u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE/(NEGATIVE)</u> |
|--------------------------------------|----------------------------|----------------------------|----------------------------|---|
| Maintenance complex:                 |                            |                            |                            |   |
| Supplies and services                | \$ 35,368                  | \$ 35,368                  | \$ 17,538                  | \$ 17,830   |
| Utilities                            | 99,800                     | 99,800                     | 68,047                     | 31,753  |
| Maintenance                          | <u>38,000</u>              | <u>38,000</u>              | <u>27,814</u>              | <u>10,186</u>   |
| Total maintenance complex            | <u>173,168</u>             | <u>173,168</u>             | <u>113,399</u>             | <u>59,769</u>   |
| <b>TOTAL EXPENSES - BUDGET BASIS</b> | <u><u>\$ 7,782,377</u></u> | <u><u>\$ 8,202,511</u></u> | 7,490,206                  | <u><u>\$ 712,305</u></u>                                      |
| Financial statement adjustments:     |                            |                            |                            |   |
| Capital outlay items not expensed    |                            |                            | (406,184)                  |   |
| Depreciation expense                 |                            |                            | <u>250,410</u>             |   |
| <b>TOTAL EXPENSES - GAAP BASIS</b>   |                            |                            | <u><u>\$ 7,334,432</u></u> |   |

**CITY OF TYLER, TEXAS  
MUNICIPAL AIRPORT FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|  | BUDGET<br>ORIGINAL  | BUDGET<br>FINAL     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|--|---------------------|---------------------|---------------------|--|
| <b>REVENUES</b>  |                     |                     |                     |  |
| Airport services                                       | \$ 251,780          | \$ 251,780          | \$ 327,599          | \$ 75,819  |
| Revenue from use of money or property                  | 648,231             | 648,231             | 812,552             | 164,321  |
| Miscellaneous revenues                                 | 10,373              | 10,373              | 6,046               | (4,327)  |
| Total Revenues   | 910,384             | 910,384             | 1,146,197           | 235,813  |
| Transfers in   | 341,485             | 341,485             | 341,485             | -  |
| <b>TOTAL REVENUES - BUDGET BASIS</b>                   | <u>\$ 1,251,869</u> | <u>\$ 1,251,869</u> | \$ 1,487,682        | <u>\$ 235,813</u>                                    |
| Contributed Capital                                    |                     |                     | 227,805             |  |
| <b>TOTAL REVENUES - GAAP BASIS</b>                     |                     |                     | <u>\$ 1,715,487</u> |  |
| <b>EXPENSES</b>  |                     |                     |                     |  |
| Municipal airport operations:                          |                     |                     |                     |  |
| Salaries and benefits                                  | \$ 416,760          | \$ 409,945          | \$ 375,935          | \$ 34,010  |
| Supplies and services                                  | 300,262             | 307,077             | 319,992             | (12,915)   |
| Utilities  | 204,360             | 205,900             | 174,438             | 31,462   |
| Maintenance  | 123,795             | 211,100             | 76,019              | 135,081  |
| Capital outlay   | 15,400              | 17,100              | 13,030              | 4,070  |
| Total municipal airport operations                     | 1,060,577           | 1,151,122           | 959,414             | 191,708  |
| Transfers out  | 195,000             | 195,115             | 181,319             | 13,796   |
| <b>TOTAL EXPENSES AND TRANSFERS -<br/>BUDGET BASIS</b> | <u>\$ 1,255,577</u> | <u>\$ 1,346,237</u> | 1,140,733           | <u>\$ 205,504</u>                                    |
| Financial statement adjustments:                       |                     |                     |                     |  |
| Capital outlay items not expensed                      |                     |                     | (10,900)            |  |
| Depreciation expense                                   |                     |                     | 796,979             |  |
| <b>TOTAL EXPENSES AND TRANSFERS - GAAP BASIS</b>       |                     |                     | <u>\$ 1,926,812</u> |  |

**CITY OF TYLER, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUSTS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2004**

|  | FIREMAN'S<br>RELIEF AND<br>RETIREMENT<br>FUND | SECTION<br>125<br>EMPLOYEE<br>BENEFIT | TOTAL<br>(EXHIBIT-10) |
|--|---|---------------------------------------|-----------------------|
| <b>ASSETS</b>  |   |                                       |                       |
| Equity in pooled cash and investments                    | \$ 896,792                                    | \$ 86,842                             | \$ 983,634            |
| Receivables  |   |                                       |                       |
| Accounts receivable                                      | -   | 20,664                                | 20,664                |
| Interest receivable                                      | 149,242                                       | -                                     | 149,242               |
| Total receivables  | 149,242                                       | 20,664                                | 169,906               |
| Investments - at fair market value                       |   |                                       |                       |
| Equities   | 10,779,030                                    | -                                     | 10,779,030            |
| Bonds  | 9,368,697                                     | -                                     | 9,368,697             |
| Collectives  | 13,777,577                                    | -                                     | 13,777,577            |
|  | 33,925,304                                    | -                                     | 33,925,304            |
| Total assets   | 34,971,338                                    | 107,506                               | 35,078,844            |
| <b>NET ASSETS</b>  |   |                                       |                       |
| Held in trust for pension benefits and<br>other purposes | \$ 34,971,338                                 | \$ 107,506                            | \$ 35,078,844         |



**CITY OF TYLER, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUSTS**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

|   | FIREMAN'S<br>RELIEF AND<br>RETIREMENT<br>FUND | SECTION<br>125<br>EMPLOYEE<br>BENEFIT | TOTAL<br>(EXHIBIT-11)       |
|---|---|---------------------------------------|-----------------------------|
| <b>ADDITIONS</b>                              |   |                                       |                             |
| Contributions:                                |   |                                       |                             |
| Employees                                     | \$ 781,088                                    | \$ 126,269                            | \$ 907,357                  |
| Employer                                      | 748,542                                       | 241,531                               | 990,073                     |
| Total contributions                           | <u>1,529,630</u>                              | <u>367,800</u>                        | <u>1,897,430</u>            |
| Investment income:                            |   |                                       |                             |
| Net appreciation in fair value of investments | 2,612,309                                     | -                                     | 2,612,309                   |
| Interest                                      | 634,511                                       | -                                     | 634,511                     |
| Dividends                                     | 166,364                                       | -                                     | 166,364                     |
| Gain (Loss) on sale of securities             | 158,948                                       | -                                     | 158,948                     |
| Net investment income                         | <u>3,572,132</u>                              | <u>-</u>                              | <u>3,572,132</u>            |
| Total additions                               | <u>5,101,762</u>                              | <u>367,800</u>                        | <u>5,469,562</u>            |
| <b>DEDUCTIONS</b>                             |   |                                       |                             |
| Benefits                                      | 2,626,473                                     | 347,602                               | 2,974,075                   |
| Administrative expenses                       | 216,255                                       | -                                     | 216,255                     |
| Total deductions                              | <u>2,842,728</u>                              | <u>347,602</u>                        | <u>3,190,330</u>            |
| Change in net assets                          | 2,259,034                                     | 20,198                                | 2,279,232                   |
| Net Assets - October 1, 2003                  | <u>32,712,304</u>                             | <u>87,308</u>                         | <u>32,799,612</u>           |
| <b>NET ASSETS - SEPTEMBER 30, 2004</b>        | <u><u>\$ 34,971,338</u></u>                   | <u><u>\$ 107,506</u></u>              | <u><u>\$ 35,078,844</u></u> |

## SINGLE AUDIT SECTION

**TABLE 1**

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

| FISCAL YEAR<br>ENDED<br>SEPT 30, | GENERAL<br>GOVERNMENT | PUBLIC<br>SAFETY | HIGHWAYS<br>AND<br>STREETS | PUBLIC<br>SERVICES | CULTURE<br>AND<br>RECREATION | INTEREST ON<br>LONG-TERM<br>DEBT | WATER<br>UTILITIES | SOLID<br>WASTE | MUNICIPAL<br>AIRPORT | TOTAL         |
|----------------------------------|-----------------------|------------------|----------------------------|--------------------|------------------------------|----------------------------------|--------------------|----------------|----------------------|---------------|
| 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 |
| 2003                             | 7,810,926             | 27,206,911       | 14,857,558                 | 9,530,408          | 5,832,406                    | 506,102                          | 16,916,663         | 8,008,148      | 1,871,953            | 92,541,075    |
| 2004                             | 7,178,812             | 27,952,461       | 11,450,585                 | 14,644,612         | 4,842,201                    | 335,321                          | 21,249,718         | 7,190,230      | 1,740,939            | 96,584,879    |

Source: Government-wide Statement of Activities

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

**TABLE 2**

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

| FISCAL YEAR<br>ENDED<br>SEPT 30, | PROGRAM REVENUES           |   |   | GENERAL REVENUES  |                    |                        |                        |                              | TOTAL         |
|----------------------------------|----------------------------|---|---|-------------------|--------------------|------------------------|------------------------|------------------------------|---------------|
|                                  | CHARGES<br>FOR<br>SERVICES | OPERATING<br>GRANTS<br>AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS<br>AND<br>CONTRIBUTIONS | PROPERTY<br>TAXES | FRANCHISE<br>TAXES | SALES AND<br>USE TAXES | INVESTMENT<br>EARNINGS | GAIN ON<br>SALE OF<br>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                   | \$ 95,600,657 |
| 2003                             | 38,754,269                 | 7,919,370                                   | 586,556                                   | 10,904,265        | 8,432,209          | 26,475,006             | 2,079,680              | 347,969                      | 95,499,324    |
| 2004                             | 44,226,604                 | 9,652,510                                   | 930,399                                   | 11,260,696        | 8,361,246          | 28,398,933             | 941,210                | (371,590)                    | 103,400,008   |

Source: Government-wide Statement of Activities

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

TABLE 3

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

| FISCAL YEAR<br>ENDED<br>SEPT 30, | GENERAL<br>GOVERNMENT | PUBLIC<br>SAFETY | HIGHWAYS<br>AND<br>STREETS | PUBLIC<br>HEALTH | LIBRARIES  | PARKS<br>AND<br>RECREATION | PUBLIC<br>ENTERPRISES | MISCELLANEOUS | TOTAL         |
|----------------------------------|-----------------------|------------------|----------------------------|------------------|------------|----------------------------|-----------------------|---------------|---------------|
| 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    |
| 2003                             | 5,873,006             | 26,134,984       | 7,590,853                  | -                | 1,269,099  | 1,916,945                  | -                     | 798,679       | 43,583,566    |
| 2004                             | 6,121,621             | 27,256,786       | 6,799,912                  | -                | 1,221,218  | 1,714,615                  | -                     | 847,941       | 43,962,093    |

## 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<br>ENDED<br>SEPT 30, | PROPERTY<br>TAX<br>INCLUDING<br>PENALTY<br>AND<br>INTEREST | TAXES<br>OTHER THAN<br>PROPERTY<br>TAX | LICENSES<br>AND<br>PERMITS | FINES,<br>FORFEITS<br>AND<br>PENALTIES | REVENUE<br>FROM USE<br>OF MONEY<br>AND<br>PROPERTY | CHARGES<br>FOR<br>CURRENT<br>SERVICES | INTER-<br>GOVERNMENTAL<br>AND OTHER<br>AGENCIES<br>REVENUES | MISCELLANEOUS | TOTAL         |
|----------------------------------|--|--|----------------------------|--|--|---------------------------------------|---|---------------|---------------|
| 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    |
| 2003                             | 9,285,584  | 24,459,665                             | 710,908                    | 3,787,811                              | 227,213  | 274,940                               | 2,998,836   | 379,523       | 42,124,480    |
| 2004                             | 10,136,357   | 25,782,595                             | 882,812                    | 4,610,941                              | 119,295  | 262,759                               | 3,125,676   | 918,478       | 45,838,913    |

## 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<br>ENDED<br>SEPTEMBER 30, | CURRENT COLLECTIONS  |               |         | DELINQUENT<br>COLLECTIONS | TOTAL<br>COLLECTIONS | PERCENT<br>TOTAL<br>COLLECTIONS<br>TO LEVY | ACCUMULATED<br>DELINQUENT TAXES |                       |
|---------------------------------------|----------------------|---------------|---------|---------------------------|----------------------|--|---------------------------------|-----------------------|
|                                       | CITY<br>TAX LEVY (1) | AMOUNT        | PERCENT |                           |                      |  | AMOUNT                          | PERCENT<br>TO<br>LEVY |
| 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%                 |
| 2003                                  | 10,757,565           | 10,495,402    | 97.56%  | 201,070                   | 10,696,472           | 99.43%                                     | 731,458                         | 6.80%                 |
| 2004                                  | 11,058,880           | 10,924,880    | 98.79%  | 213,622                   | 11,138,502           | 100.72%                                    | 710,017                         | 6.42%                 |

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<br>ENDED<br>SEPTEMBER 30, | ASSESSED VALUE   |                      |                     | TOTAL PROPERTY    |                           | RATIO OF<br>ASSESSED<br>VALUE TO<br>ESTIMATED<br>ACTUAL VALUE |
|---------------------------------------|------------------|----------------------|---------------------|-------------------|---------------------------|---|
|                                       | REAL<br>PROPERTY | PERSONAL<br>PROPERTY | MINERAL<br>PROPERTY | ASSESSED<br>VALUE | ESTIMATED<br>ACTUAL VALUE |   |
| 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%  |
| 2003                                  | 3,385,651,770    | 841,654,638          | -                   | 4,227,306,408     | 4,227,306,408             | 100%  |
| 2004                                  | 3,596,007,053    | 847,897,914          | -                   | 4,443,904,967     | 4,443,904,967             | 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<br/>ENDED<br/>SEPTEMBER 30,</u> | <u>CITY<br/>OF<br/>TYLER (1)</u> | <u>TYLER<br/>INDEPENDENT<br/>SCHOOL<br/>DISTRICT</u> | <u>TYLER<br/>JUNIOR<br/>COLLEGE</u> | <u>SMITH<br/>COUNTY</u> | <u>CHAPEL HILL<br/>INDEPENDENT<br/>SCHOOL<br/>DISTRICT</u> | <u>WHITEHOUSE<br/>INDEPENDENT<br/>SCHOOL<br/>DISTRICT</u> |
|--|----------------------------------|--|-------------------------------------|-------------------------|--|---|
| 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  |
| 2003   | 0.25448                          | 1.47000  | 0.1223                              | 0.25447                 | 1.59000  | 1.5230  |
| 2004   | 0.24886                          | 1.46600  | 0.1223                              | 0.25447                 | 1.59000  | 1.5030  |

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, 2004  
(UNAUDITED)**

| <u>NAME OF TAXPAYER</u>                  | <u>NATURE OF<br/>PROPERTY<br/>OR PRODUCT</u> | <u>FYE<br/>SEPTEMBER 30,<br/>2004<br/>ASSESSED<br/>VALUATION</u> | <u>% OF<br/>TOTAL<br/>ASSESSED<br/>VALUATION</u> |
|--|--|--|--|
| American Standard, Inc. - Trane Division | Manufacturing of heating and cooling units   | 108,772,063  | 2.45%  |
| Brookshire Grocery Company               | Supermarkets; distribution facilities        | 85,696,206   | 1.93%  |
| Wal-Mart Stores/Sam's                    | Retail Sales                                 | 47,172,789   | 1.06%  |
| Simon Property Group                     | Commercial Property                          | 42,528,468   | 0.96%  |
| Oncor Electric and Delivery Company      | Electric Utility                             | 41,243,460   | 0.93%  |
| Carrier Corporation                      | Manufacturing of heating and cooling units   | 39,174,199   | 0.88%  |
| Crown/La Gloria Oil & Gas Company        | Oil and Gas Refinery                         | 37,968,616   | 0.85%  |
| Southwestern Bell Telephone              | Telephone Utility                            | 34,169,257   | 0.77%  |
| Genecov Group                            | Commercial Property                          | 30,262,179   | 0.68%  |
| Hood Packaging                           | Commercial Property                          | 15,978,289   | 0.36%  |
| TOTALS                                   |  | <u>482,965,526</u>   | <u>10.87%</u>                                    |

**TABLE 9**

**CITY OF TYLER, TEXAS  
COMPUTATION OF LEGAL DEBT MARGIN  
SEPTEMBER 30, 2004  
(UNAUDITED)**

Assessed Value

(Assessed as of January 1, 2003, Effective October 1, 2003  
for fiscal year ended September 30, 2004)

|                   |  |                                    |
|-------------------|--|------------------------------------|
| Real property     |  | \$ 3,596,007,053                   |
| Personal property |  | 847,897,914                        |
| Mineral property  |  | <u>-</u>                           |
| <br>TOTAL         |  | <br><u><u>\$ 4,443,904,967</u></u> |

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

\$ 444,390,497

Amount of Debt Applicable to Debt Limit:

|                                 |                  |
|---------------------------------|------------------|
| General obligation bonded debt  | \$ 6,300,000     |
| Less: Debt Service Fund Balance | <u>2,514,971</u> |

Net Bonded Debt 3,785,029

LEGAL DEBT MARGIN \$ 440,605,468

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<br>ENDED<br>SEPTEMBER 30, | ESTIMATED<br>POPULATION (1) | ASSESSED<br>VALUE | GENERAL<br>BONDED<br>DEBT (2) | LESS<br>SINKING<br>FUNDS | NET<br>BONDED<br>DEBT | PERCENT<br>NET<br>BONDED<br>DEBT TO<br>ASSESSED<br>VALUE | NET<br>BONDED<br>DEBT<br>PER<br>CAPITA |
|---------------------------------------|-----------------------------|-------------------|-------------------------------|--------------------------|-----------------------|--|--|
| 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                                     |
| 2003                                  | 86,371                      | 4,227,306,408     | 7,180,000                     | 2,462,596                | 4,717,404             | 0.11%  | 55                                     |
| 2004                                  | 101,106                     | 4,443,904,967     | 6,300,000                     | 2,514,971                | 3,785,029             | 0.09%  | 37                                     |

## NOTES:

- (1) Information obtained from Tyler Area Chamber of Commerce, except for year 1990 and 2000, which was obtained from U.S. Census and year 2004 which was obtained from a population study done by the City's planning department
- (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<br/>ENDED<br/>SEPTEMBER 30,</u> | <u>TOTAL<br/>DEBT<br/>SERVICE</u> | <u>TOTAL<br/>GENERAL<br/>EXPENDITURES (1)</u> | <u>RATIO OF<br/>DEBT SERVICE<br/>TO TOTAL<br/>GENERAL<br/>EXPENDITURES</u> |
|--|-----------------------------------|---|--|
| 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%  |
| 2003   | 4,538                             | 43,584  | 10.41%   |
| 2004   | 1,217                             | 43,962  | 2.77%  |

## NOTES:

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

TABLE 12

**CITY OF TYLER, TEXAS  
DIRECT AND OVERLAPPING BONDED DEBT  
SEPTEMBER 30, 2004  
(UNAUDITED)**

| <u>TAXING JURISDICTION</u>                           | <u>TOTAL<br/>BOND DEBT (1)</u> | <u>PERCENTAGE<br/>OF DEBT<br/>APPLICABLE<br/>TO CITY<br/>OF TYLER (2)</u> | <u>AMOUNT<br/>APPLICABLE<br/>TO CITY<br/>OF TYLER</u> |
|--|--------------------------------|---|---|
| Direct:  |                                |   |   |
| City of Tyler  | \$ 6,300,000 (3)               | 100.00%   | \$ 6,300,000  |
| Overlapping:   |                                |   |   |
| Tyler Independent School District                    | 27,850,000                     | 71.04%  | 19,784,640  |
| Smith County   | 18,650,000                     | 52.18%  | 9,731,570   |
| Tyler Junior College                                 | 17,030,000                     | 65.00%  | 11,069,500  |
| Chapel Hill Independent School District              | 10,445,000                     | 19.15%  | 2,000,218   |
| Whitehouse Independent School District               | <u>26,984,998</u>              | 27.37%  | <u>7,385,794</u>                                      |
| Total Overlapping Bond Debt                          | <u>\$ 100,959,998</u>          |   | <u>\$ 49,971,722</u>                                  |
| Total Direct and Overlapping                         | <u>\$ 107,259,998</u>          |   | <u>\$ 56,271,722</u>                                  |
| Ratio overlapping bond debt to<br>assessed valuation |                                |   | <u>1.27%</u>  |
| Per Capita Overlapping Bond Debt                     |                                |   | <u>557</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<br>ENDED<br>SEPTEMBER 30, | GROSS<br>REVENUE<br>(1) | DIRECT<br>OPERATING<br>EXPENSES<br>(2) | WATER<br>PURCHASED<br>(3) | NET REVENUE<br>AVAILABLE<br>FOR<br>DEBT SERVICE | DEBT SERVICE<br>REQUIREMENTS<br>(4) | COVERAGE |
|---------------------------------------|-------------------------|--|---------------------------|---|-------------------------------------|----------|
| 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     |
| 2003                                  | 20,881                  | 13,192                                 | -                         | 7,689   | 4,213                               | 1.83     |
| 2004                                  | 21,512                  | 14,249                                 | -                         | 7,263   | 5,098                               | 1.42     |

## 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 are 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<br>ENDED<br>SEPTEMBER 30, | TYLER<br>POPULATION (1) | SMSA<br>MEDIAN<br>AGE (2) | SCHOOL<br>ENROLLMENT<br>(3) | TYLER<br>PUBLIC<br>SMSA<br>UNEMPLOYMENT<br>RATE (4) |
|---------------------------------------|-------------------------|---------------------------|-----------------------------|---|
| 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%  |
| 2003                                  | 86,371                  | 34.2                      | 16,702                      | 5.0%  |
| 2004                                  | 101,106                 | 34.1                      | 17,394                      | 4.6%  |

## SOURCES:

- (1) Tyler Area Chamber of Commerce except for year 1990 and 2000 which was obtained from U.S. Census Bureau and year 2004 which was obtained from a population study done by the City's planning department
- (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><br><u>ENDED</u><br><u>SEPTEMBER 30,</u> | <u>PROPERTY</u><br><u>VALUE *</u> | <u>CONSTRUCTION</u><br><u>PERMITS (1)</u> |
|--|-----------------------------------|---|
| 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                                   |
| 2003   | 4,227,306                         | 230,875                                   |
| 2004   | 4,443,905                         | 328,240                                   |

## SOURCE:

(1) City Inspection Department

\* Estimated Actual Value in thousands

**CITY OF TYLER, TEXAS**  
**MISCELLANEOUS STATISTICAL DATA**  
**SEPTEMBER 30, 2004**  
**(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

|                          |        |
|--------------------------|--------|
| Asphalt streets          | 432.31 |
| Brick streets            | 14.03  |
| Concrete streets         | 2.72   |
| Private streets          | 10.06  |
| State maintained streets | 62.46  |

Building Permits - Fiscal Year

|                |            |
|----------------|------------|
| Number issued  | 1,269      |
| Estimated cost | \$ 328,240 |

Fire Protection

|   |     |
|---|-----|
| Number of stations                                | 9   |
| Number of employees - civil service               | 130 |
| 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               | 181 |
| Number of employees - non-civil service           | 54  |
| Number of part-time employees - non-civil service | 2   |

**CITY OF TYLER, TEXAS**  
**MISCELLANEOUS STATISTICAL DATA**  
**SEPTEMBER 30, 2004**  
**(UNAUDITED)**

Parks and Recreation

|   |         |
|---|---------|
| City parks - acres                            | 1113.43 |
| 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       | 29,869                     |         |
| Number of sewer customers       | 27,785                     |         |
| Number of garbage customers     | 27,988                     |         |
| Average daily water consumption | 19,079,000                 | *       |
| Highest daily water consumption | 35,335,800                 | *       |
| Plant capacity and wells        | 70,300,000                 | *       |
| Storage capacity - overhead     | 8,500,000                  | gallons |
| Miles - water mains             | 582                        |         |
| Miles - sewer mains             | 508                        |         |
| Valves                          | 6,712                      |         |
| Number of fire hydrants         | 2,403                      |         |
| Water supply                    | 3 Lakes and 12 Water Wells |         |

\* Gallons per day

Number of Employees

|                   |            |
|-------------------|------------|
| Civil service     | 306        |
| Non-civil service | 475        |
|                   | <hr/>      |
| Total employees   | <u>781</u> |

CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE                        | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTORS NUMBER | ACCRUED OR (DEFERRED) REVENUE AT 10-1-03 | RECEIPTS     | MATCHING FUNDS/ OTHER REVENUES | FEDERAL EXPENDITURES | MATCHING FUNDS/ OTHER EXPENDITURES | TOTAL EXPENDITURES | ACCRUED OR (DEFERRED) REVENUE AT 9-30-04 |
|---|---------------------|------------------------------|--|--------------|--------------------------------|----------------------|------------------------------------|--------------------|--|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>                   |                     |                              |  |              |                                |                      |                                    |                    |  |
| Direct Programs:  |                     |                              |  |              |                                |                      |                                    |                    |  |
| Community Development Block Grant Program, Entitlement Grants:            |                     |                              |  |              |                                |                      |                                    |                    |  |
| Program Year:   |                     |                              |  |              |                                |                      |                                    |                    |  |
| 9-30-03   | 14.218              | B02MC480028                  | \$ 108,936                               | \$ (108,936) | \$ -                           | \$ -                 | \$ -                               | \$ -               | \$ -                                     |
| 9-30-04   | 14.218              | B02MC480028                  | -  | (871,333)    | -                              | 1,074,754            | -                                  | 1,074,754          | 203,421                                  |
| Total Community Development Block Grant Program                           |                     |                              | 108,936                                  | (980,269)    | -                              | 1,074,754            | -                                  | 1,074,754          | 203,421                                  |
| Section 8 Rental Voucher Program  |                     |                              |  |              |                                |                      |                                    |                    |  |
| Program Year:   |                     |                              |  |              |                                |                      |                                    |                    |  |
| 9-30-04   | 14.871              | TX456VO                      | -  | (5,876,396)  | (1,296)                        | 5,913,054            | 1,296                              | 5,914,350          | 36,658                                   |
| Total Section 8 Voucher Program   |                     |                              | -  | (5,876,396)  | (1,296)                        | 5,913,054            | 1,296                              | 5,914,350          | 36,658                                   |
| Home Investment Partnerships Program                                      |                     |                              |  |              |                                |                      |                                    |                    |  |
| Program Year:   |                     |                              |  |              |                                |                      |                                    |                    |  |
| 9-30-02   | 14.239              | -                            | 1,744                                    | (1,744)      | -                              | -                    | -                                  | -                  | -  |
| 9-30-03   | 14.239              | -                            | 8,456                                    | (8,456)      | -                              | -                    | -                                  | -                  | -  |
| 9-30-04   | 14.239              | -                            | -  | -            | -                              | 64,638               | -                                  | 64,638             | 64,638                                   |
| Total Home Investment Partnerships Program                                |                     |                              | 10,200                                   | (10,200)     | -                              | 64,638               | -                                  | 64,638             | 64,638                                   |
| Total U.S. Department of Housing and Urban Development                    |                     |                              | 119,136                                  | (6,866,865)  | (1,296)                        | 7,052,446            | 1,296                              | 7,053,742          | 304,717                                  |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>                                  |                     |                              |  |              |                                |                      |                                    |                    |  |
| Direct Programs:  |                     |                              |  |              |                                |                      |                                    |                    |  |
| Airport Improvement Program   | 20.106              | -                            | 40,022                                   | (85,738)     | (5,080)                        | 45,716               | 5,080                              | 50,796             | -  |
| Airport Improvement Program   | 20.106              | -                            | -  | (109,858)    | (8,850)                        | 168,158              | 8,850                              | 177,008            | 58,300                                   |
| Total Airport Improvement Program   |                     |                              | 40,022                                   | (195,596)    | (13,930)                       | 213,874              | 13,930                             | 227,804            | 58,300                                   |
| Passed Through Federal Transit Administration:                            |                     |                              |  |              |                                |                      |                                    |                    |  |
| Federal Transit Capital and Operating Assistance Formula                  | 20.507              | -                            | 118,991                                  | (984,666)    | (319,683)                      | 898,434              | 144,122                            | 1,042,556          | (142,802)                                |
| Total Urban Mass Transportation - Capital and Operating Assistance Grants |                     |                              | 118,991                                  | (984,666)    | (319,683)                      | 898,434              | 144,122                            | 1,042,556          | (142,802)                                |
| Passed Through Transportation Security Administration                     |                     |                              |  |              |                                |                      |                                    |                    |  |
| Transportation Security Grant   | 20.000              | -                            | 25,380                                   | (101,806)    | -                              | 93,447               | -                                  | 93,447             | 17,021                                   |
| Total Transportation Security Administration                              |                     |                              | 25,380                                   | (101,806)    | -                              | 93,447               | -                                  | 93,447             | 17,021                                   |

CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE                                 | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTORS NUMBER | ACCRUED OR (DEFERRED) REVENUE AT 10-1-03 | RECEIPTS    | MATCHING FUNDS/ OTHER REVENUES | FEDERAL EXPENDITURES | MATCHING FUNDS/ OTHER EXPENDITURES | TOTAL EXPENDITURES | ACCRUED OR (DEFERRED) REVENUE AT 9-30-04 |
|--|---------------------|------------------------------|--|-------------|--------------------------------|----------------------|------------------------------------|--------------------|--|
| Passed Through Texas Department of Highways and Public Transportation:             |                     |                              |  |             |                                |                      |                                    |                    |  |
| Highway Research, Planning and Construction Grants:                                |                     |                              |  |             |                                |                      |                                    |                    |  |
| Section 104F Grant   |                     |                              |  |             |                                |                      |                                    |                    |  |
| Program Year:  |                     |                              |  |             |                                |                      |                                    |                    |  |
| 2003 - PL Funds  | 20.205              | -                            | 32,750                                   | (32,750)    | -                              | -                    | -                                  | -                  | -  |
| 2004 - PL Funds  | 20.205              | -                            | -  | (160,103)   | -                              | 214,266              | -                                  | 214,266            | 54,163                                   |
| Total Highway Research Planning and Construction Grants                            |                     |                              | 32,750                                   | (192,853)   | -                              | 214,266              | -                                  | 214,266            | 54,163                                   |
| Passed Through Texas Department of Highways and Public Transportation:             |                     |                              |  |             |                                |                      |                                    |                    |  |
| Safe and Sober Selective Traffic Enforcement Program                               |                     |                              |  |             |                                |                      |                                    |                    |  |
|  | 20.600              | 583XXF6068                   | 19,551                                   | (19,551)    | -                              | -                    | -                                  | -                  | -  |
|  | 20.600              | 583XXF6132                   | 278                                      | (15,351)    | -                              | 15,073               | -                                  | 15,073             | -  |
|  | 20.600              | 584XXF6039                   | -  | (32,312)    | -                              | 49,994               | -                                  | 49,994             | 17,682                                   |
|  | 20.600              | 584XXF6157                   | -  | -           | -                              | 8,780                | -                                  | 8,780              | 8,780                                    |
| Total Safe and Sober   |                     |                              | 19,829                                   | (67,214)    | -                              | 73,847               | -                                  | 73,847             | 26,462                                   |
| Capital Investment Grant   |                     |                              |  |             |                                |                      |                                    |                    |  |
|  | 20.500              | 51210F6016                   | 64,000                                   | (64,000)    | -                              | -                    | -                                  | -                  | -  |
|  | 20.500              | 51310F6012                   | -  | (67,911)    | -                              | 67,911               | -                                  | 67,911             | -  |
| Total Capital Investment Grant   |                     |                              | 64,000                                   | (131,911)   | -                              | 67,911               | -                                  | 67,911             | -  |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities       |                     |                              |  |             |                                |                      |                                    |                    |  |
|  | 20.513              | 51210F3018                   | 75,936                                   | (77,839)    | -                              | 1,903                | -                                  | 1,903              | -  |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities       |                     |                              |  |             |                                |                      |                                    |                    |  |
|  | 20.513              | 51310F3025                   | -  | (90,000)    | -                              | 90,000               | -                                  | 90,000             | -  |
| Total Capital Assistance Program for Elderly Persons and Persons with Disabilities |                     |                              | 75,936                                   | (167,839)   | -                              | 91,903               | -                                  | 91,903             | -  |
| Recreational Trails Program (Tyler Pedestrian & Bike Trail)                        |                     |                              |  |             |                                |                      |                                    |                    |  |
|  | 20.219              | -                            | 24,918                                   | (27,480)    | (2,562)                        | 10,250               | 2,562                              | 12,812             | 7,688                                    |
| Total U.S. Department of Transportation  |                     |                              | 401,826                                  | (1,869,365) | (336,175)                      | 1,663,932            | 160,614                            | 1,824,546          | 20,832                                   |
| U.S. DEPARTMENT OF THE INTERIOR  |                     |                              |  |             |                                |                      |                                    |                    |  |
| Passed Through Texas Historical Commission:  |                     |                              |  |             |                                |                      |                                    |                    |  |
|  | 15.904              | 48-02-17574-026              | 9,786                                    | (9,786)     | -                              | -                    | -                                  | -                  | -  |
|  | 15.904              | -                            | -  | (18,793)    | -                              | 13,730               | -                                  | 13,730             | (5,063)                                  |
| Total U. S. Department of the Interior   |                     |                              | 9,786                                    | (28,579)    | -                              | 13,730               | -                                  | 13,730             | (5,063)                                  |
| U.S. DEPARTMENT OF JUSTICE   |                     |                              |  |             |                                |                      |                                    |                    |  |
| Direct Programs:   |                     |                              |  |             |                                |                      |                                    |                    |  |
| D.E.A./Tyler Multi-Agency Task Force (Byrne Formula Grant)                         |                     |                              |  |             |                                |                      |                                    |                    |  |
|  | 16.579              | -                            | 18,452                                   | (18,452)    | -                              | -                    | -                                  | -                  | -  |
|  | 16.579              | -                            | -  | (30,938)    | -                              | 40,958               | -                                  | 40,958             | 10,020                                   |
| Total Byrne Formula Grant  |                     |                              | 18,452                                   | (49,390)    | -                              | 40,958               | -                                  | 40,958             | 10,020                                   |
| Office of Community Oriented Policing Services:                                    |                     |                              |  |             |                                |                      |                                    |                    |  |
| COPS Homeland Security Overtime Program  |                     |                              |  |             |                                |                      |                                    |                    |  |
|  | 16.710              | 2003OMWX0263                 | -  | (69,633)    | (22,344)                       | 78,703               | 22,344                             | 101,047            | 9,070                                    |

CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE  | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTORS NUMBER | ACCRUED OR (DEFERRED) REVENUE AT 10-1-03 | RECEIPTS       | MATCHING FUNDS/ OTHER REVENUES | FEDERAL EXPENDITURES | MATCHING FUNDS/ OTHER EXPENDITURES | TOTAL EXPENDITURES | ACCRUED OR (DEFERRED) REVENUE AT 9-30-04 |
|---|---------------------|------------------------------|--|----------------|--------------------------------|----------------------|------------------------------------|--------------------|--|
| Total COPS Homeland Security Overtime Program   |                     |                              | -  | (69,633)       | (22,344)                       | 78,703               | 22,344                             | 101,047            | 9,070                                    |
| Local Law Enforcement Block Grants:   |                     |                              |  |                |                                |                      |                                    |                    |  |
| Local Law Enforcement Block Grant   | 16.592              | 2002-LB-BX-2875              | (95,533)                                 | -              | (11,293)                       | 94,185               | 12,641                             | 106,826            | -  |
| Local Law Enforcement Block Grant   | 16.592              | 2003-LB-BX-2251              | -  | (81,833)       | (9,687)                        | 81,833               | 9,687                              | 91,520             | -  |
| Total Local Law Enforcement Block Grants  |                     |                              | (95,533)                                 | (81,833)       | (20,980)                       | 176,018              | 22,328                             | 198,346            | -  |
| Bulletproof Vest Partnership Program  | 16.607              | -                            | -  | -              | -                              | 3,848                | -                                  | 3,848              | 3,848                                    |
| Total Bulletproof Vest Partnership Program  |                     |                              | -  | -              | -                              | 3,848                | -                                  | 3,848              | 3,848                                    |
| Discretionary Drug and Criminal Justice Assistance Program                                | 16.580              | -                            | -  | (4,553)        | -                              | 7,817                | -                                  | 7,817              | 3,264                                    |
| Total Discretionary Drug and Criminal Justice Assistance Program                          |                     |                              | -  | (4,553)        | -                              | 7,817                | -                                  | 7,817              | 3,264                                    |
| Total U.S. Department of Justice  |                     |                              | (77,081)                                 | (205,409)      | (43,324)                       | 307,344              | 44,672                             | 352,016            | 26,202                                   |
| <u>FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</u>  |                     |                              |  |                |                                |                      |                                    |                    |  |
| Direct Program:   |                     |                              |  |                |                                |                      |                                    |                    |  |
| Assistance to Firefighters Grant Program  | 85.554              | EMW-2002-FG-18086            | 51,351                                   | (62,008)       | (13,631)                       | 10,657               | 13,631                             | 24,288             | -  |
| Assistance to Firefighters Grant Program  | 85.554              | EMW-2003-FG-19519            | -  | -              | (5,520)                        | 12,880               | 5,520                              | 18,400             | 12,880                                   |
| Total Federal Emergency Management Assistance   |                     |                              | 51,351                                   | (62,008)       | (19,151)                       | 23,537               | 19,151                             | 42,688             | 12,880                                   |
| <u>U.S. DEPARTMENT OF AGRICULTURE</u>   |                     |                              |  |                |                                |                      |                                    |                    |  |
| Passed Through Texas Department of Human Services (Health and Human Services Commission): |                     |                              |  |                |                                |                      |                                    |                    |  |
| Summer Food Service Program   |                     |                              |  |                |                                |                      |                                    |                    |  |
| Program Year:   |                     |                              |  |                |                                |                      |                                    |                    |  |
| 9-30-04   | 10.559              | -                            | -  | (88,020)       | (23,258)                       | 88,020               | 23,258                             | 111,278            | -  |
| Total U.S. Department of Agriculture  |                     |                              | -  | (88,020)       | (23,258)                       | 88,020               | 23,258                             | 111,278            | -  |
| TOTAL FEDERAL ASSISTANCE  |                     |                              | \$ 505,018                               | \$ (9,120,246) | \$ (423,204)                   | \$ 9,149,009         | \$ 248,991                         | \$ 9,398,000       | \$ 359,568                               |

**CITY OF TYLER, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Tyler, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

| STATE GRANTOR  | STATE<br>NUMBER | ACCRUED OR<br>(DEFERRED)<br>REVENUE AT<br>10-1-03 | RECEIPTS            | MATCHING<br>FUNDS/<br>OTHER<br>REVENUE | STATE<br>EXPENDITURES | MATCHING<br>FUNDS/<br>OTHER<br>EXPENDITURES | TOTAL<br>EXPENDITURES | ACCRUED OR<br>(DEFERRED)<br>REVENUE AT<br>9-30-04 |
|--|-----------------|---|---------------------|--|-----------------------|---|-----------------------|---|
| <u>TEXAS DEPARTMENT OF TRANSPORTATION</u>              |                 |   |                     |  |                       |   |                       |   |
| Public Transportation Grant                            | 51410F7065      | 65,361  | (357,521)           | -                                      | 324,833               | -   | 324,833               | 32,673  |
| Total Texas Department of Transportation               |                 | 65,361  | (357,521)           | -                                      | 324,833               | -   | 324,833               | 32,673  |
| <u>TEXAS CRIMINAL JUSTICE DIVISION</u>                 |                 |   |                     |  |                       |   |                       |   |
| East Texas Auto Theft Task Force                       | -               | 5,504   | (60,539)            | (20,194)                               | 66,205                | 20,194                                      | 86,399                | 11,170  |
| Total Texas Criminal Justice Division                  |                 | 5,504   | (60,539)            | (20,194)                               | 66,205                | 20,194                                      | 86,399                | 11,170  |
| <u>TEXAS STATE LIBRARY AND<br/>ARCHIVES COMMISSION</u> |                 |   |                     |  |                       |   |                       |   |
| Loan Star Library Grant                                | 442-04475       | -   | (5,494)             | -                                      | 5,461                 | -   | 5,461                 | (33)  |
| Total Texas State Library and Archives Commission      |                 | -   | (5,494)             | -                                      | 5,461                 | -   | 5,461                 | (33)  |
| <u>TEXAS PARKS AND WILDLIFE DEPARTMENT</u>             |                 |   |                     |  |                       |   |                       |   |
| Texas Recreation and Parks Account Agreement           | 50-00283        | -   | (169,777)           | -                                      | 179,493               | -   | 179,493               | 9,716   |
| Total Texas Parks and Wildlife Department              |                 | -   | (169,777)           | -                                      | 179,493               | -   | 179,493               | 9,716   |
| <b>TOTAL STATE ASSISTANCE</b>                          |                 | <b>\$ 70,865</b>                                  | <b>\$ (593,331)</b> | <b>\$ (20,194)</b>                     | <b>\$ 575,992</b>     | <b>\$ 20,194</b>                            | <b>\$ 596,186</b>     | <b>\$ 53,526</b>                                  |



**CITY OF TYLER, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

NOTE – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state awards includes the state grant activity of the City of Tyler, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the State of Texas Uniform Grant Management Standards Chapter IV “Texas State Single Audit Circular”. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Michael Gollob, CPA-Retired  
Tony K. Morgan, CPA/ABV  
Robert W. Peddy, CPA  
Barbara R. Bass, CPA  
Tommy J. Chambers, CPA  
Lisa G. Robinson, CPA  
Sharon C. Forsyth, CPA  
Joe Wylie, CPA

**GOLLOB MORGAN  
PEDDY & CO., P.C.**  
Certified Public Accountants

Members American Institute of Certified Public Accountants and Private Companies Practice Section

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  
Patricia L. Kinnaird, CPA  
Jenny D. Clark, CPA  
Michael W. Stevens, CPA  
Robert Shane Rohrbach, CPA  
Jaime N. Kirkland, CPA  
Raymond C. McKinney, CPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the City Council  
City of Tyler, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas, as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 10, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether City of Tyler's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the City of Tyler, Texas in a separate letter dated February 10, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Tyler's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of City of Tyler, Texas in a separate letter dated February 10, 2005.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

Tyler, Texas  
February 10, 2005

Michael Gollob, CPA-Retired  
Tony K. Morgan, CPA/ABV  
Robert W. Peddy, CPA  
Barbara R. Bass, CPA  
Tommy J. Chambers, CPA  
Lisa G. Robinson, CPA  
Sharon C. Forsyth, CPA  
Joe Wylie, CPA

**GOLLOB MORGAN  
PEDDY & Co., P.C.**  
Certified Public Accountants

Members American Institute of Certified Public Accountants and Private Companies Practice Section

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  
Patricia L. Kinnaird, CPA  
Jenny D. Clark, CPA  
Michael W. Stevens, CPA  
Robert Shane Rohrbach, CPA  
Jaime N. Kirkland, CPA  
Raymond C. McKinney, CPA

**REPORT OF COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the City Council  
City of Tyler, Texas

**Compliance**

We have audited the compliance of City of Tyler, Texas with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. The City of Tyler, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Tyler, Texas' management. Our responsibility is to express an opinion on the City of Tyler, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Tyler, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Tyler, Texas' compliance with those requirements.

In our opinion, City of Tyler, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

**Internal Control Over Compliance**

The management of the City of Tyler, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Tyler, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, pass-through entities and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

Tyler, Texas  
February 10, 2005

**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_Yes      X  No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_Yes      X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_Yes      X  No

**Federal Awards**

Internal Control over major programs:

- Material weakness(es) identified? \_\_\_\_\_Yes      X  No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_Yes      X  None reported

Type of auditor’s report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_Yes      X  No

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u>                     |
|---------------------|---|
| 14.218              | Community Development Block Grant Program, Entitlement Grants |
| 14.871              | Section 8 Rental Voucher Program                              |
| 20.507              | Federal Transit Cluster - Federal Transit Formula Grant       |
| 20.500              | Federal Transit Cluster - Capital Investment Grant            |

Dollar threshold used to distinguish between Type A and Type B programs: \$                   300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_Yes      X  No

**Section II – Financial Statement Findings**

No matters requiring reporting under *Government Auditing Standards* were noted.

**Section III – Federal Award Findings and Questioned Costs**

None.