



*A Natural Beauty*



City of Tyler, Texas

Comprehensive Annual  
Financial Report  
2008-2009

For Fiscal Year Ending September 30, 2009

**CITY OF TYLER, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2009**

**MAYOR – BARBARA BASS**

**Members of City Council:**

Sam Mezayek  
Donald Sanders  
Ralph Caraway  
Chris Simons  
Mark Whatley  
Charles Alworth

**City Manager – Mark McDaniel**

**Daniel Crawford, Director of Finance/CFO  
Finance Department  
Tyler, Texas**

CITY OF TYLER, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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# **INTRODUCTORY SECTION**



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March 3, 2010

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

The City of Tyler, Texas' (City) *Charter* requires an audit of the City's financial activities to be conducted at the end of each fiscal year by an independent certified public accountant. Upon completion of the audit the results shall be reported in writing to Council as soon as reasonably possible. This report is published to fulfill that requirement for the fiscal year ended September 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control. In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal 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 that are free of any material misstatements. 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 controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. To further ensure the validity of internal controls, the Internal Auditor continues to review key functions and controls annually.

Prothro, Wilhelmi & Company PLLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Tyler's financial statements for the year ended September 30, 2009. 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 independent auditor's report is located at the front of the financial section of this report.

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

### ***City Profile***

The City of Tyler, Texas, the county seat of Smith County, is considered the advanced manufacturing, health care, educational and retail center of East Texas. Tyler is located on U.S. Highway 69 just south of Interstate 20 equal distance (approximately 90 miles) between the cities of Dallas, Texas and Shreveport, Louisiana. The City, encompassing approximately 53 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 109,427. The City is commonly referred to as the City of Roses.

The City, incorporated in 1850, 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 function as the policy-making body of the City's government, determining the overall goals, objectives and direction for City services, and adopting the annual operating budgets for all City departments. The City Manager is appointed by the City Council and is responsible for the daily management and implementation of policy of the City including appointing the various department heads. The Mayor and Council members serve two-year terms, with general Council elections occurring each year based on district. The mayor is elected at large; the remaining Council members are elected by district.

The City is a full service municipality. Major services provided under general government and enterprise functions are: police and fire protection, water and sewer services, sanitation services, parks and recreational facilities, library services, street improvements, capital projects administration, municipal court, code enforcement, development and planning services 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 active and retiree employee health and dental coverage. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable including blended component units as defined by the Governmental Accounting Standards Board (GASB).

The City *Charter* provides that the City Council shall adopt the annual budget prepared by the City Manager. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance no later than the close of the prior fiscal year. Budgetary control has been established at the individual fund level. 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. Although the budget is adopted at a fund level, continued line item review and forecasting is done on a monthly and quarterly basis throughout the fiscal year to ensure compliance with the budget and completion of projects.

### ***Local Economy***

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. The chief industries in and around Tyler include: health care and research; education; grocery distribution; air conditioning unit manufacturing; retail and retail distribution; cable, internet and phone services; government services; banking services; meat packing and processing; cast iron pipes and fitting manufacturing; engineering services; oil and gas refining; ready mix concrete production; tourism; and growing and shipping rose bushes. This diversification is evident in the fact that no single taxpayer represents more than 3.35% of assessed valuation in the City.

Four institutions of higher education are located in Tyler. They are The University of Texas at Tyler, The University of Texas Health Science Center, Texas College, and Tyler Junior College. Primary and secondary education is provided by several public school districts as well as ten private / parochial schools in the Tyler area. Tyler is also the medical center of East Texas with three hospitals and five specialty hospitals with a total of 1,046 beds. There are approximately 652 medical doctors and 87 dentists. Additionally, Tyler has many tourist attractions. The Texas Rose Festival includes the crowning of the Rose Queen attracting a large number of visitors each year. The Azalea Trails in the spring attracts additional tourism. Tyler State Park is located just north of Tyler and provides nature trails and camping in a scenic setting. Lake Tyler and Lake Tyler East, located twelve miles southeast of the City, are popular recreational and fishing sites. The City actively works with the Tyler Economic Development Corporation and local industries to encourage expansions and relocations to our community. A TIF/TIRZ zone was created in the downtown area and north Tyler during 2008 in coordination with revitalization efforts. Land is available for development; the area has an abundant water supply and typically mild weather. The Tyler area cost of living index has consistently been 90-96% of the national average for the past five years. Economic incentives as well as historic preservation incentives are available to facilitate business expansions or relocations.

Because of its location in a region with a varied economic base, unemployment is relatively stable, and in the last five years while trending with the State of Texas has remained consistently below the state average. During the past ten years, the unemployment rate has ranged from a low of 4.2 percent (2007) to a previous decade high of 5.8 percent (2003), only to end at the current rate of 7.3 percent. This figure indicates an increase of 2.1 % over the prior year while remaining in line with the State and National trends. The total workforce for the Tyler region has increased from 43,411 in 1996 to 49,499 in 2009. Due to the diversity and educational opportunities within the local economy, the City of Tyler is prepared to weather the current national economic recession. Population growth in the last five years was more than doubled that of the last decade and continues to grow. The population grew 10 percent from 1990 to the year 2000. From the year 2000 to the current year 2009, the growth has been an astounding 31 percent. Market and economic analysts estimate that as many as 270,000 people come to Tyler each day to work, attend school, seek medical services, or shop. The first two sections of the Toll 49 Project are complete. When

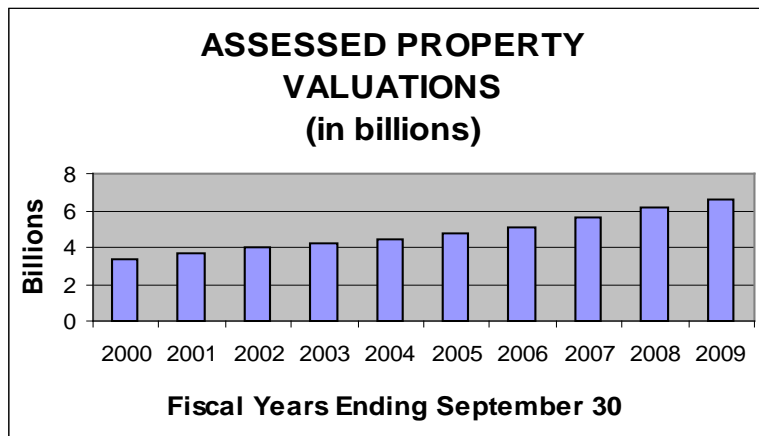
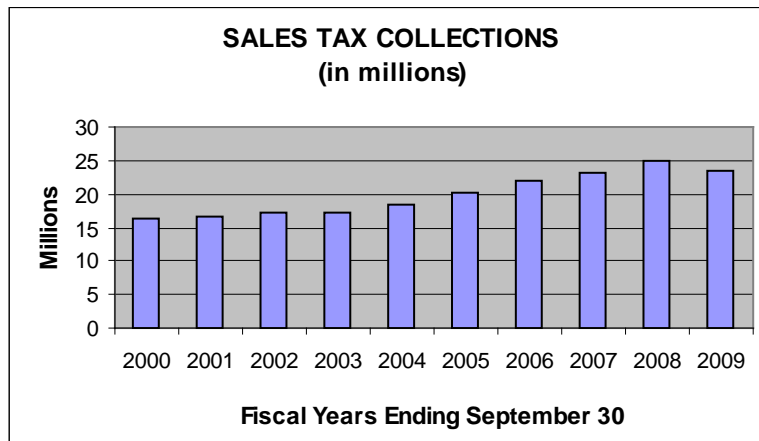


complete, Toll 49 will create a horseshoe loop around Tyler connecting the City's southern regions to I-20. The loop will allow for increased traffic from I-20 into the City of Tyler for shopping and economic development purposes. Along with the Toll 49 project, the Northeast Texas Regional Mobility Authority was authorized in 2004 to construct, operate and maintain turnpike projects in the state which includes the Tyler area. Including various other means of interstate access, the Tyler Pounds Regional Airport allows for secure and efficient air travel in and out of the region. Total flight boarding's in 2008 were 76,147, followed by 73,989 in 2009. Tyler is the first Certified Retirement City in Texas. Tyler meets high standards for retiree living such as low cost of living, low crime rate, quality health care, abundant recreation and educational opportunities.

The office space occupancy rate for the City of Tyler was 90 percent in 2008, up from 86 percent in 1999. The office lease space is comprised of three classes for total square footage of 2,143,416. Tyler had \$2.49 billion in retail trade gross sales in 2008 up from \$2.06 billion in 1999.

The economic outlook for Tyler is encouraging. Industrial, commercial, and residential development has slowed but is expected to follow State and National trends for improvement during the next one to two fiscal years. The potential for sustained development is present, and many governmental and business leaders are working to ensure the City is poised for economic growth.

**Economic Signs:**



### ***Long-term financial planning***

Within the policy guidelines set by the Council for budgetary and planning purposes, the City of Tyler maintains a designated fund balance equal to approximately 15 percent of total General Fund expenditures less transfers. This goal was met during the proceeding fiscal year with a portion of the remaining unreserved fund balance designated to be transferred to a General Capital Projects Fund to help pay for capital purchases on a cash basis. In addition to the Capital Projects Fund, the City takes advantage of half cent sales tax (4B) dollars to pay for capital projects related to street improvements, drainage projects, park improvements and other projects as approved by the corporation board and the City Council. By paying cash for infrastructure projects, the City has attained its goal of eliminating general obligation debt as of February 2008.

The City has maintained the lowest property tax rate for mid to large-sized cities in Texas in an effort to balance citizen desire for lower property tax rates and the City's need to match operating costs associated with future planning initiatives. Sales tax has played a large role in allowing the City to obtain this objective with a nine year average increase of 4.1 percent. By maintaining an adequate reserve and monitoring future economic conditions, the City plans to continue to provide for future citizen needs in a streamlined and cost effective manner.

### ***Relevant financial policies***

In the following fiscal years, multi-year forecasting will be utilized to better understand revenue and expenditure trends potentially influenced by the economic markets. The Retiree Benefits fund has been created to better separate and track costs related to retiree health, dental and life benefits in an effort to meet future OPEB obligations. An OPEB trust has been created to further separate and invest these dollars to realize a greater rate of return while maintaining fiduciary responsibility and security of principal.

### ***Major Initiatives***

Tyler's rapid growth and potential for change make this the critical moment for a new comprehensive plan to guide and shape future development. The comprehensive plan, entitled Tyler 21, was adopted in late 2007 and sets out a strategic framework for making decisions about the long-term physical development of Tyler. It defines a vision for the future linked to overall goals and policies, and it contains strategies and action items for achieving those goals. During the planning process, residents and others with a stake in Tyler's future had the opportunity to articulate and review community values and goals through public discussion, create a vision for the kind of place they want Tyler to be for their children and grandchildren, and identify the key areas where the city must act -- both to preserve enduring character and to shape change so that their vision for Tyler's future can be achieved.

Tyler 21 provides policy and strategic guidance on the physical development and redevelopment of the City; guides the City to actively seek positive change and deflect negative change, rather than simply react to change; provides predictability for developers, businesses and residents; helps the City save money because it plans for orderly investment in services, facilities and infrastructure; and helps Tyler preserve the sense of place and identity that make it unique.

The City of Tyler received an upgrade to AAA for general obligation indebtedness by Standard and Poor's during 2009. This rating increase was due in part to the current pay as you go environment and elimination of general obligation bond debt. Additional planning initiatives that the City began during 2009 include Lean Sigma program for standardizing and reducing costs as well as continued multi-year planning which includes replacement funding for fleet acquisitions, HVAC replacement and roof replacements.

### ***Awards and Acknowledgements***

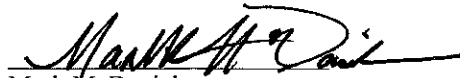
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This is the twenty third consecutive year that the government has received this prestigious award. 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. City staff affirms that the current report continues to conform to Certificate of Achievement Program requirements, and the City is submitting it to GFOA to determine its eligibility for another certificate.

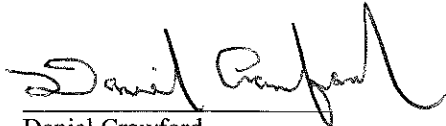
In addition, the City has received the Government Treasurer's Organization of Texas (GTOT) Investment Policy Certificate of Distinction for the annually adopted investment policy of the City for three consecutive periods. The award is valid for a two year period. In order to qualify for the award, the City must demonstrate compliance with the State investment act and fiscal responsibility of their investments.

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. Appreciation is expressed to all members of the City's staff who assisted and contributed to its preparation particularly Finance Department personnel. Sincere thanks are extended to 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,



Mark McDaniel  
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, 2008

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.



A stylized handwritten signature in black ink.

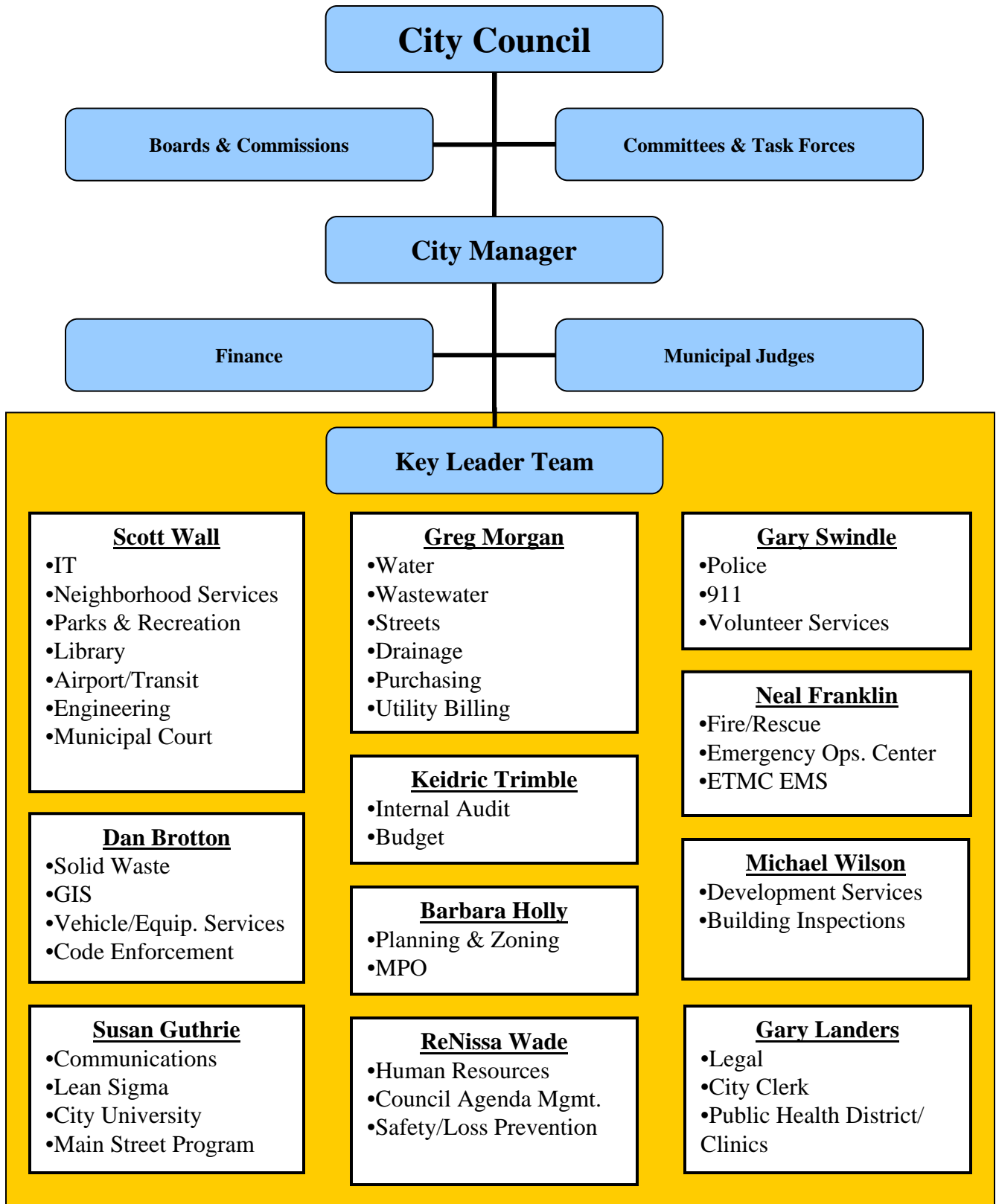
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



*A Natural Beauty*



**CITY OF TYLER, TEXAS  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2009**

**MAYOR – BARBARA BASS**

**Members of City Council:**

Sam Mezayek  
Donald Sanders  
Ralph Caraway  
Chris Simons  
Mark Whatley  
Charles Alworth

**City Manager – Mark McDaniel**

**Director of Finance – Daniel Crawford**

**City Attorney – Gary Landers**





## **FINANCIAL SECTION**



## 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, 2009, 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 upon 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated March 3, 2010, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and schedule of funding progress on pages 3 through 11 and 61, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

PROTHRO, WILHELM I AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

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 introductory section, additional supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Uniform Grant Management Standards Chapter IV, *Texas State Single Audit Circular*, and are also not a required part of the basic financial statements of the City of Tyler, Texas. The additional supplemental information and the schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.

*Prothro, Wilhel & Company, PLLC*

Certified Public Accountants

Tyler, Texas  
March 3, 2010

## **CITY OF TYLER, TEXAS**

Management's Discussion and Analysis  
For Year Ended September 30, 2009  
(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, 2009. 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-v 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 \$437,525,835 (Net assets). Of this amount, \$33,049,748 (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 decreased by \$1,114,880
- As of the close of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$24,192,609. (\$14,695,746 is unreserved and available for use within the City's fund designation and fiscal policies.)
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$1,044,346 or 2% of the total general fund expenditures. The general fund operating designation was \$8,748,769, or approximately 15% of total general fund expenditures.
- The City's revenue bond payable decreased by \$2,615,000 due to payment of revenue bond principal. The City has no general obligation bond payable.

### **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 indicating 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 utilities, airport and sanitation operations. The government-wide financial statements can be found on pages 13-14 of this report.

**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 three categories-governmental funds, proprietary funds and fiduciary 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. 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 21 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 ½ Cent Sales Tax Fund, both of which are considered to be major funds. Data from the other 19 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 15-20.

**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 utilities, 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 pay; active employee benefit program and retiree benefit program. 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 utilities, airport and sanitation funds as 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 21-23 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 24-25 of this report. Individual fund data for the fiduciary funds is provided in the form of combining statements elsewhere in this report. An additional fiduciary fund was created in 2009 for the Other Post Employment Benefit Trust. Information about Other Post Employment Benefits and the related trust can be found in note 5 on pages 55-58. The Fireman's Relief and Retirement Fund is no longer reported in the City's financial statements; a separate independent audit of the Fund's financial condition will be completed each fiscal year and details can be found in note 5 on pages 52-55.

**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 26-59.

**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 and other post employment benefits to its employees. Required supplementary information can be found on page 61 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds and fiduciary funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 63-98 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 \$437,525,835 as of September 30, 2009.

The largest portion of the City's net assets, 88%, or \$386,061,506, reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire the assets. 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.

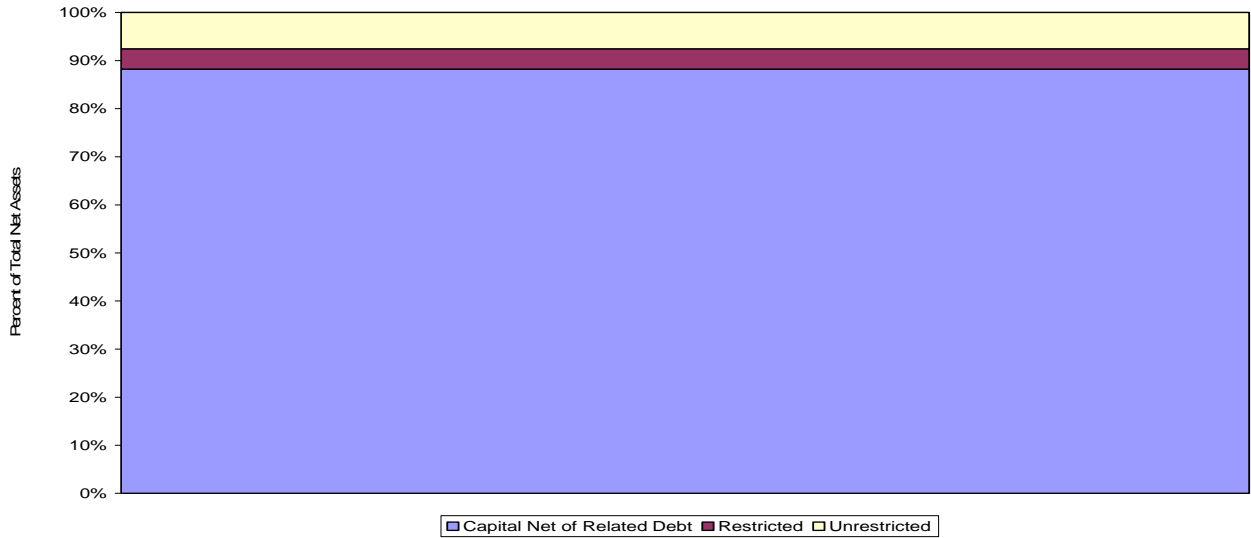
#### CITY OF TYLER'S NET ASSETS – Fiscal Year 2009

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 46,231,735	\$ 63,432,265	\$ 21,283,796	\$ 23,273,806	\$ 67,515,531	\$ 86,706,071
Capital assets	244,950,836	230,169,471	202,833,791	201,590,678	447,784,627	431,760,149
Total Assets	291,182,571	293,601,736	224,117,587	224,864,484	515,300,158	518,466,220
Non Current Liabilities	11,383,077	9,663,985	54,410,227	57,103,567	65,793,304	66,767,552
Other liabilities	7,809,815	10,459,491	4,171,204	2,598,462	11,981,019	13,057,953
Total Liabilities	19,192,892	20,123,476	58,581,431	59,702,029	77,774,323	79,825,505
Net Assets:						
Invested in capital assets,						
Net of related debt	239,906,695	226,721,014	146,154,811	145,108,254	386,061,506	371,829,268
Restricted	9,219,851	20,472,939	9,194,730	7,300,006	18,414,581	27,772,945
Unrestricted	22,863,133	26,284,307	10,186,615	12,754,195	33,049,748	39,038,502
Total Net Assets	\$ 271,989,679	\$ 273,478,260	\$ 165,536,156	\$ 165,162,455	\$ 437,525,835	\$ 438,640,715

An additional portion of the City's net assets 4.2 %, or \$18,414,581, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$33,049,748 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2009 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. The following chart illustrates for the current fiscal year the percentage of total net assets each category encompasses.

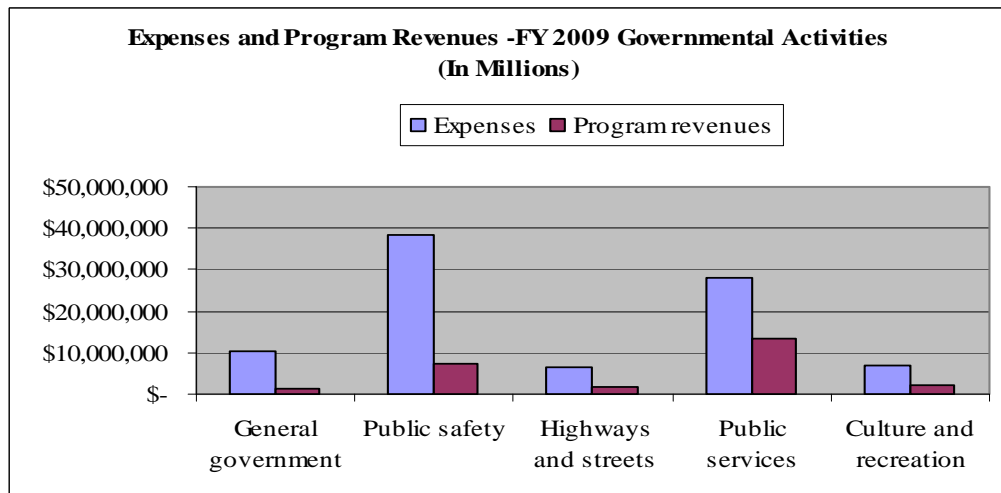
**CITY OF TYLER  
TOTAL NET ASSETS BY CATEGORY  
FISCAL YEAR 2009**

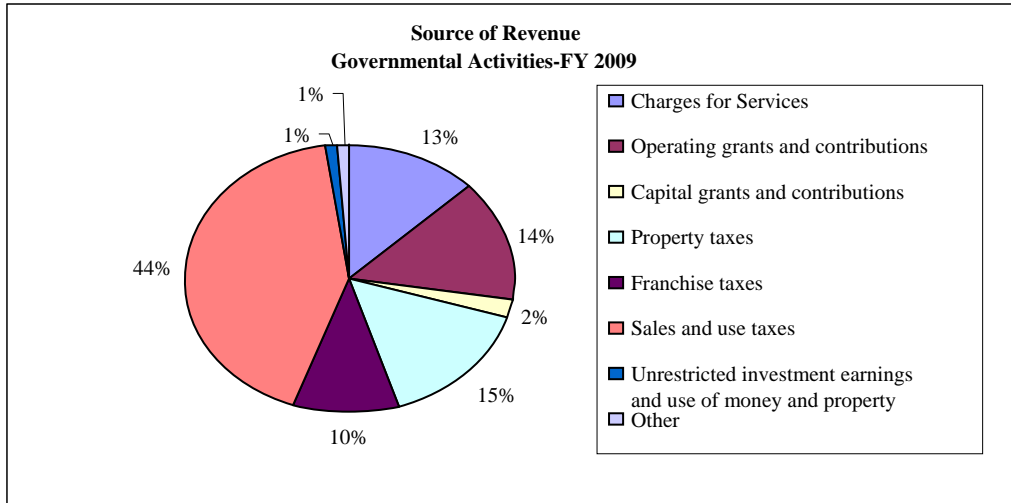


**Analysis of the City's Operations** - Overall the City had a decrease in net assets of \$1,114,880.

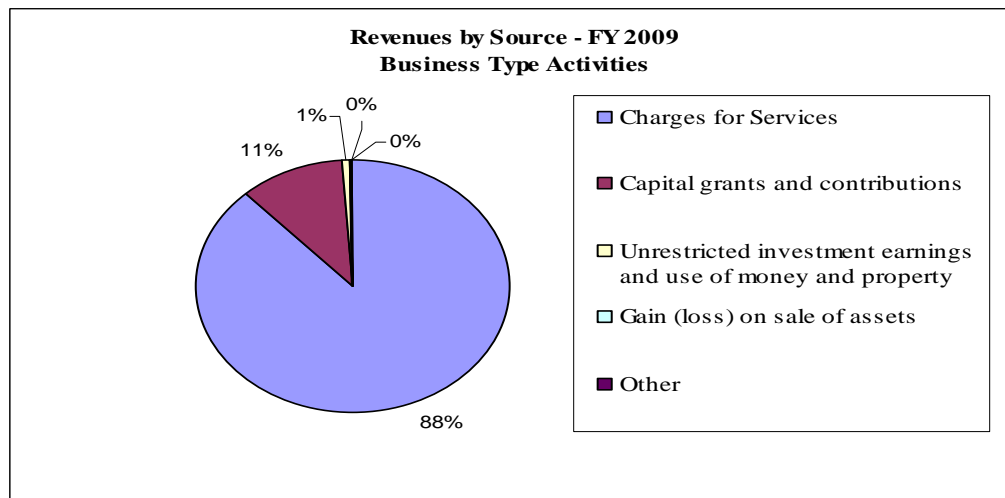
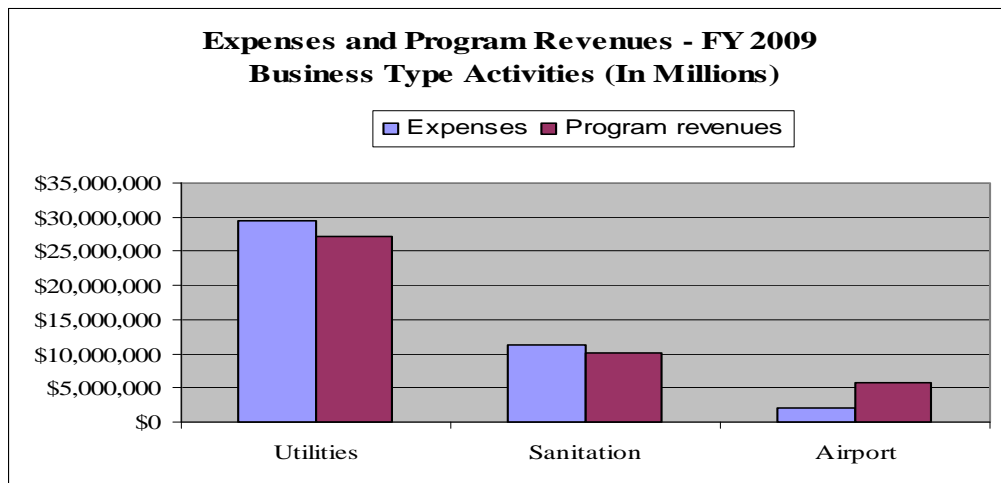
**Governmental Activities:** Governmental activities decreased net assets by \$1,488,581. Net assets invested in capital assets, net of related debt increased by \$13,185,681 due to additions exceeding deletions and a reduction in general obligation debt. Restricted net assets decreased by \$11,253,088 primarily due to completion of several major capital projects and the retirement of general obligation debt. Unrestricted net assets decreased by \$3,421,174 due to decreases in general sales tax revenue and other revenue sources.

Total revenues for the governmental activities decreased from the previous year by \$467,389. General revenue had a decrease of \$2,275,668, which was due primarily to a decrease in sales and use tax as well as investment income. Program revenues experienced an increase of \$1,808,279, which was primarily due to an increase in operating and capital grant contributions.





**Business-type Activities:** Net Assets from business-type activities increased by \$373,701. This increase was primarily due to program revenues exceeding expenses. Capital grant contributions for the Airport increased and Utilities charges for services better covered expenses due to water and sewer rate increases.





The following table provides a summary of the City's operations for the year ended September 30, 2009 with comparative totals for the year ended September 30, 2008:

**CITY OF TYLER'S CHANGES IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 11,453,359	\$ 11,056,905	\$ 38,375,987	\$ 36,556,001	\$ 49,829,346	\$ 47,612,906
Operating grants and contributions	12,741,193	11,770,402	-	-	12,741,193	11,770,402
Capital grants and contributions	1,905,580	1,464,546	4,702,692	1,296,949	6,608,272	2,761,495
General revenues:						
Property taxes	13,525,006	12,460,794	-	-	13,525,006	12,460,794
Franchise taxes	9,121,057	9,202,397	-	-	9,121,057	9,202,397
Sales and use taxes	37,618,275	39,718,617	-	-	37,618,275	39,718,617
Investment earnings and use of money	793,536	2,182,350	307,280	660,160	1,100,816	2,842,510
Gain on sale of assets	556,151	560,303	9,421	18,303	565,572	578,606
Miscellaneous	328,047	580,227	-	-	328,047	580,227
Total revenues	88,042,204	88,996,541	43,395,380	38,531,413	131,437,584	127,527,954
Expenses:						
General government	10,320,209	7,457,087	-	-	10,320,209	7,457,087
Public safety	38,280,137	37,491,453	-	-	38,280,137	37,491,453
Streets	6,319,359	6,548,649	-	-	6,319,359	6,548,649
Public Services	27,916,561	25,829,353	-	-	27,916,561	25,829,353
Culture and Recreation	6,775,264	6,842,821	-	-	6,775,264	6,842,821
Interest on long-term debt	85,952	161,066	-	-	85,952	161,066
Utilities	-	-	29,488,289	29,223,154	29,488,289	29,223,154
Sanitation	-	-	11,254,980	10,645,321	11,254,980	10,645,321
Airport	-	-	2,111,713	2,104,355	2,111,713	2,104,355
Total Expenses	89,697,482	84,330,429	42,854,982	41,972,830	132,552,464	126,303,259
Increases in net assets						
Before Transfers	(1,655,278)	4,666,112	540,398	(3,441,417)	(1,114,880)	1,224,695
Transfers	166,697	(317,251)	(166,697)	317,251	-	-
Change in net assets	(1,488,581)	4,348,861	373,701	(3,124,166)	(1,114,880)	1,224,695
Net assets – October 1	273,478,260	269,129,399	165,162,455	168,286,621	438,640,715	437,416,020
Net assets – September 30	\$ 271,989,679	\$ 273,478,260	\$ 165,536,156	\$ 165,162,455	\$ 437,525,835	\$ 438,640,715

## 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 \$24,192,609. Approximately 61% of this total amount, \$14,695,746, 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, \$5,307,295; 2) to pay for the perpetual care of city cemeteries, \$2,381,449; 3) to purchase items restricted under grant and donation terms, \$1,108,367 and 4) to pay for other miscellaneous reservations, \$699,752. The City of Tyler also self imposes an operating designation in the general fund equivalent to approximately 15 percent of total expenditures, \$8,748,769.

In the general fund, the City's original budget planned for no change in the fund balance on a budget basis. Additional amendments were made to fund various expenses required for operations for a net budgeted decrease in fund balance of \$815,576. Due to both revenue and expenditure budget variances the actual net decrease in fund balance for fiscal year 2009 was \$971,415. The decrease in the general fund balance was primarily due to sales tax revenue being less than projected and fiscal year end power accruals being more than projected. Capital Projects ½ Cent Sales Tax Fund balance decreased in 2009 by \$10,244,374, from \$14,153,670 to \$3,909,296 primarily due to the completion of several multi-year construction projects. Other governmental fund balances decreased in 2009 by \$1,504,883, primarily due to the reduction in interest earnings and special revenues.

**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 Utilities - \$8,511,273, Sanitation - \$992,449 and Airport - \$457,395. The following fund had net asset increases in 2009 as follows: Airport- \$3,847,968. The Utilities fund had a decrease in net assets of \$1,652,359 primarily due to weather related reductions in water sales and revenue bond debt payments. The Sanitation fund had a decrease in net assets of \$948,276 primarily due to increased operating and maintenance spending.

**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 and transfers from the original budget of \$815,576. The majority of increase was due to increased operating costs associated with general government services and culture and recreation.

Actual revenues in all categories were below the final budgeted amounts by a total of \$1,430,118. Actual Expenditures not including transfers were below final budgeted amounts by a total of \$595,353.

## CAPITAL ASSETS

The City of Tyler's investment in capital assets for its governmental and business-type activities as of September 30, 2009 amounts to \$447,784,627, (net of accumulated depreciation). This investment in capital assets includes land, water rights, building, equipment, improvements, infrastructure and construction in progress. The total increase in capital assets for the current fiscal year was \$16,024,474 or 3.71 %.

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

- \$558,321 Park Restroom improvement project
- \$33,337,678 LTD construction completed on major half cent roadway projects
- \$1,450,162 Runway improvements
- \$474,228 Taxiway improvements
- \$1,757,490 Water and Sewer extension projects

	Capital Assets at Year-end Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$14,347,892	\$13,579,740	\$6,726,213	\$6,716,136	\$21,074,105	\$20,295,876
Water Rights	-	-	12,524,200	12,524,200	12,524,200	12,524,200
Building	23,478,207	19,706,350	32,030,577	33,261,781	55,508,784	52,968,131
Improvements	44,470,775	47,867,175	136,130,127	134,940,602	180,600,902	182,807,777
Machinery & Equipment	17,335,945	13,277,803	5,443,307	5,921,282	22,779,252	19,199,085
Infrastructure	95,780,302	99,435,664	1,839,109	1,899,419	97,619,411	101,335,083
Construction in Progress	49,537,715	36,302,743	8,140,258	6,327,258	57,677,973	42,630,001
<b>Total</b>	<b>\$244,950,836</b>	<b>\$230,169,475</b>	<b>\$202,833,791</b>	<b>\$201,590,678</b>	<b>\$447,784,627</b>	<b>\$431,760,153</b>

Additional information on the City of Tyler's capital assets can be found in note 4 on page 40 of this report.

### DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Tyler had a total bonded debt of \$53,955,000 comprised solely of bonds secured by water and sewer revenues.

	Outstanding Debt at Year End Bonds and Notes Payable					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds Payable	-	-	53,955,000	56,570,000	53,955,000	56,570,000
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$53,955,000</b>	<b>\$56,570,000</b>	<b>\$53,955,000</b>	<b>\$56,570,000</b>

During the fiscal year, the City's total bond debt decreased by \$2,615,000 or 5 %. The decrease was primarily due to the following:

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

The City's General Obligation and Revenue Bond ratings are listed below.

	Moody's <u>Investors Service</u>	Standard & Poor's
General Obligation Bonds	Aa3	AAA
Revenue Bonds	Aa3	AA+

Several of the City's Bonds are insured thus holding a Triple A credit rating from both Moody's and Standard & Poor's. Please see note 4 on pages 45 for further explanation of subsequent events which affected the quality of bond insurance and reserve requirements for the City of Tyler. 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 \$657,487,241. The City of Tyler has no outstanding general obligation debt.

Additional information on the City of Tyler's long term-debt can be found in note 4 on pages 43-45 of this report.

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

- The unemployment rate for the City of Tyler is currently 7.3 percent, which is an increase from 5.3 percent a year ago. This compares favorably to the state's average unemployment rate of 8.0 percent and the national average rate of 9.7 percent.
- The office space occupancy rate for the City of Tyler has increased steadily from 86 over the past 10 years to the current 90 percent occupancy rates.
- Sales tax receipts have increased at a nine year average rate of 4.1 percent, as well as property values increasing at a six year average rate of 7.65 percent.

All of these factors were considered in preparing the City of Tyler's budget for the fiscal year 2009-10. During the current fiscal year, unreserved, undesignated fund balance in the General Fund decreased to \$1,044,346. For fiscal year 2009-10, the City has budgeted to match revenues and expenditures in the General Fund. The City of Tyler has also implemented several financial policies during the current fiscal year in an attempt to better analyze and track costs. The City has attempted to control costs in the General Fund to prepare for future economic changes. The 2009-10 budget continues to incorporate the vision provided by Tyler 21 participants in creating a master plan and desires for future growth. The property tax rate adopted with the 2009-10 budget is 20.4 cents per \$100 of valuation.

During 2009-10 Water Utilities plans to begin the projects related to the 2009 revenue bond issue. The City continues to collect a storm water drainage fee as a percentage of the water billing to meet certain State regulations regarding Storm Water Management. Further unreserved net asset balances are being set aside to pay for capital improvements to the water system.

### **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: Finance Director / CFO 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, 2009**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,125,016	\$ 8,479,571	\$ 37,604,587
Receivables (net of allowance for doubtful accounts)	10,695,898	5,648,034	16,343,932
Internal balances	(225,498)	225,498	-
Inventories	182,440	254,871	437,311
Prepaid items and deferred charges	232,796	477,143	709,939
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	3,429,163	6,198,679	9,627,842
Permanently restricted			
Cash and cash equivalents	2,371,920	-	2,371,920
Investment in joint venture	420,000	-	420,000
Capital assets not being depreciated:			
Land	14,347,892	6,726,213	21,074,105
Water rights	-	12,524,200	12,524,200
Construction in progress	49,537,715	8,140,258	57,677,973
Capital assets net of accumulated depreciation:			
Buildings	23,478,207	32,030,577	55,508,784
Improvements other than buildings	44,470,775	136,130,127	180,600,902
Machinery and equipment	17,335,945	5,443,307	22,779,252
Infrastructure	95,780,302	1,839,109	97,619,411
<b>Total Assets</b>	<b>291,182,571</b>	<b>224,117,587</b>	<b>515,300,158</b>
<b>LIABILITIES</b>			
Accounts payable	6,067,725	3,954,656	10,022,381
Deposits and other refundable balances	787,728	7,095	794,823
Insurance claims payable	699,587	-	699,587
Accrued interest payable	29,460	209,453	238,913
Unearned revenues	225,315	-	225,315
Non-current liabilities:			
Due within one year	1,507,341	2,746,640	4,253,981
Due in more than one year	9,875,736	51,663,587	61,539,323
<b>Total Liabilities</b>	<b>19,192,892</b>	<b>58,581,431</b>	<b>77,774,323</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	239,906,695	146,154,811	386,061,506
Restricted for:			
Debt service	-	1,325,188	1,325,188
Perpetual care - nonexpendable	2,381,449	-	2,381,449
Storm water management	-	254,831	254,831
Capital projects	5,307,295	7,614,711	12,922,006
Grants and donations	1,108,367	-	1,108,367
Court ordered disbursements	422,740	-	422,740
Unrestricted	22,863,133	10,186,615	33,049,748
<b>Total Net Assets</b>	<b>\$ 271,989,679</b>	<b>\$ 165,536,156</b>	<b>\$ 437,525,835</b>

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, 2009**

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental activities:							
General government	\$ 10,320,209	\$ 1,040,889	\$ 409,163	\$ -	\$ (8,870,157)	\$ -	\$ (8,870,157)
Public safety	38,280,137	6,749,859	563,778	-	(30,966,500)	-	(30,966,500)
Highways and streets	6,319,359	103,749	302,296	1,433,151	(4,480,163)	-	(4,480,163)
Public services	27,916,561	1,494,735	11,454,597	372,429	(14,594,800)	-	(14,594,800)
Culture and recreation	6,775,264	2,064,127	11,359	100,000	(4,599,778)	-	(4,599,778)
Interest on long term debt	85,952	-	-	-	(85,952)	-	(85,952)
Total governmental activities	<u>89,697,482</u>	<u>11,453,359</u>	<u>12,741,193</u>	<u>1,905,580</u>	<u>(63,597,350)</u>	<u>-</u>	<u>(63,597,350)</u>
Business-type activities:							
Utilities	29,488,289	27,177,264	-	-	-	(2,311,025)	(2,311,025)
Sanitation	11,254,980	10,191,306	-	-	-	(1,063,674)	(1,063,674)
Airport	2,111,713	1,007,417	-	4,702,692	-	3,598,396	3,598,396
Total business-type activities	<u>42,854,982</u>	<u>38,375,987</u>	<u>-</u>	<u>4,702,692</u>	<u>-</u>	<u>223,697</u>	<u>223,697</u>
Total primary government	<u>\$ 132,552,464</u>	<u>\$ 49,829,346</u>	<u>\$ 12,741,193</u>	<u>\$ 6,608,272</u>	<u>(63,597,350)</u>	<u>223,697</u>	<u>(63,373,653)</u>
General revenues:							
Property taxes					13,525,006	-	13,525,006
Franchise taxes					9,121,057	-	9,121,057
Sales and use taxes					37,618,275	-	37,618,275
Unrestricted investment earnings and use of money and property					793,536	307,280	1,100,816
Gain (loss) on sale of assets					556,151	9,421	565,572
Miscellaneous					328,047	-	328,047
Transfers					166,697	(166,697)	-
Total general revenues and transfers					<u>62,108,769</u>	<u>150,004</u>	<u>62,258,773</u>
Change in net assets					(1,488,581)	373,701	(1,114,880)
Net assets - beginning of year					<u>273,478,260</u>	<u>165,162,455</u>	<u>438,640,715</u>
Net assets - end of year					<u>\$ 271,989,679</u>	<u>\$ 165,536,156</u>	<u>\$ 437,525,835</u>

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



CITY OF TYLER, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009

	MAJOR FUNDS		OTHER	TOTAL
	GENERAL	1/2 CENT SALES TAX	NON-MAJOR GOVERNMENTAL FUNDS	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,487,056	\$ -	\$ 7,607,392	\$ 13,094,448
Receivables (net of allowance for doubtful accounts) :				
Property taxes	506,661	-	-	506,661
Other	5,861,977	1,856,925	2,156,827	9,875,729
Due from other funds	1,157,461	-	-	1,157,461
Inventories	6,002	-	4,450	10,452
Prepaid items	49,374	-	1,369	50,743
Cash - restricted	285,825	3,429,163	3,876,333	7,591,321
<b>Total assets</b>	<b>\$ 13,354,356</b>	<b>\$ 5,286,088</b>	<b>\$ 13,646,371</b>	<b>\$ 32,286,815</b>
<b>LIABILITIES and FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,468,082	\$ 1,376,792	\$ 1,571,260	\$ 5,416,134
Deposits and other refundable balances	138,900	-	648,828	787,728
Due to other funds	-	-	1,157,461	1,157,461
Unearned revenue	105,490	-	119,825	225,315
Deferred revenue	507,568	-	-	507,568
<b>Total liabilities</b>	<b>3,220,040</b>	<b>1,376,792</b>	<b>3,497,374</b>	<b>8,094,206</b>
Fund Balances:				
Reserved for:				
Perpetual care	-	-	2,381,449	2,381,449
Court ordered disbursements	123,900	-	136,915	260,815
Court juvenile fund	76,017	-	-	76,017
Court security	85,908	-	-	85,908
Grants / donations	-	-	1,108,367	1,108,367
Capital projects	-	3,909,296	1,397,999	5,307,295
Court technology	-	-	221,636	221,636
Prepaid items	49,374	-	-	49,374
Inventory	6,002	-	-	6,002
<b>Total reserved fund balances</b>	<b>341,201</b>	<b>3,909,296</b>	<b>5,246,366</b>	<b>9,496,863</b>
Unreserved fund balances				
Designated for:				
Operations	8,748,769	-	-	8,748,769
Undesignated reported in:				
General Fund	1,044,346	-	-	1,044,346
Special Revenue Fund	-	-	4,589,187	4,589,187
Permanent Fund	-	-	313,444	313,444
<b>Total unreserved fund balances</b>	<b>9,793,115</b>	<b>-</b>	<b>4,902,631</b>	<b>14,695,746</b>
<b>Total fund balances</b>	<b>10,134,316</b>	<b>3,909,296</b>	<b>10,148,997</b>	<b>24,192,609</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,354,356</b>	<b>\$ 5,286,088</b>	<b>\$ 13,646,371</b>	<b>\$ 32,286,815</b>

(continued)

**CITY OF TYLER, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

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

	TOTAL GOVERNMENTAL FUNDS
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 24,192,609
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	234,115,352
Equity in an affiliated joint venture is included in governmental activities in the statement of net assets.	420,000
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	507,565
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.	(29,460)
Internal service funds are used by management to charge the costs of various goods or services provided to other departments or agencies of the City. 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)	21,004,780
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(8,221,167)</u>
Net assets of governmental activities	<u>\$ 271,989,679</u>

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

**CITY OF TYLER, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>MAJOR FUNDS</u>		OTHER	TOTAL GOVERNMENTAL FUNDS
	<u>GENERAL</u>	<u>1/2 CENT SALES TAX</u>	NON-MAJOR GOVERNMENTAL FUNDS	
<b>REVENUES</b>				
Taxes:				
Property	\$ 13,546,420	\$ -	\$ 10,412	\$ 13,556,832
Franchise	9,121,057	-	-	9,121,057
Sales and use	23,803,265	11,735,812	2,079,198	37,618,275
Licenses and permits	160,702	-	909,291	1,069,993
Fines, forfeitures, and penalties	6,560,191	-	189,668	6,749,859
Revenues from use of money or property	123,694	159,657	542,341	825,692
Charges for current services	1,241,229	-	1,773,314	3,014,543
Revenues from other agencies	466,385	-	13,156,880	13,623,265
Donations	-	-	403,659	403,659
Miscellaneous	281,478	238,722	784,180	1,304,380
Total revenues	<u>55,304,421</u>	<u>12,134,191</u>	<u>19,848,943</u>	<u>87,287,555</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,298,172	30,000	101,495	7,429,667
Public safety	36,782,824	-	145,170	36,927,994
Public services	516,292	-	15,431,856	15,948,148
Highways and streets	5,169,934	252,811	14,117	5,436,862
Culture and recreation	4,972,027	-	1,357,933	6,329,960
Capital outlay	639,657	22,003,474	5,649,111	28,292,242
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	277	277
Total expenditures	<u>55,378,906</u>	<u>22,286,285</u>	<u>22,699,959</u>	<u>100,365,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(74,485)</u>	<u>(10,152,094)</u>	<u>(2,851,016)</u>	<u>(13,077,595)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	209,228	335,421	2,079,863	2,624,512
Transfers out	(1,454,849)	(427,701)	(733,730)	(2,616,280)
Sale of capital assets	348,691	-	-	348,691
Total other financing sources (uses)	<u>(896,930)</u>	<u>(92,280)</u>	<u>1,346,133</u>	<u>356,923</u>
Net change in fund balances	(971,415)	(10,244,374)	(1,504,883)	(12,720,672)
Fund balances - beginning of year	<u>11,105,731</u>	<u>14,153,670</u>	<u>11,653,880</u>	<u>36,913,281</u>
Fund balances - end of year	<u>\$ 10,134,316</u>	<u>\$ 3,909,296</u>	<u>\$ 10,148,997</u>	<u>\$ 24,192,609</u>

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

**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, 2009**

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

Net change in fund balances - total governmental funds	\$ (12,720,672)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	13,444,831
The net decrease of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	(127,000)
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(67,075)
Tax revenue is reported in the government-wide statement of activities and changes in net assets but a portion of the revenue does not provide current financial resources. The current adjustment reflects a net decrease in the deferral of the revenue.	(31,829)
The issuance of long-term debt (e.g capital leases) 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.	448,955
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. This amount reflects the change in the accrued liability for compensated absences and accrued legal expenses.	(134,154)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	6,713
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 (\$873,632)	(2,308,350)
Change in net assets of governmental activities	<u>\$ (1,488,581)</u>

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, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property tax collections	\$ 13,519,359	\$ 13,519,359	\$ 13,546,420	\$ 27,061
Franchise fees	8,559,795	8,559,795	9,121,057	561,262
Sales and use taxes	26,006,645	26,006,645	23,803,265	(2,203,380)
Licenses and permits	167,000	167,000	160,702	(6,298)
Fines, forfeitures, and penalties	6,431,727	6,431,727	6,560,191	128,464
Revenues from use of money or property	172,500	150,988	123,694	(27,294)
Charges for current services	1,164,371	1,164,371	1,241,229	76,858
Revenues from other agencies	523,242	544,754	466,385	(78,369)
Miscellaneous	189,900	189,900	281,478	91,578
<b>Total revenues</b>	<b>56,734,539</b>	<b>56,734,539</b>	<b>55,304,421</b>	<b>(1,430,118)</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT:</b>				
General government services	4,601,689	5,417,265	5,232,717	184,548
Communications	191,509	238,707	239,634	(927)
Finance	1,004,854	1,004,854	977,697	27,157
Human Resources	233,675	233,675	202,142	31,533
Legal	694,664	694,664	695,008	(344)
<b>Total General Government</b>	<b>6,726,391</b>	<b>7,589,165</b>	<b>7,347,198</b>	<b>241,967</b>
<b>PUBLIC SAFETY:</b>				
Police	21,424,965	21,424,965	21,267,770	157,195
Fire	13,829,561	13,739,561	13,650,841	88,720
Partners with youth program	153,725	153,725	151,049	2,676
Municipal court	1,875,872	1,875,872	1,867,985	7,887
<b>Total Public Safety</b>	<b>37,284,123</b>	<b>37,194,123</b>	<b>36,937,645</b>	<b>256,478</b>
<b>PUBLIC SERVICES:</b>				
Code enforcement	573,821	573,821	547,821	26,000
<b>Total Public Services</b>	<b>573,821</b>	<b>573,821</b>	<b>547,821</b>	<b>26,000</b>
<b>HIGHWAYS AND STREETS:</b>				
Engineering	810,513	763,315	569,034	194,281
Street administration	2,066,730	2,066,730	2,278,614	(211,884)
Traffic operations	2,548,148	2,548,148	2,553,272	(5,124)
<b>Total Highways and Streets</b>	<b>5,425,391</b>	<b>5,378,193</b>	<b>5,400,920</b>	<b>(22,727)</b>
<b>CULTURE AND RECREATION:</b>				
Library	1,486,781	1,486,781	1,458,151	28,630
Parks administration	2,429,203	2,477,880	2,466,596	11,284
Indoor recreation	476,767	477,767	526,657	(48,890)
Outdoor recreation	439,509	479,832	403,189	76,643
Median maintenance and arborist	316,697	316,697	290,729	25,968
<b>Total Culture and Recreation</b>	<b>5,148,957</b>	<b>5,238,957</b>	<b>5,145,322</b>	<b>93,635</b>
<b>Total expenditures</b>	<b>55,158,683</b>	<b>55,974,259</b>	<b>55,378,906</b>	<b>595,353</b>

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

(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, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Excess (deficiency) of revenues over (under) expenditures	1,575,856	760,280	(74,485)	(834,765)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	209,228	209,228
Transfers out	(1,579,856)	(1,579,856)	(1,454,849)	125,007
Sale of property and equipment	4,000	4,000	348,691	344,691
Total other financing sources (uses)	(1,575,856)	(1,575,856)	(896,930)	678,926
Net change in fund balance	-	(815,576)	(971,415)	(155,839)
Fund Balance - October 1, 2008	11,105,731	11,105,731	11,105,731	-
Fund Balance - September 30, 2009	<u>\$ 11,105,731</u>	<u>\$ 10,290,155</u>	<u>\$ 10,134,316</u>	<u>\$ (155,839)</u>

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

**CITY OF TYLER, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

ASSETS	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAI
	ENTERPRISE FUNDS				ACTIVITIES
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<b>Current Assets</b>					
Unrestricted current assets:					
Cash and cash equivalents	\$ 4,203,950	\$ 3,717,323	\$ 558,298	\$ 8,479,571	\$ 14,240,330
Prepaid expenses	-	3,000	-	3,000	182,053
Accounts receivable (net)	3,223,213	1,116,364	1,308,457	5,648,034	313,508
Inventories - at average cost	254,871	-	-	254,871	171,988
<b>Total unrestricted current assets</b>	<b>7,682,034</b>	<b>4,836,687</b>	<b>1,866,755</b>	<b>14,385,476</b>	<b>14,907,879</b>
Restricted Current assets:					
Temporarily restricted					
Cash and cash equivalents for payment of current maturities of revenue bond principal and interest	1,041,159	-	-	1,041,159	-
<b>Total restricted current assets</b>	<b>1,041,159</b>	<b>-</b>	<b>-</b>	<b>1,041,159</b>	<b>-</b>
<b>Total current assets</b>	<b>8,723,193</b>	<b>4,836,687</b>	<b>1,866,755</b>	<b>15,426,635</b>	<b>14,907,879</b>
<b>Noncurrent assets:</b>					
Restricted assets:					
Temporarily restricted					
Cash and cash equivalents	5,157,520	-	-	5,157,520	-
<b>Total restricted assets</b>	<b>5,157,520</b>	<b>-</b>	<b>-</b>	<b>5,157,520</b>	<b>-</b>
Deferred charges (net)	474,143	-	-	474,143	-
Capital assets:					
Land	2,706,136	3,285,312	734,765	6,726,213	65,000
Water rights	12,524,200	-	-	12,524,200	-
Buildings	32,038,261	307,704	22,227,009	54,572,974	499,226
Improvements other than buildings	189,830,303	555,643	17,927,787	208,313,733	451,063
Machinery and equipment	2,525,913	6,613,407	865,224	10,004,544	23,047,514
Construction in progress	3,061,504	85,300	4,993,454	8,140,258	-
Less accumulated depreciation	(84,117,111)	(2,923,687)	(10,407,333)	(97,448,131)	(13,227,318)
<b>Total capital assets net of accumulated depreciation</b>	<b>158,569,206</b>	<b>7,923,679</b>	<b>36,340,906</b>	<b>202,833,791</b>	<b>10,835,485</b>
<b>Total noncurrent assets</b>	<b>164,200,869</b>	<b>7,923,679</b>	<b>36,340,906</b>	<b>208,465,454</b>	<b>10,835,485</b>
<b>Total assets</b>	<b>172,924,062</b>	<b>12,760,366</b>	<b>38,207,661</b>	<b>223,892,089</b>	<b>25,743,364</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Unrestricted current liabilities:					
Accounts and contracts payable	1,969,068	619,671	1,365,917	3,954,656	651,591
Insurance claims payable	-	-	-	-	699,587
Current portion of capital lease payable	1,621	-	-	1,621	622,244
Current portion of compensated absences payable	16,916	5,931	2,172	25,019	4,154
<b>Total unrestricted current liabilities</b>	<b>1,987,605</b>	<b>625,602</b>	<b>1,368,089</b>	<b>3,981,296</b>	<b>1,977,576</b>
Current liabilities payable from restricted assets:					
Revenue bonds payable	2,720,000	-	-	2,720,000	-
Customer deposits	7,095	-	-	7,095	-
Accrued interest	209,453	-	-	209,453	-
<b>Total current liabilities payable from restricted assets</b>	<b>2,936,548</b>	<b>-</b>	<b>-</b>	<b>2,936,548</b>	<b>-</b>
<b>Total current liabilities</b>	<b>4,924,153</b>	<b>625,602</b>	<b>1,368,089</b>	<b>6,917,844</b>	<b>1,977,576</b>
<b>Noncurrent liabilities:</b>					
Revenue bonds payable (net)	51,183,881	-	-	51,183,881	-
Capital lease payable	4,344	-	-	4,344	2,456,582
Compensated absences	321,407	112,684	41,271	475,362	78,930
<b>Total noncurrent liabilities</b>	<b>51,509,632</b>	<b>112,684</b>	<b>41,271</b>	<b>51,663,587</b>	<b>2,535,512</b>
<b>Total liabilities</b>	<b>56,433,785</b>	<b>738,286</b>	<b>1,409,360</b>	<b>58,581,431</b>	<b>4,513,088</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	101,890,226	7,923,679	36,340,906	146,154,811	7,756,659
Restricted net assets:					
Debt service	1,325,188	-	-	1,325,188	-
Storm water management	254,831	-	-	254,831	-
Capital projects	4,508,759	3,105,952	-	7,614,711	-
Unrestricted	8,511,273	992,449	457,395	9,961,117	13,473,617
<b>Total net assets</b>	<b>\$ 116,490,277</b>	<b>\$ 12,022,080</b>	<b>\$ 36,798,301</b>	<b>165,310,658</b>	<b>\$ 21,230,276</b>
Reconciliation to government-wide statements of net assets:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			Prior years	1,099,130	
			Current year	(873,632)	
<b>Net assets of business-type activities</b>				<b>\$165,536,156</b>	

**CITY OF TYLER, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL
	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	UTILITIES	SANITATION	AIRPORT		
<b>OPERATING REVENUES</b>					
Water and sewer operations	\$ 27,424,458	\$ -	\$ -	\$ 27,424,458	\$ -
Trash and garbage	-	9,990,581	-	9,990,581	-
Airport sales and rentals	-	-	1,107,989	1,107,989	-
Charges for services	-	-	-	-	13,181,380
Contributions	-	-	-	-	8,875,409
Income from other agencies	-	169,947	-	169,947	-
Miscellaneous	416,663	128,292	11,689	556,644	532,818
Total operating revenues	<u>27,841,121</u>	<u>10,288,820</u>	<u>1,119,678</u>	<u>39,249,619</u>	<u>22,589,607</u>
<b>OPERATING EXPENSES</b>					
Water and sewer operations	18,961,991	-	-	18,961,991	-
Sanitation operations	-	10,283,913	-	10,283,913	-
Municipal Airport operations	-	-	1,127,051	1,127,051	-
Garage operations	-	-	-	-	4,416,160
Depreciation	7,780,109	971,067	984,662	9,735,838	3,197,196
Insurance claims	-	-	-	-	9,329,166
Administrative	-	-	-	-	7,582,711
Special services	-	-	-	-	1,526,469
Maintenance	-	-	-	-	417,825
Total operating expenses	<u>26,742,100</u>	<u>11,254,980</u>	<u>2,111,713</u>	<u>40,108,793</u>	<u>26,469,527</u>
Operating income (loss)	<u>1,099,021</u>	<u>(966,160)</u>	<u>(992,035)</u>	<u>(859,174)</u>	<u>(3,879,920)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Revenues from use of money and property	227,706	71,355	8,219	307,280	357,324
Income from other agencies	-	-	4,702,692	4,702,692	-
Amortization	(90,217)	-	-	(90,217)	-
Gain (loss) on sale of assets	-	9,421	-	9,421	274,535
Interest expense	(2,655,972)	-	-	(2,655,972)	(92,388)
Total non-operating revenues (expenses)	<u>(2,518,483)</u>	<u>80,776</u>	<u>4,710,911</u>	<u>2,273,204</u>	<u>539,471</u>
Income (loss) before transfers	<u>(1,419,462)</u>	<u>(885,384)</u>	<u>3,718,876</u>	<u>1,414,030</u>	<u>(3,340,449)</u>
Transfers in	14,482,298	990,796	4,960,879	20,433,973	1,302,642
Transfers out	(14,715,195)	(1,053,688)	(4,831,787)	(20,600,670)	(1,144,177)
Net transfers	<u>(232,897)</u>	<u>(62,892)</u>	<u>129,092</u>	<u>(166,697)</u>	<u>158,465</u>
Change in net assets	(1,652,359)	(948,276)	3,847,968	1,247,333	(3,181,984)
Net Assets - October 1, 2008	<u>118,142,636</u>	<u>12,970,356</u>	<u>32,950,333</u>		<u>24,412,260</u>
Net Assets - September 30, 2009	<u>\$ 116,490,277</u>	<u>\$ 12,022,080</u>	<u>\$ 36,798,301</u>		<u>\$ 21,230,276</u>
Reconciliation to government-wide statements of net assets					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(873,632)	
Change in net assets of business-type activities				<u>\$ 373,701</u>	

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



**CITY OF TYLER, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL
	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	UTILITIES	SANITATION	AIRPORT		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$ 27,367,396	\$ 10,462,938	\$ (4,718)	\$ 37,825,616	\$ 22,568,617
Cash paid to suppliers for goods and services	(13,245,105)	(8,004,810)	411,717	(20,838,198)	(10,424,507)
Cash paid to employees for services	(5,257,743)	(2,406,545)	(417,294)	(8,081,582)	(3,164,263)
Insurance claims paid	-	-	-	-	(9,451,208)
Net cash provided by (used in) operating activities	<u>8,864,548</u>	<u>51,583</u>	<u>(10,295)</u>	<u>8,905,836</u>	<u>(471,361)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	14,482,298	990,796	4,960,879	20,433,973	1,302,642
Transfers out to other funds	(14,715,195)	(1,053,688)	(4,831,787)	(20,600,670)	(1,144,177)
Net cash (used in) provided by non-capital financing activities	<u>(232,897)</u>	<u>(62,892)</u>	<u>129,092</u>	<u>(166,697)</u>	<u>158,465</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(5,673,004)	(455,664)	(4,851,810)	(10,980,478)	(1,871,139)
Proceeds from grants for capital purposes	-	-	4,702,692	4,702,692	-
Proceeds from sale of assets	-	15,351	-	15,351	296,897
Payments on debt	(2,615,000)	-	-	(2,615,000)	(707,390)
Interest paid	(2,655,972)	-	-	(2,655,972)	(92,388)
Net cash provided by (used in) capital and related financing activities	<u>(10,943,976)</u>	<u>(440,313)</u>	<u>(149,118)</u>	<u>(11,533,407)</u>	<u>(2,374,020)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments	227,706	71,355	8,219	307,280	357,324
Net cash provided by (used in) investing activities	<u>227,706</u>	<u>71,355</u>	<u>8,219</u>	<u>307,280</u>	<u>357,324</u>
Net increase (decrease) in cash and cash equivalents	(2,084,619)	(380,267)	(22,102)	(2,486,988)	(2,329,592)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>12,487,248</u>	<u>4,097,590</u>	<u>580,400</u>	<u>17,165,238</u>	<u>16,569,922</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 10,402,629</u>	<u>\$ 3,717,323</u>	<u>\$ 558,298</u>	<u>\$ 14,678,250</u>	<u>\$ 14,240,330</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 1,099,021	\$ (966,160)	\$ (992,035)	\$ (859,174)	\$ (3,879,920)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	7,780,109	971,067	984,662	9,735,838	3,197,196
(Increase) decrease in accounts receivable	(488,744)	174,118	(1,124,396)	(1,439,022)	128,487
(Increase) decrease in prepaid expenses	-	-	-	-	(60,699)
(Increase) decrease in inventories	22,145	-	-	22,145	152,364
Increase (decrease) in accounts payable	463,353	(104,827)	1,121,342	1,479,868	111,334
Increase (decrease) in customer deposits	(7,126)	-	-	(7,126)	-
Increase (decrease) in claims payable	-	-	-	-	(109,377)
Increase (decrease) in compensated absences payable	(4,210)	(22,615)	132	(26,693)	(10,746)
Total adjustments	<u>7,765,527</u>	<u>1,017,743</u>	<u>981,740</u>	<u>9,765,010</u>	<u>3,408,559</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 8,864,548</u>	<u>\$ 51,583</u>	<u>\$ (10,295)</u>	<u>\$ 8,905,836</u>	<u>\$ (471,361)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Borrowing under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,801,292</u>

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

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE - PURPOSE TRUST FUNDS	TOTAL
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 3,349,600	\$ 2,230,146	\$ 5,579,746
Receivables			
Accounts receivable	14,784	-	14,784
Interest receivable	-	8,756	8,756
Total receivables	14,784	8,756	23,540
Total assets	3,364,384	2,238,902	5,603,286
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Total liabilities	-	-	-
<b>NET ASSETS</b>			
Held in trust for OPEB benefits and other purposes	\$ 3,364,384	\$ 2,238,902	\$ 5,603,286

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

**CITY OF TYLER, TEXAS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE - PURPOSE TRUST FUNDS	TOTAL
<b>ADDITIONS</b>			
Contributions:			
Employees	\$ 183,796	\$ -	\$ 183,796
Employer	3,399,726	-	3,399,726
Other	-	36,712	36,712
Total contributions	<u>3,583,522</u>	<u>36,712</u>	<u>3,620,234</u>
Investment income:			
Interest	-	35,816	35,816
Net investment income	<u>-</u>	<u>35,816</u>	<u>35,816</u>
Total additions	<u>3,583,522</u>	<u>72,528</u>	<u>3,656,050</u>
<b>DEDUCTIONS</b>			
Benefits	390,090	-	390,090
Contributions	-	3,500	3,500
Total deductions	<u>390,090</u>	<u>3,500</u>	<u>393,590</u>
Change in net assets	3,193,432	69,028	3,262,460
Net Assets - October 1, 2008	<u>170,952</u>	<u>2,169,874</u>	<u>2,340,826</u>
Net Assets - September 30, 2009	<u>\$ 3,364,384</u>	<u>\$ 2,238,902</u>	<u>\$ 5,603,286</u>

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

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**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.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting practices generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

**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 has resulted in the elimination of general obligation indebtedness and has enabled the City to reduce its property tax rate.

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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 is 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.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**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 are 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, sales taxes, franchise taxes, 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 1/2 Cent Sales Tax 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 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 the operations of Tyler Pounds Regional Airport.

Additionally, the government reports the following fund types:

Internal service funds 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 Fund – tracks the performance pay of City employees.
2. Fleet Maintenance and Replacement Fund – used to track maintenance and repair work on vehicles of all City departments and to acquire vehicles and equipment for all City departments.
3. Property and Liability Insurance Fund – accounts for the City's property, casualty, liability, disability and workers' compensation insurance programs.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued**

Internal Service Funds – continued:

4. Employee Benefits Fund – accounts for the City’s self-insurance program for health and dental insurance as well as life insurance for current employees.
5. Retiree Benefits Fund – accounts for the City’s self-insurance program for health and dental insurance as well as life insurance for retired employees.
6. Property and Facility Management Fund – accounts for maintenance on City facilities including roof and HVAC repairs and replacement.
7. Technology Fund – accounts for the City’s investment and maintenance of technology and office automation.

Fiduciary Funds:

The Employee Benefit Trust (Section 125 Plan) Fund is used to account for the resources accumulated and payments made on behalf of City employees enrolled in the City’s cafeteria plan administered by Health First.

The OPEB Trust Fund is used to account for the resources accumulated to meet ARC (annual required contributions) and long term liability requirements associated with administering post employment health, dental and life benefits for retired employees in accordance with GASB 43 and 45.

The Greenwood Landfill Private-Purpose Trust Fund is used to accumulate resources held in trust for Allied Waste Management and is used for closure and post-closure expenses of the Greenwood Landfill.

The Lindsey Trust Fund is used to account for the endowment fund created for the charitable purpose of making awards to police officers and firefighters employed by the City of Tyler for outstanding service and to aid them and their families injured in the line of duty.

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 this 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.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued**

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Housing Assistance Payment Fund**

The City of Tyler accounts for revenues and expenditures related to the Housing Choice Voucher Program Housing Assistance Payments in the "Housing Assistance Payments Fund" reported on pages 66 and 69. The Housing Assistance Payment Fund is reported on a modified cash basis.

**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. 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*", is applied to investments in external investment pools, investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities are required 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.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**E. Assets, Liabilities, and Net Assets or Equity – continued**

2. Investments – continued

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. This information is provided by the City's investment custodian. 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, 2009, 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.

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 United States government, bonds guaranteed by the United States government, certificates of deposit at financial institutions, local government investment pools, direct obligations of the State of Texas, no load government money market mutual funds, and repurchase agreements. 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" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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



CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**E. Assets, Liabilities, and Net Assets or Equity – continued**

3. Receivables and Payables – continued

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

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. All delinquent property taxes receivable are assets of the General Fund.

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, 2009, was \$.204000 per \$100, which means that the City has a tax margin of \$1.546000 per \$100 and could raise up to \$101,647,528 additional taxes a year from the present valuation of \$6,574,872,417 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. Due from Other Funds

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

6. 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 two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. 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. 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.

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.

CITY OF TYLER, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**E. Assets, Liabilities, and Net Assets or Equity – continued**

6. Capital Assets – continued

Property, plant, and equipment of the primary government, as well as the component unit, are 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
Heavy equipment	7 to 10
Small equipment	3 to 7
Vehicles	3 to 5
Computer and other electronic equipment	3 to 5
Office equipment	3

7. 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.

8. 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 Fund is used to report those proceeds of revenue bond issuances that are restricted for use in water and sewer projects. The Utilities Fund is also 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 due to enabling legislation and trust agreements established to govern the spending of funds for the permanent care of the City’s cemeteries.

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 at the end of each pay period. 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 are 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.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**E. Assets, Liabilities, and Net Assets or Equity – continued**

9. Compensated Absences – continued

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. Long-Term Obligations

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

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12. Net Assets

Net assets represent 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 less unspent cash acquired through debt at year-end. 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. The government-wide statement of net assets reports \$18,414,581 of restricted net assets, of which \$3,909,296 is restricted by enabling legislation.

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.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**E. Assets, Liabilities, and Net Assets or Equity – continued**

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. However, encumbrances in the Governmental Funds lapse at the end of the each year and are re-budgeted during the next fiscal year.

Encumbrance accounting is also employed in Proprietary Funds for management control purposes. Encumbrances outstanding at year-end are not reported as restrictions of net assets nor have they been included as expenses or liabilities of Proprietary Funds.

15. New Accounting Pronouncements

In December 2006, the Governmental Accounting Standards Board (GASB) issued Statement No. 49 “*Accounting and Financial Reporting for Pollution Remediation Obligations*”. This statement identifies situations in which a government is required to report obligations relating to pollution remediation. The statement was effective for the City’s year ending September 30, 2009, and did not have an impact on the City’s financial statements.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and financial recognition, measurement and disclosure reporting requirements for derivative instruments. This statement is effective for the City’s financial statements for years beginning after June 15, 2009. This statement will not impact the City’s financial statements.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements to improve the usefulness of information about fund balance by providing clearer, more structured fund balance classifications and clarifying the definitions of existing governmental fund types. This statement is effective for financial statements for years beginning after June 15, 2010. The City is evaluating the impact of this statement on the City’s financial statements.

CITY OF TYLER, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**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 \$8,221,167 difference are as follows:

Claims and judgment	\$ 100,000
Capital leases	1,965,315
Compensated absences	<u>6,155,852</u>
Net adjustment to reduce fund balance – total governmental funds	
to arrive at net assets – governmental activities	<u>\$8,221,167</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 \$507,565 difference are as follows:

Deferred property tax revenues	\$ 507,565
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**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 \$13,444,831 difference are as follows:

Capital outlay	\$28,440,946
Depreciation expense	<u>(14,996,115)</u>
Net adjustment to decrease net changes in fund balances-	
total governmental funds to arrive at changes in net	
assets of governmental activities	<u>\$13,444,831</u>

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**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. Budgetary control is established at the fund level. 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 (Development Services Fund, Police Forfeiture Fund, Court Technology Fund, Main Street Fund, Hotel-Motel Occupancy Tax Fund, Tourism and Convention Fund, Passenger Facility Charge Fund, Oil and Natural Gas Fund), General Debt Services Fund, Capital Projects Fund, all Enterprise Funds, all Internal Service Funds, and Permanent Funds.

Budgets for the General Fund, certain Special Revenue Funds (Development Services Fund, Police Forfeiture Fund, Court Technology Fund, Main Street Fund, Hotel-Motel Occupancy Tax Fund, Tourism and Convention Fund, Passenger Facility Charge Fund, Oil and Natural Gas Fund), General Debt Services Fund, Capital Projects Fund, and Permanent Funds 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 \$55,974,259. Appropriations, which are not expended or encumbered at year-end, must be re-budgeted in the succeeding year.

6. Budgets for Proprietary Funds 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 Funds are on this non-GAAP budgetary basis.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY**

**B. Expenditures Over Appropriations**

Following is a summary of expenditures in excess of appropriations for individual funds:

<u>Individual Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures In Excess of Appropriations</u>
Property and Liability Insurance Fund	\$ 1,523,459	\$ 1,448,801	\$ 74,658
Employee Benefits Fund	7,117,703	6,980,719	136,984
Property and Facility Management Fund	727,230	609,828	117,402
Technology Fund	5,362,985	3,332,026	2,030,959

**C. Deficit Fund Equity**

As of September 30, 2009, there were no funds with a deficit fund balance.

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

**A. Deposits and Investments**

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 for the year ended September 30, 2009, are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
U.S. Government Securities	\$10,097,520	.70	AAA
TexPool	3,577,352	.21	AAA
TexStar	5,966,762	.21	AAA
Certificate of Deposit	<u>20,000,000</u>	.49	
Total fair value	<u>\$39,641,634</u>		
 Portfolio weighted average maturity		 .48	

Interest Rate Risk – The City, in compliance with its investment policy adopted by the City Council, invests in shorter-term securities to protect market valuation from unanticipated rate movements. In addition, the City will not directly invest in securities maturing more than two years from the date of purchase.

Credit Risk – The City's investment policy requires the City to invest in U. S. Treasury and Agency securities along with Texas Local Government Pool (TexPool and TexStar) investments. In addition, the City's investment policy requires approved broker / dealers meeting strict qualifications.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**A. Deposits and Investments – continued**

Concentration of Credit Risk – The City attempts to avoid over-investment in local government pools and matches a portion of its investments with anticipated cash flow requirements.

Custodial Credit Risk – Deposits – At September 30, 2009 the City held several bank accounts; including a NOW interest bearing account, at one financial institution. The bank account balances, less outstanding checks and deposits, totaled \$12,346,507 and the bank balances totaled \$13,137,844. Of the bank balances, \$250,000 was covered by federal depository insurance. The remaining balance was covered by collateral held in the pledging financial institutions’ trust department in the City’s name. In accordance with the City’s deposit and investment policy, all deposits placed at a financial institution shall be insured or collateralized in compliance with applicable State law. The City requires market value of pledged securities in excess of 102% of all uninsured deposits.

**B. Receivables**

Receivables as of year-end for the City’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>	General Fund	1/2 Cent Sales Tax Fund	Utilities Fund	Sanitation Fund	Airport Fund	Non-Major Governmental Funds	Internal Service Funds	Fiduciary Funds	Total
Accounts	\$ 5,773,280	\$ -	\$ 3,356,095	\$ 1,141,764	\$1,306,106	\$ 492,291	\$ 252,512	\$ 14,784	\$ 12,336,832
Grants	61,353	-	-	-	-	1,619,511	-	-	1,680,864
Taxes	550,755	1,839,003	-	-	-	-	-	-	2,389,758
Miscellaneous	27,344	17,922	27,855	14,784	2,351	45,025	60,996	8,756	205,033
Gross receivables	6,412,732	1,856,925	3,383,950	1,156,548	1,308,457	2,156,827	313,508	23,540	16,612,487
Less: allowance for uncollectibles	(44,094)	-	(160,737)	(40,184)	-	-	-	-	(245,015)
Net total receivables	<u>\$ 6,368,638</u>	<u>\$ 1,856,925</u>	<u>\$ 3,223,213</u>	<u>\$ 1,116,364</u>	<u>\$1,308,457</u>	<u>\$ 2,156,827</u>	<u>\$ 313,508</u>	<u>\$ 23,540</u>	<u>\$ 16,367,472</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:

Unearned grant revenue	<u>Unavailable</u>	<u>Unearned</u>
Deferred property taxes receivable	<u>\$ 507,568</u>	<u>\$ 225,315</u>



CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**C. Lindsey Trust Fund**

The S.A. Lindsey Police And Firemen’s Trust was created by Louise Lindsey Merrick on July 20, 1971 for the charitable purpose of making awards to police officers and firefighters employed by the City of Tyler for outstanding service and to aid them and their families injured in the line of duty. The S.A. Lindsey Police And Firemen’s Trust was terminated by court order on September 24, 2007, on the petition of the Trustee, Bank of America, due to new legislation making continuation of the trust economically infeasible. As a result, the Lindsey Police and Firemen’s Board contracted with the East Texas Communities Foundation to receive and manage the assets distributed from the termination of the S.A. Lindsey Police And Firemen’s Trust, to create an Endowment Fund, to be known as the Lindsey Police and Firemen’s Endowment Fund (Fund), designed to meet the primary purposes outlined in the originating trust document. The Lindsey Trust Fund was created to account for this Fund, as reflected in the Private-Purpose Trust Funds Combining Statement of Net Assets and Combining Statement of Changes in Net Assets, schedules D-3 and D-4 in the additional supplemental information.

The Fund is defined as a Permanent Endowment. The permanent portion or corpus of the Fund is \$25,000, with the remaining amount of the Fund considered net appreciation. Under the terms of the endowment, and consistent with State statutes, distributions from the Fund are to be made from the net appreciation so that the corpus of the fund will not be exhausted or depleted. Distributions may only be made to the City of Tyler, Texas. Ordinary distributions to the City of Tyler shall be made from the Fund once per calendar year in the amount requested by the City of Tyler up to a cumulative limit of five percent (5%) of the value of the Fund determined as of the preceding December 31. Any portion of the net appreciation available for distribution which is not withdrawn by the City of Tyler in one year may be withdrawn in a subsequent year. No additional distributions shall be made from the Fund. To the extent possible, the Donor intends to preserve the permanent portion or corpus of the Fund by limiting distributions to 5% per year. For the year ended September 30, 2009, the net appreciation on investments of the Fund was \$28,424.

Because the Lindsey Police and Firefighters’ Endowment Fund is separately organized and managed by contract with an investment company as directed by the Lindsey Police and Firefighters’ Fund Board, it is excluded from the City of Tyler’s Investment Fund policy.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,579,740	\$ 779,652	\$ (11,500)	\$ 14,347,892
Construction in progress	36,302,743	22,826,257	(9,591,285)	49,537,715
Total capital assets not being depreciated	<u>49,882,483</u>	<u>23,605,909</u>	<u>(9,602,785)</u>	<u>63,885,607</u>
Capital assets, being depreciated:				
Buildings	31,370,890	5,073,976	(998,376)	35,446,490
Improvements, other than buildings	83,279,096	3,488,136	-	86,767,232
Machinery and equipment	38,579,093	9,232,767	(4,372,229)	43,439,631
Infrastructure	238,602,595	2,036,769	-	240,639,364
Total capital assets being depreciated	<u>391,831,674</u>	<u>19,831,648</u>	<u>(5,370,605)</u>	<u>406,292,717</u>
Less accumulated depreciation for:				
Buildings	(11,664,540)	(814,749)	511,006	(11,968,283)
Improvements other than buildings	(35,411,921)	(6,887,984)	3,448	(42,296,457)
Machinery and equipment	(25,301,290)	(4,801,898)	3,999,502	(26,103,686)
Infrastructure	(139,166,931)	(5,692,131)	-	(144,859,062)
Total accumulated depreciation	<u>(211,544,682)</u>	<u>(18,196,762)</u>	<u>4,513,956</u>	<u>(225,227,488)</u>
Total capital assets being depreciated, net	<u>180,286,992</u>	<u>1,634,886</u>	<u>(856,649)</u>	<u>181,065,229</u>
Government activities capital assets, net	<u>\$ 230,169,475</u>	<u>\$ 25,240,795</u>	<u>\$ (10,459,434)</u>	<u>\$ 244,950,836</u>
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,716,136	\$ 10,077	\$ -	\$ 6,726,213
Water rights	12,524,200	-	-	12,524,200
Construction in progress	6,327,258	6,623,385	(4,810,385)	8,140,258
Total capital assets, not being depreciated	<u>25,567,594</u>	<u>6,633,462</u>	<u>(4,810,385)</u>	<u>27,390,671</u>
Capital assets, being depreciated:				
Buildings	52,472,222	8,630	-	52,480,852
Improvements, other than buildings	200,174,799	8,138,934	-	208,313,733
Machinery and equipment	9,396,504	1,530,346	(922,306)	10,004,544
Infrastructure	2,092,122	-	-	2,092,122
Total capital assets being depreciated	<u>264,135,647</u>	<u>9,677,910</u>	<u>(922,306)</u>	<u>272,891,251</u>
Less accumulated depreciation for:				
Buildings	(19,210,441)	(1,239,834)	-	(20,450,275)
Improvements other than buildings	(65,234,197)	(6,949,409)	-	(72,183,606)
Machinery and equipment	(3,475,222)	(1,486,285)	400,270	(4,561,237)
Infrastructure	(192,703)	(60,310)	-	(253,013)
Total accumulated depreciation	<u>(88,112,563)</u>	<u>(9,735,838)</u>	<u>400,270</u>	<u>(97,448,131)</u>
Total capital assets being depreciated, net	<u>176,023,084</u>	<u>(57,928)</u>	<u>(522,036)</u>	<u>175,443,120</u>
Business-Type activities capital assets, net	<u>\$ 201,590,678</u>	<u>\$ 6,575,534</u>	<u>\$ (5,332,421)</u>	<u>\$ 202,833,791</u>

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**D. Capital Assets – continued**

**Water Rights**

In 1965, the City purchased the right to 40% of the perpetual annual water yield of Lake Palestine from the Upper Neches River Municipal Water Authority. The City paid \$12,524,200 for the water rights. Management believes there is no impairment in the value of the water rights at September 30, 2009.

**Depreciation**

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

Governmental activities:	
General government	\$ 103,881
Public safety	1,590,464
Highways and streets, including depreciation of general infrastructure assets	868,322
Public services	10,691,267
Culture and recreation	1,745,632
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,197,196</u>
Total depreciation expense - governmental activities	<u><u>\$ 18,196,762</u></u>
Business-type activities:	
Utilities	\$ 7,780,109
Sanitation	971,067
Airport	984,662
Total depreciation expense - business-type activities	<u><u>\$ 9,735,838</u></u>

**Construction Commitments**

As of September 30, 2009, the City has active construction projects. The projects include street construction, restroom improvements, airport improvements, and sanitation and waterline additions. At year end the City's commitments with contractors are as follows:

Project	<u>Spent-to-Date</u>	<u>Estimated Remaining Commitment</u>
Grande Extension	\$ 27,045,542	\$ 2,194,596
Old Omen Improvements	6,292,136	2,011,130
Restroom Project	558,321	665,590
Runway Improvements	1,450,162	3,410,947
Taxiway Improvements	474,228	526,564
Hwy 69 & I-20 Sanitary Sewers	1,222,562	654,661
Hwy 69 & I-20 Waterline	534,928	453,420

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**D. Capital Assets – continued**

**Construction Commitments – continued**

The street construction and restroom projects for public purposes are either funded from existing resources held by the General Fund or by resources held in the ½ Cent Sales Tax Fund. The Airport improvements are being financed by Federal Aviation Administration grants. The sanitary sewers and waterline additions are being financed by revenue bonds.

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

The interfund balances result from overdrafts in the City’s pooled cash accounts that were funded by the General Fund.

The composition of interfund balances as of September 30, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Main Street	\$ 31,193
General Fund	Passenger Facility	44
General Fund	State & Federal Grant	715,132
General Fund	Transit Grant	153,500
General Fund	CDBG Grant	44,906
General Fund	Home Grant	212,686
		<u>\$ 1,157,461</u>

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

The composition of interfund transfers as of September 30, 2009, is as follows:

	General Fund	1/2 Cent Sales Tax Fund	Nonmajor Governmental Funds	Utilities Enterprise Funds	Airport Enterprise Funds	Sanitation Funds	Internal Service Funds	Total
<b>Transfers out:</b>								
General Fund	\$ -	\$ -	\$ 1,313,249	\$ -	\$ -	\$ -	\$ 141,600	\$ 1,454,849
1/2 Cent Sales Tax Fund	-	-	298,609	-	129,092	-	-	427,701
Nonmajor Governmental Funds	10,515	315,117	120,829	-	-	64,550	222,719	733,730
Utilities Enterprise Funds	-	20,304	194,233	14,482,298	-	-	18,360	14,715,195
Airport Enterprise Funds	-	-	-	-	4,831,787	-	-	4,831,787
Sanitation Enterprise Fund	-	-	134,979	-	-	909,246	9,463	1,053,688
Internal Service Funds	198,713	-	17,964	-	-	17,000	910,500	1,144,177
<b>Total</b>	<u>\$ 209,228</u>	<u>\$ 335,421</u>	<u>\$ 2,079,863</u>	<u>\$ 14,482,298</u>	<u>\$ 4,960,879</u>	<u>\$ 990,796</u>	<u>\$ 1,302,642</u>	<u>\$ 24,361,127</u>

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**F. Leases**

Operating Leases

The City leases various types of equipment under annual cancelable (termination clause) operating leases. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2009, were approximately \$260,000.

Capital Leases

The City has entered into various lease agreements as the lessee for financing the acquisition of support equipment related to a future upgrade in the City’s telephone system, Coban units for the Police and Fire Departments, voice over IP system, fire trucks, radio equipment and multiple computer and copier purchases. The lease agreements qualify as capital leases for accounting purposes. The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
Machinery and Equipment	\$ 7,441,615	\$ 8,342
Less: Accumulated depreciation	<u>(1,934,446)</u>	<u>(2,503)</u>
Total	<u>\$ 5,507,169</u>	<u>\$ 5,839</u>

The future minimum lease obligations as of September 30, 2009, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Year ending September 30:		
2010	\$ 1,278,345	\$ 1,935
2011	1,109,479	1,935
2012	941,480	1,935
2013	847,846	806
2014	272,614	-
2015-2019	<u>1,363,070</u>	<u>-</u>
 Total amount of minimum lease payments	 5,812,834	 6,611
 Less: amount representing interest	 <u>(768,693)</u>	 <u>(646)</u>
Present value of minimum lease payments	<u>\$ 5,044,141</u>	<u>\$ 5,965</u>

**G. Long-Term Debt**

General Obligation Bonds

On January 23, 2008, the City Council approved a resolution to redeem the bonds known as “City of Tyler, Texas General Obligation Refunding Bonds, Series 1997,” dated November 1, 1997, maturing on August 15, in the years 2008 through 2010, and aggregating in principal amount of \$3,310,000. The bonds were redeemed in February 2008.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**G. Long-Term Debt – continued**

Revenue Bonds

The City issues bonds where the City 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. The original amount of the outstanding revenue bonds was \$73,560,000.

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%	\$ 785,000
Series 2002	Lake Palestine water treatment plant	2.00 to 4.75%	12,275,000
Series 2003	Water meter replacement	2.00 to 5.00%	6,390,000
Series 2005	Advance Refunding	3.00 to 5.00%	29,385,000
Series 2008	Water and sewer infrastructure projects	4.00 to 4.15%	<u>5,120,000</u>
Total outstanding revenue bonds			<u>\$53,955,000</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>
2010	\$ 2,720,000	\$ 2,542,564
2011	2,845,000	2,423,889
2012	2,960,000	2,312,064
2013	3,095,000	2,175,102
2014	1,630,000	2,056,596
2015-2019	9,395,000	9,043,146
2020-2024	11,920,000	6,520,346
2025-2029	15,165,000	3,277,304
2030-2032	<u>4,225,000</u>	<u>245,934</u>
Total	<u>\$53,955,000</u>	<u>\$30,596,945</u>

Cash in the amount of \$6,198,679 was restricted at September 30, 2009 in order to fund the City's annual debt service requirements, to meet the debt service reserve fund requirements of bond covenants and for construction costs in connection with the Series 2008 Water & Sewer Revenue Bonds.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**G. Long-Term Debt – continued**

Revenue Bonds – continued

The revenue bond ordinances require that each issue maintain debt service reserve funds. Prior to January 2009, the debt service reserve requirements for all five bonds were fully funded with surety bond policies. The viability of the surety bonds was based on the assumption that the bond assurance companies would maintain their AAA ratings.

On January 20, 2009 the City of Tyler received notification from its bond attorney and its financial advisor that three of the four companies providing revenue bond reserve surety policies had lost their AAA credit rating which in turn triggered a bond covenant requiring the City to replace or replenish the debt service reserve funds. In order to comply with the bond covenant, the City elected to begin building a cash reserve fund at a rate of \$61,344 per month for the next 60 months starting in February 2009. In deciding to immediately take this action, the City believes it is in compliance with all bond covenants. As of September 30, 2009, the City had contributed \$490,752 towards the targeted \$3,680,640 revenue bond reserve fund balance.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2009, was as follows:

	Beginning Balance 10/1/08	Additions	Reductions	Ending Balance 9/30/09	Due Within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Claims and judgments	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Capital leases	3,448,457	2,801,293	1,205,609	5,044,141	1,095,395	3,948,746
Compensated absences	6,115,528	444,354	320,945	6,238,937	311,947	5,926,990
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 9,663,985</b>	<b>\$ 3,245,647</b>	<b>\$ 1,526,554</b>	<b>\$ 11,383,078</b>	<b>\$ 1,507,342</b>	<b>\$ 9,875,736</b>
<b>Business-Type Activities:</b>						
Revenue bonds payable	\$ 56,570,000	\$ -	\$ 2,615,000	\$ 53,955,000	\$ 2,720,000	\$ 51,235,000
Bond premium/(discount)	(95,068)	-	(43,949)	\$ (51,119)	-	(51,119)
Capital leases	7,492	-	1,527	5,965	1,621	4,344
Compensated absences	521,143	43,340	64,102	500,381	25,019	475,362
Landfill closure and post-closure	100,000	-	100,000	-	-	-
<b>Business-Type Activities Long-Term Liabilities</b>	<b>\$ 57,103,567</b>	<b>\$ 43,340</b>	<b>\$ 2,736,680</b>	<b>\$ 54,410,227</b>	<b>\$ 2,746,640</b>	<b>\$ 51,663,587</b>

The liabilities listed above for compensated absences and for claims and judgments will be liquidated by the City's General and Proprietary Funds. The liability for capital leases will be liquidated by the General, Technology and Utilities Funds.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**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 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 \$5,000 per occurrence for all perils per the coverage form, except individual stop losses for flood and earth movement of \$100,000; and individual stop loss for casualty claims of \$50,000 with an aggregate stop loss of \$400,000 for claims involving Automobile Liability, General Liability, Employee Benefits Plan Errors and Omissions Liability, Law Enforcement Liability, Management Professional Liability, and Employment Practices Liability. Airport Liability is covered on a first dollar basis. 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 coordinate excess coverage claims with insurance companies that provide individual stop-loss for worker's compensation claims at \$400,000 and aggregate protection at \$1,000,000. The City tracks worker's compensation premiums and claim payments in the Property and Liability Insurance 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. Active employees pay a portion of current premiums with the City paying the remainder. In an effort to reduce long term liabilities the City elected to eliminate the subsidy for Non-Medicare Retiree premiums for those employees hired after 1/1/1997. For those employees hired before 1/1/1997 the same apportionment of premiums continues at retirement. For those employees hired after 1/1/1997 the employee is responsible for the full cost of current premiums.

The City has retained an insurance policy for specific and aggregate stop-loss coverage. There is an individual stop-loss of \$175,000 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 retirees hired before 1/1/1997 pay 30% and their dependents pay 60% of the current premiums. The City pays the remainder. Retirees hired after 1/1/1997 pay the full cost of the prescription card program and Medicare supplement. The insurance provider for the Medicare Supplement Plan processes and pays health claims. A third-party administrator administers prescription claims and payments.



CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION - continued**

**A. Risk Management - continued**

Health, Dental and Life Plans - continued

DENTAL

Employees/Retirees

The City offers fully self-funded dental and orthodontic benefits to eligible employees/dependents and retirees/dependents. Employees and retirees hired before 1/1/1997 pay a portion of the premiums and the City pays the remainder. Employees and retirees hired after 1/1/1997 pay the full cost of the current premium. A third-party administrator administers dental claims and payments.

LIFE INSURANCE

Employees/Retirees

The City provides a \$10,000 basic life and AD&D insurance policy for all full-time active employees. Additionally the City provides a \$5,000 basic life and AD&D insurance policy for eligible retirees. For active employees, supplemental life insurance is available for purchase by the employee without evidence of insurability if purchased during initial election period in the amount of 3 times their annual salary up to a maximum of \$130,000 whichever is lesser. Additional coverage is available with evidence of insurability up to a maximum of \$300,000. Dependent spouse coverage is available up to \$30,000 not to exceed 50% of the employee's covered amount once the employee has purchased a minimum of \$40,000 in personal supplemental insurance. Dependent children's coverage is also available for purchase by the employee in the amounts of \$5,000 or \$10,000 once the employee has purchased \$40,000 in personal supplemental insurance.

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 for both the personal and spouse life coverage. Supplemental life coverage is eligible for portability. The insurance provider processes and pays life insurance claims.

Other Self-Insurance Plans

In addition, the City meets the 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 City. City management and the collective legal counsel have determined that estimated liability for outstanding lawsuit contingencies at September 30, 2009, was \$100,000. See Note 4:G for a reconciliation of changes in claims and judgments.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**B. Contingent Liabilities – continued**

The City's self-insurance program is described in Note 5: A. A reconciliation of the changes in the estimated liabilities for claims payable within 90 days for the years ended September 30, 2009 and 2008 is presented below:

Fund	Insurance Claims Payable At Beginning of Year	Current Year Claims and Changes In Estimates	Actual Claim Payments	Insurance Claims Payable At End of Year
Employee Benefits Fund				
FYE 2008	\$ 969,196	\$ 7,544,616	\$ 7,704,848	\$ 808,964
FYE 2009	808,964	8,189,329	8,298,706	699,587

**C. Joint Venture**

The Northeast Texas Public Health District (“District”) was established by a cooperative agreement between the City and Smith County, Texas pursuant to authority granted by the Texas Health and 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.

For the year ended September 30, 2009, the City budgeted funding of \$375,000 for the District and \$332,000 for Animal/Vector Control contractual services to be provided by the District. The City’s equity interest in the District at September 30, 2009 is \$420,000. Financial statements for the Health District may be obtained at the entity’s administrative offices.

**D. 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 an 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 \$9,116,819 as of September 30, 2009.

**E. 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), an agent multiple-employer public employee retirement system.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans – continued**

**1. Texas Municipal Retirement System Plan – continued**

**TMRS Plan Description - continued**

Firefighters are covered by a separate pension plan (see Note E: 2 below); therefore, they are not included in the Texas Municipal Retirement System Plan. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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 at least 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 ending 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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows (as of December 31, 2008 and December 31, 2009 per TMRS):

	Plan Year Ending December 31, 2008	Plan Year Ending December 31, 2009
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100 % Repeating, Transfers	100 % Repeating, Transfers
Annuity increase (to retirees)	70 % of CPI Repeating	70 % of CPI Repeating

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans – continued**

**1. Texas Municipal Retirement System Plan – continued**

**Funding Policy**

Under the state law governing TMRS, the actuary annually determines the City’s contribution rate using the Projected Unit Credit actuarial cost method. The City’s contribution rate is 14.81% of covered payroll for the months in calendar year 2008 and 17.30% for the months in calendar year 2009. This rate consists of the normal cost contribution rate and the prior service cost 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’s 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 30-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 2007 valuation is effective for rates beginning January 2009). The annual pension cost and net pension obligation/(asset) as of September 30, 2009 are as follows:

	2009
Annual Required Contribution (ARC)	\$ 5,836,417
Interest on net pension obligation	-
Adjustment to the ARC	-
Annual Pension Cost (APC)	5,836,417
Contributions made	(4,589,613)
Increase/(decrease) in net pension obligation	1,246,804
Net pension obligation/(asset), beginning of year	(84,265)
Net pension obligation/(asset), end of the year	1,162,539

The City’s contributions were based on an annual covered payroll of \$28,772,020. There were no related-party transactions. The City’s current membership in TMRS is comprised of the following:

<u>Group</u>	<u>December 31, 2008</u>
Number of Annuitants	375
Number of Active Contributing Members	630
Number of Inactive Members	195

Per TMRS statutes, there is a 13.5% statutory maximum contribution rate. If the required rate calculated by TMRS exceeds the maximum, the city council may elect to remove the maximum rate. The 2005 calendar year calculated rate for the City exceeded the maximum contribution rate. In response, the city council adopted an ordinance, effective as of January 1, 2005, stating the City’s intent to make retirement contributions to TMRS at the rate that is actuarially determined each year.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans – continued**

**1. Texas Municipal Retirement System Plan – continued**

**Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation / (Asset)
9/30/2007	\$ 3,734,931	\$ 3,734,931	100%	\$ -
9/30/2008	4,034,896	4,119,161	102%	(84,265)
9/30/2009	5,836,417	4,589,613	79%	1,162,539

**Actuarial Method and Assumptions**

The required contribution rates for fiscal year ended September 30, 2009 were determined as part of the December 31, 2006 and December 31, 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial cost method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period	25 years; open period	30 years; closed period	29 years; closed period
Asset valuation method	Amortized cost	Amortized cost	Amortized cost
Actuarial assumptions:			
Investment rate of return *	7.0%	7.0%	7.5%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	N/A	2.1%	2.1%

**Funding Status and Progress**

The funded status of the plan as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (c) = (b-a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2008	\$ 59,840,522	\$ 112,911,352	53.0%	\$ 53,070,830	\$ 28,291,344	187.6%

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

CITY OF TYLER, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans – continued**

**1. Texas Municipal Retirement System Plan – continued**

**Changes in Actuarial Method and Assumptions**

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by the City. Two-thirds of the cities participating in TMRS, including the City, have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, with facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. TMRS Board of Trustees rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, which includes the City, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which allows cities the opportunity to increase their contributions gradually to their full rate.

The City has opted to participate in the phase-in period in order to gradually increase contributions to the full rate. Based on the phase-in period calculations, the City’s contribution rate beginning for calendar year 2010 is 17.30% versus the actuarially determined full rate of 23.20%

**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 plan is considered an independent reporting entity and is not included as a subdivision or component of the City’s financial reporting entity. All assumptions for valuations at December 31, 2008, are contained in the 2008 Tyler Firefighter’s Relief and Retirement Fund audited financial statements, a copy of which may be obtained at the Fire Pension Board, 1718 West Houston St., Tyler, Texas 75702.

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, 2008:

<u>Group</u>	<u>December 31, 2008</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	84
Current employees:	
Vested	46
Non-vested	<u>98</u>
Total	<u>228</u>

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans – continued**

**2. Tyler Firefighter's Relief and Retirement Fund – continued**

**Plan Description – continued**

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 age 55 with 20 years of service. The plan, effective January 1, 2005 and amended August 13, 2007, provides a monthly normal retirement benefit, payable in a joint and 66 2/3% to spouse form of annuity, equal to 71.5% of the highest 60-month average salary plus an additional \$113 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.

**Funding Policy**

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 (UAAL). The number of years needed to amortize the plan's UAAL is determined using an open, level percentage of payroll method.

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

For the plan effective January 1, 2005 and amended August 13, 2007, the funding policy of the Tyler Firefighter's Relief and Retirement Fund requires contributions equal to 13.50% of pay by the firefighters. The City's contribution rate is based on the Texas Municipal Retirement System's formula, which for the years ended December 31, 2008 and 2007 were 15.12% and 14.75%, respectively. The December 31, 2007 actuarial valuation assumes that the City's contribution rate will average 15.66% of payroll in the future.

**Annual Pension Cost**

For the fiscal year ending September 30, 2009, the City of Tyler's annual pension cost was \$1,521,914. Based on the results of the December 31, 2007 actuarial valuation of the Plan effective January 1, 2005, the Board's actuary found that the fund has an adequate financing arrangement based on the current level of the firefighter and City of Tyler's contribution rates. The funding policy of the fund requires the firefighters to contribute 13.50% of pay and the City to contribute the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees. These contributions rates were reflected in the December 31, 2007 actuarial valuation.

CITY OF TYLER, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans – continued**

**2. Tyler Firefighter's Relief and Retirement Fund – continued**

**Annual Pension Cost – continued**

The annual required contributions (ARC) by the City for the fiscal year ending September 30, 2009 were based on the results of the actuarial valuations as of December 31, 2007 using the entry age actuarial cost method and was determined to be in compliance with the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

For the 2009 fiscal year, total contributions of \$2,809,424 were required and were paid into the Fund.

**Trend Information**

Plan Year Ended December 31	Annual Contribution as a Percentage of Payroll	Annual Required Contribution (ARC)	Percentage Contributed	Net Pension Obligation / (Asset)
2006	14.60%	\$ 1,078,622	100%	\$ -
2007	14.75%	1,219,604	100%	-
2008	15.12%	1,376,690	100%	-

**Funding Status and Progress**

The funded status of the plan as of December 31, 2007, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (c) = (b-a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2007	\$ 45,113,845	\$ 55,606,678	81.1%	\$ 10,492,833	\$ 8,402,637	124.9%

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



CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans – continued**

**2. Tyler Firefighter's Relief and Retirement Fund – continued**

**Actuarial Method and Assumptions**

Valuation date	12/31/2007
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll, open
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8% per year
Inflation	3.75% per year
Projected salary increases	5.7% per year
Payroll growth rate	4% per year
Cost-of-living adjustments	None

**F. Post Employment Benefits Other Than Pensions**

**1. Health Plan**

**Plan Description**

In addition to providing pension benefits, the City allows eligible retirees and dependents the option to continue participation in the same partially self-insured health plans available to active employees until they become eligible for Medicare Coverage. Retirees who became employees prior to January 1, 1997 pay the same subsidized premiums as active employees. Retirees who became employees after January 1, 1997 are required to pay the full cost of current premiums. The 2009 claims for the 126 retirees and their dependents participating in this coverage was \$1,320,220.

When retirees and spouses become eligible for Medicare they are no longer allowed to participate in the same plan as the active employees. If they have been continuously covered under the City's health insurance plan they may chose to participate in the City's self-funded prescription drug card plan and the Medicare Supplement Insurance Program. Retirees hired before January 1, 1997 are required to pay 30% of the current total premium and their spouses are required to pay 60% of the current total premiums with the City paying the remaining costs. Retirees that become eligible for Medicare who were hired after January 1, 1997 are required to pay the full current cost of the prescription card program and the full cost of the Medicare supplement coverage should they chose to continue participation in this coverage. The 2009 claims for the 258 retirees and their dependents participating in this coverage was \$1,175,838.

The City also offers fully self-funded dental benefits to eligible retirees and their dependents. Retirees hired before January 1, 1997 pay the same subsidized premium as active employees. Retirees hired after January 1, 1997 are required to pay the full cost of the current premium. The 2009 claims for the 289 retirees and their dependents participating in this coverage was \$107,247.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**F. Post Employment Benefits Other Than Pensions – continued**

**1. Health Plan – continued**

**Plan Description – continued**

Additionally the City provides eligible retirees with \$5,000 in basic life insurance coverage at no cost to the retirees. The 2009 insurance cost for the 384 retirees with this coverage was \$53,319.

**Funding Policy**

On October 8, 2008, the City adopted a resolution confirming its participation in the Public Agency Retirement Services (PARS) Post Retirement Health Funding Plan Trust which is a multi-employer irrevocable trust that has a private letter ruling confirming it is in full compliance with the requirements of section 115 of the Internal Revenue Code.

**Annual OPEB cost and Net OPEB Obligation**

The City’s annual required contribution (ARC) amount for other post employment benefits has been actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of time not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount contributed to the Trust, and changes in the City’s net OPEB asset.

	2009
Annual Required Contribution (ARC)	\$ 2,865,629
Interest on net OPEB asset	-
Adjustment to the ARC	-
Annual OPEB Cost	2,865,629
Contributions made	(5,756,350)
Increase in net OPEB obligation/(asset)	(2,890,721)
Net OPEB obligation/(asset), beginning of year	-
Net OPEB obligation/(asset), end of year	(2,890,721)

**Funding Status and Funding Progress**

The City implemented GASB Statement 45 effective on October 1, 2008 and established an OPEB (IRS section 115) Trust within a few days.

On October 1, 2008 the actuarial accrued liability for benefits was \$35,265,511.

During fiscal year 2009, \$5,756,350 was contributed to plan. This contribution included \$2,890,721 that had been accumulated by the City prior to the implementation of GASB Statement 45 and the creation of the OPEB trust as part of the process to reduce some of the projected actuarial accrued liabilities for benefits being reported for the first time in fiscal year 2009.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**F. Post Employment Benefits Other Than Pensions – continued**

**1. Health Plan – continued**

**Funding Status and Funding Progress – continued**

The funded status of the plan as of October 1, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (c) = (b-a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
10/1/2008	\$ -	\$ 35,265,511	0.0%	\$ 35,265,511	\$ 35,936,698	98.1%

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

**Actuarial Methods and Assumptions**

Projection of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that time. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about claims, inflation, investment returns, demographics, mortality rates, and general changes in healthcare. Amounts determined regarding the funded status of the Trust and the annual required contributions from the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Some of the significant methods and assumptions were:

Valuation date	10/1/2008
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	30 years; closed period
Actuarial assumptions:	
Investment rate of return	7.5% net of expenses
Growth rate	3.0% per year
Inflation rate	3.0%

The next actuarial review to update the City’s OPEB cost projections is planned to start in the summer of calendar year 2010.

CITY OF TYLER, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**F. Post Employment Benefits Other Than Pensions – continued**

**2. Supplemental Death Benefits Plan**

**Plan Description**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

**Funding Policy**

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during the employees’ entire careers.

**Schedule of Contribution Rates:**

**(RETIREE-only portion of the rate)**

Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2006	0.09%	0.09%	100%
2007	0.09%	0.09%	100%
2008	0.09%	0.09%	100%

**G. Commitments**

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2009, are as follows:

Greenwood Landfill TX, L.P. – The City established a trust fund in January 2001 to ensure the eventual closure and post-closure expenditure requirements. The trust fund will be 100% funded by Greenwood Landfill TX, L.P. (Greenwood). The initial agreement was that Greenwood would fund the trust at the annual rate of \$400,000 per year for 5 years. In January 2005 the agreement was amended to reduce the annual funding rate to \$36,000 per year beginning October 1, 2004 to allow Greenwood to actively pursue authorization to expand the Landfill from the appropriate regulatory agencies. The funding will be re-evaluated periodically 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.

CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5: OTHER INFORMATION – continued**

**G. Commitments – continued**

Water Sales Contracts – The City has an agreement with surrounding cities and water supply corporations to provide a supplemental source of water. 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**

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.

**I. Subsequent Event**

On November 11, 2009 City Council adopted an ordinance authorizing the issuance of the City of Tyler Water and Sewer System Series 2009 revenue bonds in the amount of \$21,710,000 to complete the construction of various utility system projects that were identified in the Tyler 21 Master Plan and the Utility System Master Plan. The engineering and design phase for these projects was initiated in February 2008 with issuance of the City of Tyler Water and Sewer System Series 2008 revenue bonds in the amount of \$5,120,000. The first payment on the Series 2009 Revenue Bond issue will occur on September 1, 2010.



## **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>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL (UAAL) (c) = (b - a)</b>	<b>Covered Payroll (d)</b>	<b>UAAL as a Percentage of covered payroll (e) = (c / d)</b>
12/31/2006	\$ 57,705,955	\$ 86,492,637	66.7%	\$ 28,786,682	\$ 23,807,193	120.9%
12/31/2007 *	58,149,263	90,432,488	64.3%	32,283,225	25,293,293	127.6%
12/31/2007 **	58,149,263	107,313,673	54.2%	49,164,410	25,293,293	194.4%
12/31/2008	59,840,522	112,911,352	53.0%	53,070,830	28,291,344	187.6%

Note: For actuarial valuation dates prior to 2007, the actuarial accrued liability was calculated using the Unit Credit actuarial funding method. For the 2007 actuarial valuation date, the actuarial accrued liability was calculated using the Projected Unit Credit actuarial funding method.

\* Actuarial accrued liability if the changes in actuarial funding method and assumptions had not been adopted for the valuation.

\*\* Actuarial accrued liability adjusted for change in actuarial funding method and assumptions.

**TYLER FIREFIGHTER'S RELIEF AND RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL (UAAL) (c) = (b - a)</b>	<b>(1) Covered Payroll (d)</b>	<b>UAAL as a Percentage of covered payroll (e) = (c / d)</b>
12/31/2003 (2)	\$ 38,363,213	\$ 44,815,187	85.6%	\$ 6,451,974	\$ 6,434,890	100.3%
12/31/2005 (2)	38,914,954	50,047,120	77.8%	11,132,166	7,283,688	152.8%
12/31/2007 (3)	45,113,845	55,606,678	81.1%	10,492,833	8,402,637	124.9%

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

Note 2 Based on the Plan effective as of December 12, 2002.

Note 3 Based on the Plan effective as of January 1, 2005 and amended November 1, 2005.

A copy of the separately issued Tyler Firefighter's Relief and Retirement Fund audited financial statements may be obtained at the Fire Pension Board, 1718 West Houston St., Tyler, Texas 75702.

(continued)



**CITY OF TYLER, TEXAS  
REQUIRED SUPPLEMENTAL INFORMATION**

**OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL (UAAL) (c) = (b - a)</b>	<b>(1) Covered Payroll (d)</b>	<b>UAAL as a Percentage of covered payroll (e) = (c / d)</b>
10/1/2008	\$ -	\$ 35,265,511	0.0%	\$ 35,265,511	\$ 35,936,698	98.1%

## **ADDITIONAL SUPPLEMENTAL INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

The *Development Services Fund* was established to account for the receipt and disbursement of permit and zoning related items involved in the building and construction industries. The separate fund allows for more complete costing of these related items.

The *Police 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 *Court Technology Fund* was established to track the receipt of court fees restricted for court technology purchases by the State of Texas.

The *Main Street Fund* was established to account for the receipt and disbursement of funds to promote downtown revitalization.

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.

The *Tourism and Convention Fund* was established to account for the operations of the Harvey Convention Center, Rose Garden, Rose Garden Building and Goodman Museum.

The *Passenger Facility Charge Fund* was established to account for the receipt and disbursement of passenger facility charges collected from ticketed passengers at Tyler Pounds Regional Airport.

The *Oil and Natural Gas Fund* was established to track revenue received from lease royalties to be used for projects identified by Council.

The *Homeownership and Housing 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 *CDBG Fund* was established to account for the receipt and disbursement of CDBG Grant monies allocated to the City.

The *Home Grant Fund* was established to account for the receipt and disbursement of Home Grant monies allocated to the City to provide affordable housing for low income households.

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.

### **SPECIAL REVENUE FUNDS, CONTINUED**

The *State and Federal Grants 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 System 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 Liability Fund* is a clearing account for the City's payroll liabilities. This fund accounts for payroll deductions and liabilities to be paid to outside benefit groups.

### **DEBT SERVICES FUND**

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

### **CAPITAL PROJECTS FUND**

The *General Capital Projects Fund* is funded periodically by excesses remaining in the General Fund balance and is used to pay for one time only capital expenditures.

### **PERMANENT FUND**

The *Cemeteries Fund* was established to provide perpetual care and maintenance to the City's

CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2009

SPECIAL REVENUE FUNDS

	DEVELOPMENT SERVICES	POLICE FORFEITURE	COURT TECHNOLOGY	MAIN STREET	HOTEL-MOTEL OCCUPANCY TAX	DONATIONS	TOURISM AND CONVENTION	PASSENGER FACILITY CHARGE	OIL AND NATURAL GAS
<b>ASSETS</b>									
Equity in pooled cash and investments	\$ 608,159	\$ -	\$ -	\$ 4,180	\$ 1,324,029	\$ -	\$ 449,442	\$ -	\$ 2,754,096
Accounts and grants receivable	5,787	891	940	60,000	231,229	-	1,590	44	43,566
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	1,369	-	-	-	-	-	-	-	-
Cash - restricted	-	228,724	227,885	-	-	758,650	-	-	-
<b>Total assets</b>	<b>\$ 615,315</b>	<b>\$ 229,615</b>	<b>\$ 228,825</b>	<b>\$ 64,180</b>	<b>\$ 1,555,258</b>	<b>\$ 758,650</b>	<b>\$ 451,032</b>	<b>\$ 44</b>	<b>\$ 2,797,662</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 38,408	\$ 967	\$ 7,189	\$ 18,300	\$ 121,269	\$ 101,154	\$ 80,667	\$ -	\$ 47,328
Deposits and other refundable balances	511,018	91,733	-	-	-	-	41,077	-	5,000
Due to other funds	-	-	-	31,193	-	-	-	44	-
Deferred revenue	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>549,426</b>	<b>92,700</b>	<b>7,189</b>	<b>49,493</b>	<b>121,269</b>	<b>101,154</b>	<b>121,744</b>	<b>44</b>	<b>52,328</b>
Fund balances:									
Reserved for:									
Debt service	-	-	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-	-	-
Court ordered disbursements	-	136,915	-	-	-	-	-	-	-
Court juvenile fund	-	-	-	-	-	-	-	-	-
Court security	-	-	-	-	-	-	-	-	-
Court technology	-	-	221,636	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Grants / donations	-	-	-	-	-	657,496	-	-	-
<b>Total reserved fund balances</b>	<b>-</b>	<b>136,915</b>	<b>221,636</b>	<b>-</b>	<b>-</b>	<b>657,496</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unreserved fund balances:									
Undesignated, reported in:									
Special revenue funds	65,889	-	-	14,687	1,433,989	-	329,288	-	2,745,334
Permanent funds	-	-	-	-	-	-	-	-	-
<b>Total unreserved undesignated fund balances</b>	<b>65,889</b>	<b>-</b>	<b>-</b>	<b>14,687</b>	<b>1,433,989</b>	<b>-</b>	<b>329,288</b>	<b>-</b>	<b>2,745,334</b>
<b>Total fund balances</b>	<b>65,889</b>	<b>136,915</b>	<b>221,636</b>	<b>14,687</b>	<b>1,433,989</b>	<b>657,496</b>	<b>329,288</b>	<b>-</b>	<b>2,745,334</b>
<b>Total liabilities and fund balances</b>	<b>\$ 615,315</b>	<b>\$ 229,615</b>	<b>\$ 228,825</b>	<b>\$ 64,180</b>	<b>\$ 1,555,258</b>	<b>\$ 758,650</b>	<b>\$ 451,032</b>	<b>\$ 44</b>	<b>\$ 2,797,662</b>

(continued)

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CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2009

SPECIAL REVENUE FUNDS (continued)

	HOME- OWNERSHIP AND HOUSING	CDBG	HOME GRANT	HOUSING ASSISTANCE PAYMENT	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	PAYROLL LIABILITY	TOTAL SPECIAL REVENUE FUNDS
<b>ASSETS</b>								
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508,973	\$ 5,648,879
Accounts and grants receivable	219	171,762	266,242	74,315	938,544	242,963	-	2,038,092
Inventories	-	-	4,450	-	-	-	-	4,450
Prepaid items	-	-	-	-	-	-	-	1,369
Cash - restricted	54,335	-	-	234,719	-	100	-	1,504,413
Total assets	<u>\$ 54,554</u>	<u>\$ 171,762</u>	<u>\$ 270,692</u>	<u>\$ 309,034</u>	<u>\$ 938,544</u>	<u>\$ 243,063</u>	<u>\$ 508,973</u>	<u>\$ 9,197,203</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 481	\$ 91,372	\$ 53,555	\$ 25,071	\$ 80,544	\$ 39,706	\$ 508,973	\$ 1,214,984
Deposits and other refundable balances	-	-	-	-	-	-	-	648,828
Due to other funds	-	44,906	212,686	-	715,132	153,500	-	1,157,461
Deferred revenue	-	149	-	-	118,124	1,552	-	119,825
Total liabilities	<u>481</u>	<u>136,427</u>	<u>266,241</u>	<u>25,071</u>	<u>913,800</u>	<u>194,758</u>	<u>508,973</u>	<u>3,141,098</u>
Fund balances:								
Reserved for:								
Debt service	-	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-	-
Court ordered disbursements	-	-	-	-	-	-	-	136,915
Court juvenile fund	-	-	-	-	-	-	-	-
Court security	-	-	-	-	-	-	-	-
Court technology	-	-	-	-	-	-	-	221,636
Capital projects	-	-	-	-	-	-	-	-
Grants / donations	54,073	35,335	4,451	283,963	24,744	48,305	-	1,108,367
Total reserved fund balances	<u>54,073</u>	<u>35,335</u>	<u>4,451</u>	<u>283,963</u>	<u>24,744</u>	<u>48,305</u>	<u>-</u>	<u>1,466,918</u>
Unreserved fund balances:								
Undesignated, reported in:								
Special revenue funds	-	-	-	-	-	-	-	4,589,187
Permanent funds	-	-	-	-	-	-	-	-
Total unreserved undesignated fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,589,187</u>
Total fund balances	<u>54,073</u>	<u>35,335</u>	<u>4,451</u>	<u>283,963</u>	<u>24,744</u>	<u>48,305</u>	<u>-</u>	<u>6,056,105</u>
Total liabilities and fund balances	<u>\$ 54,554</u>	<u>\$ 171,762</u>	<u>\$ 270,692</u>	<u>\$ 309,034</u>	<u>\$ 938,544</u>	<u>\$ 243,063</u>	<u>\$ 508,973</u>	<u>\$ 9,197,203</u>

(continued)

**CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2009**

	<u>OTHER FUNDS</u>		<u>PERMANENT FUNDS</u>	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	GENERAL DEBT SERVICES	GENERAL CAPITAL PROJECTS	CEMETERIES	
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ -	\$ 1,638,251	\$ 320,262	\$ 7,607,392
Accounts and grants receivable	-	107,897	10,838	2,156,827
Inventories	-	-	-	4,450
Prepaid items	-	-	-	1,369
Cash - restricted	-	-	2,371,920	3,876,333
	<u>-</u>	<u>-</u>	<u>2,371,920</u>	<u>3,876,333</u>
Total assets	<u>\$ -</u>	<u>\$ 1,746,148</u>	<u>\$ 2,703,020</u>	<u>\$ 13,646,371</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 348,149	\$ 8,127	\$ 1,571,260
Deposits and other refundable balances	-	-	-	648,828
Due to other funds	-	-	-	1,157,461
Deferred revenue	-	-	-	119,825
	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,825</u>
Total liabilities	<u>-</u>	<u>348,149</u>	<u>8,127</u>	<u>3,497,374</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Perpetual care	-	-	2,381,449	2,381,449
Court ordered disbursements	-	-	-	136,915
Court juvenile fund	-	-	-	-
Court security	-	-	-	-
Court technology	-	-	-	221,636
Capital projects	-	1,397,999	-	1,397,999
Grants / donations	-	-	-	1,108,367
Total reserved fund balances	<u>-</u>	<u>1,397,999</u>	<u>2,381,449</u>	<u>5,246,366</u>
Unreserved fund balances:				
Undesignated, reported in:				
Special revenue funds	-	-	-	4,589,187
Permanent funds	-	-	313,444	313,444
Total unreserved undesignated fund balances	<u>-</u>	<u>-</u>	<u>313,444</u>	<u>4,902,631</u>
Total fund balances	<u>-</u>	<u>1,397,999</u>	<u>2,694,893</u>	<u>10,148,997</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,746,148</u>	<u>\$ 2,703,020</u>	<u>\$ 13,646,371</u>

**CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**SPECIAL REVENUE FUNDS**

	DEVELOPMENT SERVICES	POLICE FORFEITURE	COURT TECHNOLOGY	MAIN STREET	HOTEL-MOTEL OCCUPANCY TAX	DONATIONS	TOURISM AND CONVENTION	PASSENGER FACILITY CHARGE	OIL AND NATURAL GAS
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,079,198	\$ -	\$ -	\$ -	\$ -
Licenses & permits	909,291	-	-	-	-	-	-	-	-
Grants	2,000	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	44,120	145,548	-	-	-	-	-	-
Revenues from use of money and property	11,532	3,339	4,433	-	19,147	-	357,342	335	45,367
Donations	-	-	-	-	-	403,659	-	-	-
Charges for services	20,158	-	-	108,385	-	-	1,080,755	314,782	-
Miscellaneous	32,791	-	-	2,394	111,920	-	2,065	-	328,047
<b>Total revenues</b>	<b>975,772</b>	<b>47,459</b>	<b>149,981</b>	<b>110,779</b>	<b>2,210,265</b>	<b>403,659</b>	<b>1,440,162</b>	<b>315,117</b>	<b>373,414</b>
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	-	-	38,695	-	-	-
Public safety	-	27,986	31,407	-	-	31,777	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	58,210	1,102,178	-	-
Public services	1,468,935	-	-	178,092	1,832,024	21,508	-	-	-
Capital outlay	7,900	83,338	53,503	-	299,085	228,650	36,868	-	605,706
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	277	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,476,835</b>	<b>111,601</b>	<b>84,910</b>	<b>178,092</b>	<b>2,131,109</b>	<b>378,840</b>	<b>1,139,046</b>	<b>-</b>	<b>605,706</b>
Excess (deficiency) of revenues over (under) expenditures	(501,063)	(64,142)	65,071	(67,313)	79,156	24,819	301,116	315,117	(232,292)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	275,000	-	-	82,000	30,112	-	-	-	-
Transfers out	(32,046)	-	(22,719)	-	(250,000)	-	-	(315,117)	(50,000)
<b>Total other financing sources (uses)</b>	<b>242,954</b>	<b>-</b>	<b>(22,719)</b>	<b>82,000</b>	<b>(219,888)</b>	<b>-</b>	<b>-</b>	<b>(315,117)</b>	<b>(50,000)</b>
Net change in fund balances	(258,109)	(64,142)	42,352	14,687	(140,732)	24,819	301,116	-	(282,292)
Fund balances - October 1, 2008	323,998	201,057	179,284	-	1,574,721	632,677	28,172	-	3,027,626
Fund balances - September 30, 2009	\$ 65,889	\$ 136,915	\$ 221,636	\$ 14,687	\$ 1,433,989	\$ 657,496	\$ 329,288	\$ -	\$ 2,745,334

(continued)



**CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**SPECIAL REVENUE FUNDS (continued)**

	HOME- OWNERSHIP AND HOUSING	CDBG	HOME GRANT	HOUSING ASSISTANCE PAYMENT	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	PAYROLL LIABILITY	TOTAL SPECIAL REVENUE FUNDS
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,079,198
Licenses & permits	-	-	-	-	-	-	-	909,291
Grants	-	969,434	1,440,272	6,787,015	1,746,908	2,211,251	-	13,156,880
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	189,668
Revenues from use of money and property	899	-	-	12,960	-	-	-	455,354
Donations	-	-	-	-	-	-	-	403,659
Charges for services	-	-	-	-	-	133,434	-	1,657,514
Miscellaneous	-	14,982	-	3,377	-	25,327	-	520,903
Total revenues	899	984,416	1,440,272	6,803,352	1,746,908	2,370,012	-	19,372,467
<b>EXPENDITURES</b>								
Current								
General government	-	-	-	-	-	-	-	38,695
Public safety	-	-	-	-	-	-	-	91,170
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	1,160,388
Public services	339	679,871	1,442,796	7,314,658	469,450	2,024,183	-	15,431,856
Capital outlay	-	287,508	-	18,653	1,605,393	685,672	-	3,912,276
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	277
Total expenditures	339	967,379	1,442,796	7,333,311	2,074,843	2,709,855	-	20,634,662
Excess (deficiency) of revenues over (under) expenditures	560	17,037	(2,524)	(529,959)	(327,935)	(339,843)	-	(1,262,195)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	352,679	376,553	-	1,116,344
Transfers out	-	-	-	-	-	-	-	(669,882)
Total other financing sources (uses)	-	-	-	-	352,679	376,553	-	446,462
Net change in fund balances	560	17,037	(2,524)	(529,959)	24,744	36,710	-	(815,733)
Fund balances - October 1, 2008	53,513	18,298	6,975	813,922	-	11,595	-	6,871,838
Fund balances - September 30, 2009	\$ 54,073	\$ 35,335	\$ 4,451	\$ 283,963	\$ 24,744	\$ 48,305	\$ -	\$ 6,056,105

(continued)

**CITY OF TYLER, TEXAS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	OTHER FUNDS		PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	GENERAL DEBT SERVICES	GENERAL CAPITAL PROJECTS	CEMETERIES	
<b>REVENUES</b>				
Taxes	\$ 10,412	\$ -	\$ -	\$ 2,089,610
Licenses & permits	-	-	-	909,291
Grants	-	-	-	13,156,880
Fines, forfeitures, and penalties	-	-	-	189,668
Revenues from use of money and property	103	41,976	44,908	542,341
Donations	-	-	-	403,659
Charges for services	-	-	115,800	1,773,314
Miscellaneous	-	260,509	2,768	784,180
Total revenues	10,515	302,485	163,476	19,848,943
<b>EXPENDITURES</b>				
Current				
General government	-	62,800	-	101,495
Public safety	-	54,000	-	145,170
Highways and streets	-	14,117	-	14,117
Culture and recreation	-	-	197,545	1,357,933
Public services	-	-	-	15,431,856
Capital outlay	-	1,736,835	-	5,649,111
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	277
Total expenditures	-	1,867,752	197,545	22,699,959
Excess (deficiency) of revenues over (under) expenditures	10,515	(1,565,267)	(34,069)	(2,851,016)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	924,736	38,783	2,079,863
Transfers out	(10,515)	(14,550)	(38,783)	(733,730)
Total other financing sources (uses)	(10,515)	910,186	-	1,346,133
Net change in fund balances	-	(655,081)	(34,069)	(1,504,883)
Fund balances - October 1, 2008	-	2,053,080	2,728,962	11,653,880
Fund balances - September 30, 2009	\$ -	\$ 1,397,999	\$ 2,694,893	\$ 10,148,997

**CITY OF TYLER, TEXAS**  
**DEVELOPMENT SERVICES FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Licenses & permits:			
Building permits	\$ 410,000	\$ 476,322	\$ 66,322
Electrical permits	260,000	162,389	(97,611)
Plumbing permits	175,000	97,942	(77,058)
Zoning permits	30,857	26,656	(4,201)
Mechanical permits	65,000	76,154	11,154
Occupation permits	19,000	16,040	(2,960)
Sign permits	20,000	14,138	(5,862)
Contractor permits	30,000	38,500	8,500
Clearing fees	1,000	-	(1,000)
House moving permits	1,000	1,150	150
Total licenses & permits	<u>1,011,857</u>	<u>909,291</u>	<u>(102,566)</u>
Charges for services			
Maps, plans and spec fees	300	-	(300)
Platting fees	30,000	20,135	(9,865)
Copying, printing fees	100	23	(77)
Total charges for services	<u>30,400</u>	<u>20,158</u>	<u>(10,242)</u>
Revenues from use of money and property	25,000	11,532	(13,468)
Miscellaneous	115,000	32,791	(82,209)
From other agencies	-	2,000	2,000
Total revenues	<u>1,182,257</u>	<u>975,772</u>	<u>(206,485)</u>
<b>EXPENDITURES</b>			
Planning & zoning:			
Salaries	308,646	242,534	66,112
Supplies & services	95,765	100,563	(4,798)
Utilities	2,220	1,453	767
Maintenance	4,952	3,397	1,555
Capital outlay	10,000	7,900	2,100
Total planning & zoning	<u>421,583</u>	<u>355,847</u>	<u>65,736</u>
Buildings, standards & inspections:			
Salaries	984,902	961,993	22,909
Supplies & services	226,270	106,076	120,194
Utilities	9,678	7,555	2,123
Maintenance	53,964	45,364	8,600
Total building, standards & inspections	<u>1,274,814</u>	<u>1,120,988</u>	<u>153,826</u>
Total expenditures	<u>1,696,397</u>	<u>1,476,835</u>	<u>219,562</u>
Deficiency of revenues under expenditures	<u>(514,140)</u>	<u>(501,063)</u>	<u>13,077</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	350,000	275,000	(75,000)
Transfers out	-	(32,046)	(32,046)
Total other financing sources (uses)	<u>350,000</u>	<u>242,954</u>	<u>(107,046)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (164,140)</u>	<u>(258,109)</u>	<u>\$ (93,969)</u>
Fund balance - October 1, 2008		<u>323,998</u>	
Fund balance - September 30, 2009		<u>\$ 65,889</u>	

**CITY OF TYLER, TEXAS  
POLICE FORFEITURE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fines, forfeitures, and penalties	\$ 88,000	\$ 44,120	\$ (43,880)
Revenues from use of money and property	9,500	3,339	(6,161)
Miscellaneous	-	-	-
Total revenues	<u>97,500</u>	<u>47,459</u>	<u>(50,041)</u>
<b>EXPENDITURES</b>			
Public safety:			
Supplies and services	10,700	27,986	(17,286)
Capital outlay	120,818	83,338	37,480
Interest	-	277	(277)
Total expenditures	<u>131,518</u>	<u>111,601</u>	<u>19,917</u>
Excess of revenues over (under) expenditures	<u>\$ (34,018)</u>	(64,142)	<u>\$ (30,124)</u>
Fund balance - October 1, 2008		<u>201,057</u>	
Fund balance - September 30, 2009		<u>\$ 136,915</u>	

**CITY OF TYLER, TEXAS  
COURT TECHNOLOGY FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fines, forfeitures, and penalties	\$ 140,000	\$ 145,548	\$ 5,548
Revenues from use of money and property	7,000	4,433	(2,567)
Total revenues	147,000	149,981	2,981
<b>EXPENDITURES</b>			
Public safety:			
Supplies and services	-	31,407	(31,407)
Capital outlay	238,302	53,503	184,799
Total expenditures	238,302	84,910	153,392
<b>OTHER FINANCING (USES)</b>			
Transfers out	-	(22,719)	(22,719)
Total other financing (uses)	-	(22,719)	(22,719)
Excess of revenues over (under) expenditures and other financing uses - GAAP basis	\$ (91,302)	42,352	\$ 133,654
Fund balance - October 1, 2008		179,284	
Fund balance - September 30, 2009		\$ 221,636	

**CITY OF TYLER, TEXAS  
MAIN STREET FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 2,000	\$ -	\$ (2,000)
Charges for services	152,500	108,385	(44,115)
Miscellaneous	2,000	2,394	394
Total revenues	<u>156,500</u>	<u>110,779</u>	<u>(45,721)</u>
<b>EXPENDITURES</b>			
General administration:			
Salaries and benefits	82,029	82,126	(97)
Supplies and services	55,221	36,341	18,880
Utilities	7,800	413	7,387
Total general administration	145,050	118,880	26,170
Festivals	60,000	59,212	788
Contingency	25,000	-	25,000
Total expenditures	<u>230,050</u>	<u>178,092</u>	<u>51,958</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	82,000	82,000	-
Total other financing sources	<u>82,000</u>	<u>82,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures - GAAP basis	<u>\$ 8,450</u>	14,687	<u>\$ 6,237</u>
Fund balance - October 1, 2008		<u>-</u>	
Fund balance - September 30, 2009		<u>\$ 14,687</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, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes	\$ 2,100,000	\$ 2,079,198	\$ (20,802)
Revenue from use of money and property	30,000	19,147	(10,853)
Miscellaneous	104,800	111,920	7,120
Total revenues	<u>2,234,800</u>	<u>2,210,265</u>	<u>(24,535)</u>
<b>EXPENDITURES</b>			
Hotel-motel administration:			
Tourism operations	1,080,755	1,080,755	-
Texas Rose Festival	9,000	9,000	-
East Texas Symphony	25,000	25,000	-
Tyler Museum of Art	49,500	49,500	-
Historical Museum	15,000	15,000	-
Downtown tourism	50,000	4,933	45,067
Smith County Historical Society	15,000	15,060	(60)
Visitors and Convention Bureau	621,727	621,728	(1)
McClendon House	5,000	5,000	-
Supplies and services	6,000	6,048	(48)
Contingency	100,000	-	100,000
Capital outlay	298,800	299,085	(285)
Total hotel-motel administration	<u>2,275,782</u>	<u>2,131,109</u>	<u>144,673</u>
Total expenditures	<u>2,275,782</u>	<u>2,131,109</u>	<u>144,673</u>
Excess of revenues over expenditures	<u>(40,982)</u>	<u>79,156</u>	<u>120,138</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	30,112	30,112
Transfers out	(250,000)	(250,000)	-
Total other financing sources (uses)	<u>(250,000)</u>	<u>(219,888)</u>	<u>30,112</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (290,982)</u>	<u>(140,732)</u>	<u>\$ 150,250</u>
Fund balance - October 1, 2008		<u>1,574,721</u>	
Fund balance - September 30, 2009		<u>\$ 1,433,989</u>	

**CITY OF TYLER, TEXAS**  
**TOURISM AND CONVENTION FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 341,375	\$ 357,342	\$ 15,967
Charges for services	1,080,755	1,080,755	-
Miscellaneous	2,000	2,065	65
Total revenues	<u>1,424,130</u>	<u>1,440,162</u>	<u>16,032</u>
<b>EXPENDITURES</b>			
Rose Garden Center:			
Salaries and benefits	91,128	79,576	11,552
Supplies and services	23,774	21,735	2,039
Utilities	8,115	7,607	508
Maintenance	13,000	11,479	1,521
Total Rose Garden Center	<u>136,017</u>	<u>120,397</u>	<u>15,620</u>
Rose Garden maintenance:			
Salaries and benefits	257,542	239,547	17,995
Supplies and services	79,669	65,867	13,802
Utilities	77,220	91,954	(14,734)
Maintenance	100,732	79,157	21,575
Total Rose Garden maintenance	<u>515,163</u>	<u>476,525</u>	<u>38,638</u>
Visitor facilities:			
Salaries and benefits	256,427	236,639	19,788
Supplies and services	181,008	90,148	90,860
Utilities	161,555	134,424	27,131
Maintenance	38,694	44,045	(5,351)
Capital outlay	95,000	36,868	58,132
Total visitor facilities	<u>732,684</u>	<u>542,124</u>	<u>190,560</u>
Total expenditures	<u>1,383,864</u>	<u>1,139,046</u>	<u>244,818</u>
Excess of revenues over (under) expenditures	<u>\$ 40,266</u>	301,116	<u>\$ 260,850</u>
Fund balance - October 1, 2008		<u>28,172</u>	
Fund balance - September 30, 2009		<u>\$ 329,288</u>	



**CITY OF TYLER, TEXAS**  
**PASSENGER FACILITY CHARGE FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenue from use of money and property	\$ 500	\$ 335	\$ (165)
Charges for services	<u>340,000</u>	<u>314,782</u>	<u>(25,218)</u>
Total revenues	<u>340,500</u>	<u>315,117</u>	<u>(25,383)</u>
<b>OTHER FINANCING (USES)</b>			
Transfers out:			
1/2 Cent Sales Tax Fund	<u>(340,500)</u>	<u>(315,117)</u>	<u>25,383</u>
Total other financing (uses)	<u>(340,500)</u>	<u>(315,117)</u>	<u>25,383</u>
Excess of revenues over (under) other financing uses	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - October 1, 2008		<u>-</u>	
Fund balance - September 30, 2009		<u>\$ -</u>	

**CITY OF TYLER, TEXAS**  
**OIL AND NATURAL GAS FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenue from use of money and property	\$ 55,000	\$ 45,367	\$ (9,633)
Miscellaneous	388,000	328,047	(59,953)
Total revenues	<u>443,000</u>	<u>373,414</u>	<u>(69,586)</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Capital outlay	625,000	605,706	19,294
Total expenditures	<u>625,000</u>	<u>605,706</u>	<u>19,294</u>
<b>OTHER FINANCING (USES)</b>			
Transfers out	-	(50,000)	(50,000)
Total other financing (uses)	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Excess of revenues over (under) expenditures and other financing uses - GAAP basis	<u>\$ (182,000)</u>	(282,292)	<u>\$ (100,292)</u>
Fund balance - October 1, 2008		<u>3,027,626</u>	
Fund balance - September 30, 2009		<u>\$ 2,745,334</u>	

**CITY OF TYLER, TEXAS**  
**GENERAL DEBT SERVICES FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Property tax collections	\$ -	\$ 10,412	\$ 10,412
Revenue from use of money and property	-	103	103
Total revenues	-	10,515	10,515
<b>EXPENDITURES</b>			
Paying agent fees	-	-	-
Principal retirements	-	-	-
Interest and redemption	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	-	10,515	10,515
<b>OTHER FINANCING (USES)</b>			
Transfers out	-	(10,515)	(10,515)
Total other financing (uses)	-	(10,515)	(10,515)
Excess of revenues over (under) expenditures and other financing uses - GAAP basis	\$ -	-	\$ -
Fund balance - October 1, 2008		-	
Fund balance - September 30, 2009		\$ -	

**CITY OF TYLER, TEXAS**  
**CAPITAL PROJECTS FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenue from use of money and property	\$ 24,000	\$ 41,976	\$ 17,976
Miscellaneous	89,940	260,509	170,569
Total revenues	<u>113,940</u>	<u>302,485</u>	<u>188,545</u>
<b>EXPENDITURES</b>			
General government services	216,990	121,252	95,738
Fire	70,000	70,000	-
Library	40,000	85,457	(45,457)
Parks maintenance & administration	438,000	296,714	141,286
Engineering	902,000	753,314	148,686
Traffic operations	1,302,566	526,898	775,668
Code enforcement	14,117	14,117	-
Total expenditures	<u>2,983,673</u>	<u>1,867,752</u>	<u>1,115,921</u>
Deficiency of revenues under expenditures	<u>(2,869,733)</u>	<u>(1,565,267)</u>	<u>1,304,466</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	815,576	924,736	109,160
Transfers out	-	(14,550)	(14,550)
Total other financing sources (uses)	<u>815,576</u>	<u>910,186</u>	<u>94,610</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (2,054,157)</u>	<u>(655,081)</u>	<u>\$ 1,399,076</u>
Fund balance - October 1, 2008		<u>2,053,080</u>	
Fund balance - September 30, 2009		<u>\$ 1,397,999</u>	

**CITY OF TYLER, TEXAS  
CEMETERIES FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Trust Fund:			
Revenues from use of money and property	\$ 85,000	\$ 38,783	\$ (46,217)
Mausoleum and lot sales	50,000	109,185	59,185
Operations:			
Revenues from use of money and property	19,000	6,125	(12,875)
Licenses and permits	1,000	1,020	20
Mausoleum and lot sales	2,630	8,363	5,733
Total revenues	157,630	163,476	5,846
<b>EXPENDITURES</b>			
Operations:			
Salaries and benefits	104,543	104,173	370
Supplies and services	41,925	33,421	8,504
Utilities	30,250	41,258	(11,008)
Maintenance	30,690	18,693	11,997
Capital outlay	1,000	-	1,000
Total expenditures	208,408	197,545	10,863
Deficiency of revenues under expenditures	(50,778)	(34,069)	16,709
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	85,000	38,783	(46,217)
Transfers out	(85,000)	(38,783)	46,217
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	\$ (50,778)	(34,069)	\$ 16,709
Fund balance - October 1, 2008		2,728,962	
Fund balance - September 30, 2009		\$ 2,694,893	

## 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 Maintenance and Replacement 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 and Liability Insurance Fund*** accounts for the City's property, casualty, liability, disability and workers' compensation insurance programs.

The ***Employee Benefits Fund*** accounts for the City's self-insurance program for health and dental insurance as well as life insurance for current employees.

The ***Retiree Benefits Fund*** accounts for the City's self-insurance program for health and dental insurance as well as life insurance for retired employees.

The ***Property and Facility Management Fund*** was established to facilitate maintenance on City facilities including roof and HVAC repairs and replacement.

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

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
<b>ASSETS</b>								
Current assets:								
Equity in pooled cash and investments	\$ 539,597	\$ 4,168,113	\$ 1,335,618	\$ 5,926,864	\$ 488,892	\$ 1,180,730	\$ 600,516	\$ 14,240,330
Prepaid expenses	-	-	14,164	91,922	66,867	-	9,100	182,053
Accounts receivable (net)	5,547	41,491	18,074	174,960	65,339	4,831	3,266	313,508
Inventories - at average cost	-	171,988	-	-	-	-	-	171,988
Total current assets	<u>545,144</u>	<u>4,381,592</u>	<u>1,367,856</u>	<u>6,193,746</u>	<u>621,098</u>	<u>1,185,561</u>	<u>612,882</u>	<u>14,907,879</u>
Noncurrent assets:								
Capital assets:								
Land	-	65,000	-	-	-	-	-	65,000
Buildings	-	370,967	-	-	-	76,339	51,920	499,226
Improvements other than buildings	-	260,072	-	-	-	190,991	-	451,063
Machinery and equipment	-	16,807,899	-	-	-	8,857	6,230,758	23,047,514
Construction in progress	-	-	-	-	-	-	-	-
Less accumulated depreciation	-	(10,635,465)	-	-	-	(148,918)	(2,442,935)	(13,227,318)
Total Capital assets (net of accumulated depreciation)	<u>-</u>	<u>6,868,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,269</u>	<u>3,839,743</u>	<u>10,835,485</u>
Total assets	<u>545,144</u>	<u>11,250,065</u>	<u>1,367,856</u>	<u>6,193,746</u>	<u>621,098</u>	<u>1,312,830</u>	<u>4,452,625</u>	<u>25,743,364</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts and contracts payable	8,209	154,724	59,753	64,988	14,044	18,298	331,575	651,591
Insurance claims payable	-	-	180,040	519,547	-	-	-	699,587
Current portion of compensated absences payable	-	1,230	-	-	-	784	2,140	4,154
Current portion of capital lease	-	-	-	-	-	-	622,244	622,244
Total current liabilities	<u>8,209</u>	<u>155,954</u>	<u>239,793</u>	<u>584,535</u>	<u>14,044</u>	<u>19,082</u>	<u>955,959</u>	<u>1,977,576</u>
Noncurrent liabilities:								
Compensated absences payable	-	23,379	-	-	-	14,897	40,654	78,930
Capital lease payable	-	-	-	-	-	-	2,456,582	2,456,582
Total noncurrent liabilities	<u>-</u>	<u>23,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,897</u>	<u>2,497,236</u>	<u>2,535,512</u>
Total liabilities	<u>8,209</u>	<u>179,333</u>	<u>239,793</u>	<u>584,535</u>	<u>14,044</u>	<u>33,979</u>	<u>3,453,195</u>	<u>4,513,088</u>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	-	6,868,473	-	-	-	127,269	760,917	7,756,659
Unrestricted	536,935	4,202,259	1,128,063	5,609,211	607,054	1,151,582	238,513	13,473,617
Total net assets	<u>\$ 536,935</u>	<u>\$ 11,070,732</u>	<u>\$ 1,128,063</u>	<u>\$ 5,609,211</u>	<u>\$ 607,054</u>	<u>\$ 1,278,851</u>	<u>\$ 999,430</u>	<u>\$ 21,230,276</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, 2009**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
<b>OPERATING REVENUES</b>								
Charges for services	\$ 907,000	\$ 7,593,525	\$ 1,263,668	\$ -	\$ -	\$ 284,399	\$ 3,132,788	\$ 13,181,380
Contributions	-	-	-	6,124,362	2,751,047	-	-	8,875,409
Miscellaneous	-	1,642	-	385,988	139,377	-	5,811	532,818
Total operating revenues	907,000	7,595,167	1,263,668	6,510,350	2,890,424	284,399	3,138,599	22,589,607
<b>OPERATING EXPENSES</b>								
Garage operations	-	4,416,160	-	-	-	-	-	4,416,160
Depreciation	-	2,050,231	-	-	-	23,708	1,123,257	3,197,196
Insurance claims	-	-	1,415,621	6,432,759	1,480,786	-	-	9,329,166
Administrative	113,826	-	107,838	623,841	4,272,976	278,931	2,185,299	7,582,711
Special services	1,462,789	-	-	61,103	2,577	-	-	1,526,469
Maintenance	-	-	-	-	-	417,825	-	417,825
Total operating expenses	1,576,615	6,466,391	1,523,459	7,117,703	5,756,339	720,464	3,308,556	26,469,527
Operating income (loss)	(669,615)	1,128,776	(259,791)	(607,353)	(2,865,915)	(436,065)	(169,957)	(3,879,920)
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Revenues from use of money and property	27,215	77,212	25,130	101,211	61,102	23,047	42,407	357,324
Gain (loss) on sale of assets	-	274,535	-	-	-	-	-	274,535
Interest expense	-	-	-	-	-	-	(92,388)	(92,388)
Total non-operating revenues (expenses)	27,215	351,747	25,130	101,211	61,102	23,047	(49,981)	539,471
Income (loss) before transfers	(642,400)	1,480,523	(234,661)	(506,142)	(2,804,813)	(413,018)	(219,938)	(3,340,449)
Transfers in	-	10,500	-	-	900,000	341,600	50,542	1,302,642
Transfers out	-	(30,671)	-	(900,000)	-	(198,713)	(14,793)	(1,144,177)
Change in net assets	(642,400)	1,460,352	(234,661)	(1,406,142)	(1,904,813)	(270,131)	(184,189)	(3,181,984)
Total Net Assets - October 1, 2008	1,179,335	9,610,380	1,362,724	7,015,353	2,511,867	1,548,982	1,183,619	24,412,260
Total Net Assets - September 30, 2009	\$ 536,935	\$ 11,070,732	\$ 1,128,063	\$ 5,609,211	\$ 607,054	\$ 1,278,851	\$ 999,430	\$ 21,230,276



**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL (EXHIBIT 9)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from customers and users	\$ 909,027	\$ 7,685,931	\$ 1,146,738	\$ 6,514,305	\$ 2,889,470	\$ 283,871	\$ 3,139,275	\$ 22,568,617
Cash paid to suppliers for goods and services	-	(3,688,372)	41,639	(684,956)	(4,272,493)	(615,860)	(1,204,465)	(10,424,507)
Cash paid to employees for services	(1,600,572)	(698,492)	-	-	-	(117,351)	(747,848)	(3,164,263)
Insurance claims paid	-	-	(1,577,763)	(6,392,659)	(1,480,786)	-	-	(9,451,208)
Net cash provided by (used in) operating activities	(691,545)	3,299,067	(389,386)	(563,310)	(2,863,809)	(449,340)	1,186,962	(471,361)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>								
Transfers in from other funds	-	10,500	-	-	900,000	341,600	50,542	1,302,642
Transfers out to other funds	-	(30,671)	-	(900,000)	-	(198,713)	(14,793)	(1,144,177)
Net cash provided by (used in) non-capital financing activities	-	(20,171)	-	(900,000)	900,000	142,887	35,749	158,465
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition, construction, and retirement of capital assets	-	(1,900,341)	-	-	-	454,859	(425,657)	(1,871,139)
Interest paid	-	-	-	-	-	-	(92,388)	(92,388)
Payment of capital lease obligations	-	-	-	-	-	-	(707,390)	(707,390)
Proceeds from sale of assets	-	296,897	-	-	-	-	-	296,897
Net cash provided by (used in) capital and related financing activities	-	(1,603,444)	-	-	-	454,859	(1,225,435)	(2,374,020)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest and dividends on investments	27,215	77,212	25,130	101,211	61,102	23,047	42,407	357,324
Net cash provided by investing activities	27,215	77,212	25,130	101,211	61,102	23,047	42,407	357,324
Net increase (decrease) in cash and cash equivalents	(664,330)	1,752,664	(364,256)	(1,362,099)	(1,902,707)	171,453	39,683	(2,329,592)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,203,927	2,415,449	1,699,874	7,288,963	2,391,599	1,009,277	560,833	16,569,922
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 539,597	\$ 4,168,113	\$ 1,335,618	\$ 5,926,864	\$ 488,892	\$ 1,180,730	\$ 600,516	\$ 14,240,330

(continued)

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL (EXHIBIT 9)
Operating income (loss)	\$ (669,615)	\$ 1,128,776	\$ (259,791)	\$ (607,353)	\$ (2,865,915)	\$ (436,065)	\$ (169,957)	\$ (3,879,920)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	-	2,050,231	-	-	-	23,708	1,123,257	3,197,196
(Increase) decrease in accounts receivable	2,027	90,764	32,547	3,955	(954)	(528)	676	128,487
(Increase) decrease in prepaid expenses	-	-	(542)	(46,499)	(4,558)	-	(9,100)	(60,699)
(Increase) decrease in inventories	-	152,364	-	-	-	-	-	152,364
Increase (decrease) in accounts payable	(23,957)	(115,373)	(12,123)	46,487	7,618	(37,727)	246,409	111,334
Increase (decrease) in claims payable	-	-	(149,477)	40,100	-	-	-	(109,377)
Increase (decrease) in compensated absences payable	-	(7,695)	-	-	-	1,272	(4,323)	(10,746)
Total adjustments	(21,930)	2,170,291	(129,595)	44,043	2,106	(13,275)	1,356,919	3,408,559
Net cash (used in) provided by operating activities	<u>\$ (691,545)</u>	<u>\$ 3,299,067</u>	<u>\$ (389,386)</u>	<u>\$ (563,310)</u>	<u>\$ (2,863,809)</u>	<u>\$ (449,340)</u>	<u>\$ 1,186,962</u>	<u>\$ (471,361)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>								
Borrowing under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,801,292</u>	<u>\$ 2,801,292</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, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 43,000	\$ 27,215	\$ (15,785)
Intergovernmental revenue	907,000	907,000	-
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u>\$ 950,000</u>	<u>\$ 934,215</u>	<u>\$ (15,785)</u>
<b>EXPENSES</b>			
Salaries and benefits	\$ 114,797	\$ 113,826	\$ 971
Special services	1,461,978	1,462,789	(811)
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u>\$ 1,576,775</u>	<u>\$ 1,576,615</u>	<u>\$ 160</u>

**CITY OF TYLER, TEXAS**  
**FLEET MAINTENANCE AND REPLACEMENT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenues from use of money and property	\$ 85,000	\$ 77,212	\$ (7,788)
Current service charges	8,302,779	7,593,525	(709,254)
Miscellaneous	1,000	1,642	642
Sale of assets	<u>504,000</u>	<u>296,897</u>	<u>(207,103)</u>
<b>TOTAL REVENUES - BUDGET BASIS</b>	<u><u>\$ 8,892,779</u></u>	<u>7,969,276</u>	<u><u>\$ (923,503)</u></u>
Financial statement adjustments:			
Transfer in		10,500	
Retirement of assets sold		<u>(22,362)</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>		<u><u>\$ 7,957,414</u></u>	
<b>EXPENSES</b>			
Garage administration and operations:			
Salaries and benefits	\$ 820,935	\$ 698,492	\$ 122,443
Supplies and services	4,885,996	3,604,243	1,281,753
Utilities	2,135	1,569	566
Maintenance	128,032	111,856	16,176
Capital outlay	<u>3,031,615</u>	<u>2,192,876</u>	<u>838,739</u>
Total garage administration	<u>8,868,713</u>	<u>6,609,036</u>	<u>2,259,677</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<u><u>\$ 8,868,713</u></u>	<u>6,609,036</u>	<u><u>\$ 2,259,677</u></u>
Financial statement adjustments:			
Transfer out		30,671	
Capital outlay items not expensed		(2,192,876)	
Depreciation expense		<u>2,050,231</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<u><u>\$ 6,497,062</u></u>	

**CITY OF TYLER, TEXAS**  
**PROPERTY AND LIABILITY INSURANCE FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 25,000	\$ 25,130	\$ 130
Intergovernmental revenue	1,343,532	1,263,668	(79,864)
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u>\$ 1,368,532</u>	<u>\$ 1,288,798</u>	<u>\$ (79,734)</u>
<b>EXPENSES</b>			
Claims and premiums	\$ 1,314,343	\$ 1,415,621	\$ (101,278)
Administrative	134,458	107,838	26,620
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u>\$ 1,448,801</u>	<u>\$ 1,523,459</u>	<u>\$ (74,658)</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 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 150,000	\$ 101,211	\$ (48,789)
Contributions from City of Tyler	4,556,719	4,495,902	(60,817)
Contributions from employees	1,514,000	1,628,460	114,460
Miscellaneous	450,000	385,988	(64,012)
Total revenues	6,670,719	6,611,561	(59,158)
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<b>\$ 6,670,719</b>	<b>\$ 6,611,561</b>	<b>\$ (59,158)</b>
 <b>EXPENSES</b>			
Employee insurance fund administration:			
Special services	\$ 73,000	\$ 61,103	\$ 11,897
Claims	6,041,119	6,251,477	(210,358)
Administrative fees	699,600	623,841	75,759
Life insurance	167,000	181,282	(14,282)
Total employee insurance fund administration	6,980,719	7,117,703	(136,984)
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b>\$ 6,980,719</b>	<b>7,117,703</b>	<b>\$ (136,984)</b>
Financial statement adjustments:			
Transfer out		900,000	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b>\$ 8,017,703</b>	

**CITY OF TYLER, TEXAS  
RETIREE BENEFITS FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 100,000	\$ 61,102	\$ (38,898)
Contributions from City of Tyler	2,066,364	2,066,364	-
Contributions from employees	658,200	684,683	26,483
Miscellaneous	139,400	139,377	(23)
Total revenues	<u>2,963,964</u>	<u>2,951,526</u>	<u>(12,438)</u>
<b>TOTAL REVENUES - BUDGET BASIS</b>	<u><u>\$ 2,963,964</u></u>	<u>2,951,526</u>	<u>\$ (12,438)</u>
Financial statement adjustments:			
Transfer in		<u>900,000</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>		<u><u>\$ 3,851,526</u></u>	
<b>EXPENSES</b>			
Employee insurance fund administration:			
Special services	\$ 6,000	\$ 2,577	\$ 3,423
Claims	1,578,564	1,427,467	151,097
Administrative fees	4,315,083	4,272,976	42,107
Life insurance	52,500	53,319	(819)
Total employee insurance fund administration	<u>5,952,147</u>	<u>5,756,339</u>	<u>195,808</u>
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u><u>\$ 5,952,147</u></u>	<u><u>\$ 5,756,339</u></u>	<u><u>\$ 195,808</u></u>

**CITY OF TYLER, TEXAS**  
**PROPERTY AND FACILITY MANAGEMENT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 35,000	\$ 23,047	\$ (11,953)
Charges for services	278,899	284,399	5,500
Sale of assets	5,000	-	(5,000)
	<u>318,899</u>	<u>307,446</u>	<u>(11,453)</u>
<b>Total revenues</b>	<u>318,899</u>	<u>307,446</u>	<u>(11,453)</u>
<b>TOTAL REVENUES - BUDGET BASIS</b>	<u>\$ 318,899</u>	307,446	<u>\$ (11,453)</u>
Financial statement adjustments:			
Transfer in		<u>341,600</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>		<u>\$ 649,046</u>	
<b>EXPENSES</b>			
Property and facility administration:			
Salaries and benefits	\$ 95,631	\$ 117,351	\$ (21,720)
Supplies and services	199,833	113,587	86,246
Utilities	1,100	1,420	(320)
Maintenance	298,264	464,398	(166,134)
Capital outlay	15,000	30,474	(15,474)
	<u>609,828</u>	<u>727,230</u>	<u>(117,402)</u>
<b>Total property and facility administration</b>	<u>609,828</u>	<u>727,230</u>	<u>(117,402)</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<u>\$ 609,828</u>	727,230	<u>\$ (117,402)</u>
Financial statement adjustments:			
Transfer out		198,713	
Capital outlay items not expensed		(30,474)	
Depreciation expense		<u>23,708</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<u>\$ 919,177</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, 2009**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenues from use of money and property	\$ 57,820	\$ 42,407	\$ (15,413)
Charges for services	3,158,078	3,132,788	(25,290)
Miscellaneous	-	5,811	5,811
<b>TOTAL REVENUES - BUDGET BASIS</b>	<u><u>\$ 3,215,898</u></u>	3,181,006	<u><u>\$ (34,892)</u></u>
Financial statement adjustments:			
Transfer in		<u>50,542</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>		<u><u>\$ 3,231,548</u></u>	
<b>EXPENSES</b>			
Office technology fund administration:			
Salaries and benefits	\$ 769,120	\$ 747,848	\$ 21,272
Supplies and services	73,592	46,853	26,739
Utilities	5,450	4,989	461
Maintenance	9,716	8,496	1,220
Total office technology fund administration	<u>857,878</u>	<u>808,186</u>	<u>49,692</u>
Office technology services:			
Supplies and services	1,217,315	400,815	816,500
Utilities	220,527	164,830	55,697
Maintenance	968,189	811,468	156,721
Capital outlay	68,117	3,177,686	(3,109,569)
Total office technology services	<u>2,474,148</u>	<u>4,554,799</u>	<u>(2,080,651)</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<u><u>\$ 3,332,026</u></u>	5,362,985	<u><u>\$ (2,030,959)</u></u>
Financial statement adjustments:			
Transfer out		14,793	
Capital outlay items not expensed		(3,177,686)	
Interest		92,388	
Depreciation		<u>1,123,257</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<u><u>\$ 3,415,737</u></u>	

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

### **Employee Benefit Trust Funds**

The *Employee Benefit Trust (Section 125 Plan) Fund* is used to account for the resources accumulated and payments made on behalf of City employees enrolled in the City's cafeteria plan administered by Health First.

The *OPEB Trust Fund* is used to account for the resources accumulated to meet ARC (annual required contributions) and long term liability requirements associated with administering post employment health, dental and life benefits for retired employees in accordance with GASB 43 and 45.

### **Private-Purpose Trust Funds**

The *Greenwood Landfill Private-Purpose Trust Fund* is used to accumulate resources held in trust for Allied Waste Management and is used for closure and post-closure expenses of the Greenwood Landfill. These closure and post-closure expenses will not begin occurring until many years if not decades in the future.

The *Lindsey Trust Fund* is used to account for the endowment fund created for the charitable purpose of making awards to police officers and firefighters employed by the City of Tyler for outstanding service and to aid them and their families injured in the line of duty.

**CITY OF TYLER, TEXAS**  
**FIDUCIARY FUNDS**  
**EMPLOYEE BENEFIT TRUST FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

	EMPLOYEE BENEFIT TRUST (SECTION 125 PLAN)	OPEB TRUST	TOTAL
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 198,197	\$ 3,151,403	\$ 3,349,600
Receivables			
Accounts receivable	14,784	-	14,784
Interest receivable	-	-	-
Total receivables	14,784	-	14,784
Total assets	212,981	3,151,403	3,364,384
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Total liabilities	-	-	-
<b>NET ASSETS</b>			
Held in trust for OPEB benefits and other purposes	\$ 212,981	\$ 3,151,403	\$ 3,364,384

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	EMPLOYEE BENEFIT TRUST (SECTION 125 PLAN)	OPEB TRUST	TOTAL
<b>ADDITIONS</b>			
Contributions:			
Employees	\$ 183,796	\$ -	\$ 183,796
Employer	248,323	3,151,403	3,399,726
Total contributions	<u>432,119</u>	<u>3,151,403</u>	<u>3,583,522</u>
Total additions	<u>432,119</u>	<u>3,151,403</u>	<u>3,583,522</u>
<b>DEDUCTIONS</b>			
Benefits	<u>390,090</u>	<u>-</u>	<u>390,090</u>
Total deductions	<u>390,090</u>	<u>-</u>	<u>390,090</u>
Change in net assets	42,029	3,151,403	3,193,432
Net Assets - October 1, 2008	<u>170,952</u>	<u>-</u>	<u>170,952</u>
Net Assets - September 30, 2009	<u><u>\$ 212,981</u></u>	<u><u>\$ 3,151,403</u></u>	<u><u>\$ 3,364,384</u></u>

**CITY OF TYLER, TEXAS**  
**FIDUCIARY FUNDS**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 2,176,722	\$ 53,424	\$ 2,230,146
Receivables			
Interest receivable	8,756	-	8,756
Total receivables	8,756	-	8,756
Total assets	2,185,478	53,424	2,238,902
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Total liabilities	-	-	-
<b>NET ASSETS</b>			
Held in trust for other purposes	\$ 2,185,478	\$ 53,424	\$ 2,238,902

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
<b>ADDITIONS</b>			
Contributions	\$ 36,000	\$ 712	\$ 36,712
Interest	35,816	-	35,816
Total additions	71,816	712	72,528
<b>DEDUCTIONS</b>			
Contributions	-	3,500	3,500
Total deductions	-	3,500	3,500
Change in net assets	71,816	(2,788)	69,028
Net Assets - October 1, 2008	2,113,662	56,212	2,169,874
Net Assets - September 30, 2009	\$ 2,185,478	\$ 53,424	\$ 2,238,902

## **DETAILED BUDGETARY COMPARISONS**

The following schedules are additional supplementary information for the General Fund and each Enterprise Fund.

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>PROPERTY TAX COLLECTIONS</b>			
Current taxes	\$ 13,181,059	\$ 13,162,223	\$ (18,836)
Delinquent taxes	126,100	159,872	33,772
Penalty and interest	152,900	173,469	20,569
Tax collection fee	59,300	50,856	(8,444)
Total property tax collections	<u>13,519,359</u>	<u>13,546,420</u>	<u>27,061</u>
<b>FRANCHISE FEES</b>			
Franchise - light and power	4,076,400	4,035,255	(41,145)
Franchise - natural gas	1,030,000	1,136,848	106,848
Franchise - telephone	820,700	995,673	174,973
Franchise - cable television	1,000,000	1,214,273	214,273
Franchise - street use fee	380,800	501,793	120,993
Franchise - water and sewer	1,251,895	1,237,215	(14,680)
Total franchise fees	<u>8,559,795</u>	<u>9,121,057</u>	<u>561,262</u>
<b>SALES AND USE TAXES</b>			
General sales tax	25,674,845	23,471,623	(2,203,222)
Mixed drink tax	300,000	301,025	1,025
Bingo tax	31,800	30,617	(1,183)
Total sales and use taxes	<u>26,006,645</u>	<u>23,803,265</u>	<u>(2,203,380)</u>
<b>LICENSES AND PERMITS</b>			
Parking meter	110,000	103,749	(6,251)
Wrecker	-	415	415
Taxicab and limousine	200	180	(20)
Burglar alarm	56,800	56,358	(442)
Total licenses and permits	<u>167,000</u>	<u>160,702</u>	<u>(6,298)</u>
<b>FINES, FORFEITURES, AND PENALTIES</b>			
Moving violation fines	3,830,427	3,585,004	(245,423)
Library fines and rents	-	(5)	(5)
Tax service fees on fines	220,000	189,421	(30,579)
Arrest fee fines	160,000	177,564	17,564
Municipal court administrative fees	160,000	211,162	51,162
Warrant fees	700,000	689,406	(10,594)
Child safety fees	58,000	175,020	117,020
Teen court fees	500	245	(255)
Municipal court security	134,200	146,308	12,108
Miscellaneous municipal court fines	29,100	22,290	(6,810)
Court time payment fee	190,000	185,307	(4,693)
Special court fees	540,000	719,094	179,094
Collection firm fee	210,000	207,146	(2,854)
Court fee - clearing	2,000	14,813	12,813
Partners for youth program	197,500	196,338	(1,162)
Omnibase program	-	41,078	41,078
Total fines, forfeitures, and penalties	<u>6,431,727</u>	<u>6,560,191</u>	<u>128,464</u>

(Continued)



**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES FROM USE OF MONEY OR PROPERTY</b>			
Rent - miscellaneous	45,000	32,137	(12,863)
Distributed interest	105,988	91,557	(14,431)
Total revenues from use of money or property	<u>150,988</u>	<u>123,694</u>	<u>(27,294)</u>
<b>CHARGES FOR CURRENT SERVICES</b>			
Swimming pool admissions	3,000	125	(2,875)
Fire inspection fees	21,800	18,502	(3,298)
Lot mowing	25,700	53,428	27,728
Glass membership fees	50,000	54,757	4,757
Copying fees	12,900	18,560	5,660
Open records	27,300	43,427	16,127
Participant fees	147,400	160,443	13,043
Field rental	24,300	2,000	(22,300)
Sports field maintenance	8,200	29,715	21,515
Recreation classes and events	-	245	245
False alarm fees	400	1,320	920
Half cent administration costs	30,000	30,000	-
Reimbursement of overhead from water and sewer operating fund	591,220	591,220	-
Reimbursement of overhead from sanitation fund	187,151	187,151	-
Library	35,000	50,336	15,336
Total charges for current services	<u>1,164,371</u>	<u>1,241,229</u>	<u>76,858</u>
<b>REVENUES FROM OTHER AGENCIES</b>			
State government	20,000	(19,952)	(39,952)
County hazardous material service	5,000	5,000	-
Prior year restitution income	400	100	(300)
DEA Project reimbursement	54,000	60,695	6,695
Auto theft task force grant	58,000	86,820	28,820
Bullet proof vest grant	9,000	6,667	(2,333)
Safe and Sober Grant	32,000	77,816	45,816
Click it or ticket grant	11,000	6,898	(4,102)
School crossing guards	202,524	202,523	(1)
Justice assistance	102,830	32,156	(70,674)
Child safety car registration	50,000	7,662	(42,338)
Total revenues from other agencies	<u>544,754</u>	<u>466,385</u>	<u>(78,369)</u>
<b>MISCELLANEOUS</b>			
Oil and lease royalties	75,000	-	(75,000)
Contribution for construction	-	5,595	5,595
Miscellaneous charges	100,000	120,382	20,382
Unclaimed property revenue	12,300	22,706	10,406
Utility litigation	-	129,633	129,633
Returned check fees	1,800	2,735	935
Junked vehicle	800	427	(373)
Total miscellaneous	<u>189,900</u>	<u>281,478</u>	<u>91,578</u>
Total revenues before other financing sources	<u>56,734,539</u>	<u>55,304,421</u>	<u>(1,430,118)</u>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>OTHER FINANCING SOURCES</b>			
Transfer from special revenue	-	10,515	10,515
Transfer from property and facility	-	198,713	198,713
Sale of property and equipment	4,000	348,691	344,691
Total other financing sources	4,000	557,919	553,919
<b>TOTAL REVENUES</b>	<u>\$ 56,738,539</u>	<u>\$ 55,862,340</u>	<u>\$ (876,199)</u>

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>GENERAL GOVERNMENT</b>			
GENERAL GOVERNMENT SERVICES:			
Salaries and benefits	\$ 2,189,571	\$ 2,190,296	\$ (725)
Supplies and services	2,811,526	2,700,761	110,765
Utilities	88,050	93,584	(5,534)
Maintenance	8,118	206,831	(198,713)
Capital outlay	320,000	41,245	278,755
Total general government services	<u>5,417,265</u>	<u>5,232,717</u>	<u>184,548</u>
COMMUNICATIONS:			
Salaries and benefits	160,388	164,455	(4,067)
Supplies and services	76,529	73,825	2,704
Utilities	1,790	1,354	436
Total communications	<u>238,707</u>	<u>239,634</u>	<u>(927)</u>
FINANCE:			
Salaries and benefits	517,387	509,162	8,225
Supplies and services	486,155	467,254	18,901
Utilities	1,312	1,281	31
Total finance	<u>1,004,854</u>	<u>977,697</u>	<u>27,157</u>
HUMAN RESOURCES:			
Salaries and benefits	192,335	135,605	56,730
Supplies and services	41,190	66,537	(25,347)
Utilities	150	-	150
Total human resources	<u>233,675</u>	<u>202,142</u>	<u>31,533</u>
LEGAL:			
Salaries and benefits	550,236	533,964	16,272
Supplies and services	137,146	152,445	(15,299)
Utilities	220	124	96
Maintenance	-	694	(694)
Capital outlay	7,062	7,781	(719)
Total legal	<u>694,664</u>	<u>695,008</u>	<u>(344)</u>
Total general government	<u>7,589,165</u>	<u>7,347,198</u>	<u>241,967</u>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>PUBLIC SAFETY</b>			
POLICE:			
Salaries and benefits	18,026,313	18,188,119	(161,806)
Supplies and services	1,949,959	1,573,028	376,931
Utilities	232,106	190,617	41,489
Maintenance	1,148,008	1,242,822	(94,814)
Capital outlay	68,579	73,184	(4,605)
Total police	21,424,965	21,267,770	157,195
FIRE:			
Salaries and benefits	11,912,688	11,798,257	114,431
Supplies and services	823,285	1,208,135	(384,850)
Utilities	133,258	172,651	(39,393)
Maintenance	314,716	390,161	(75,445)
Capital outlay	555,614	81,637	473,977
Total fire	13,739,561	13,650,841	88,720
PARTNERS WITH YOUTH PROGRAM:			
Salaries and benefits	153,725	87,034	66,691
Supplies and services	-	64,015	(64,015)
Total partners with youth program	153,725	151,049	2,676
MUNICIPAL COURT:			
Salaries and benefits	863,094	671,765	191,329
Supplies and services	945,595	1,131,717	(186,122)
Utilities	14,023	16,285	(2,262)
Maintenance	48,960	48,218	742
Capital outlay	4,200	-	4,200
Total municipal court	1,875,872	1,867,985	7,887
Total public safety	37,194,123	36,937,645	256,478
<b>PUBLIC SERVICES</b>			
CODE ENFORCEMENT:			
Salaries and benefits	386,401	344,616	41,785
Supplies and services	127,586	112,255	15,331
Utilities	11,175	5,143	6,032
Maintenance	48,659	54,278	(5,619)
Capital outlay	-	31,529	(31,529)
Total code enforcement	573,821	547,821	26,000
Total public services	573,821	547,821	26,000

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>HIGHWAYS AND STREETS</b>			
ENGINEERING:			
Salaries and benefits	530,349	489,501	40,848
Supplies and services	87,188	58,348	28,840
Utilities	3,310	6,567	(3,257)
Maintenance	142,468	14,618	127,850
Total engineering	763,315	569,034	194,281
STREET ADMINISTRATION:			
Salaries and benefits	1,139,852	927,162	212,690
Supplies and services	249,985	394,625	(144,640)
Utilities	21,990	5,967	16,023
Maintenance	654,903	737,999	(83,096)
Capital outlay	-	212,861	(212,861)
Total street administration	2,066,730	2,278,614	(211,884)
TRAFFIC OPERATIONS:			
Salaries and benefits	769,670	692,064	77,606
Supplies and services	219,012	158,764	60,248
Utilities	1,349,104	1,516,337	(167,233)
Maintenance	187,962	167,982	19,980
Capital outlay	22,400	18,125	4,275
Total traffic operations	2,548,148	2,553,272	(5,124)
Total highways and streets	5,378,193	5,400,920	(22,727)
<b>CULTURE AND RECREATION</b>			
LIBRARY:			
Salaries and benefits	1,025,061	984,775	40,286
Supplies and services	209,501	228,843	(19,342)
Utilities	88,425	84,213	4,212
Maintenance	40,794	40,494	300
Capital outlay	123,000	119,826	3,174
Total library	1,486,781	1,458,151	28,630
PARKS ADMINISTRATION:			
Salaries and benefits	796,967	780,010	16,957
Supplies and services	510,256	436,150	74,106
Utilities	594,690	688,205	(93,515)
Maintenance	575,967	554,312	21,655
Capital outlay	-	7,919	(7,919)
Total parks administration	2,477,880	2,466,596	11,284

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET and ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>CULTURE AND RECREATION (cont'd)</b>			
INDOOR RECREATION:			
Salaries and benefits	367,380	348,314	19,066
Supplies and services	81,216	104,186	(22,970)
Utilities	1,640	2,036	(396)
Maintenance	27,531	26,571	960
Capital outlay	-	45,550	(45,550)
Total indoor recreation	<u>477,767</u>	<u>526,657</u>	<u>(48,890)</u>
OUTDOOR RECREATION:			
Salaries and benefits	141,349	99,960	41,389
Supplies and services	307,963	303,210	4,753
Utilities	29,020	-	29,020
Maintenance	1,500	19	1,481
Total outdoor recreation	<u>479,832</u>	<u>403,189</u>	<u>76,643</u>
MEDIAN MAINTENANCE AND ARBORIST:			
Salaries and benefits	173,372	175,418	(2,046)
Supplies and services	140,365	108,350	32,015
Utilities	960	-	960
Maintenance	2,000	6,961	(4,961)
Total median maintenance and arborist	<u>316,697</u>	<u>290,729</u>	<u>25,968</u>
Total culture and recreation	<u>5,238,957</u>	<u>5,145,322</u>	<u>93,635</u>
<b>OTHER FINANCING USES</b>			
Transfer to development services	175,000	100,000	75,000
Transfer to transit system	415,680	362,882	52,798
Transfer to state and federal grants	-	2,791	(2,791)
Transfer to capital projects	815,576	815,576	-
Transfer to property and facility	141,600	141,600	-
Transfer to main street	32,000	32,000	-
Total other financing uses	<u>1,579,856</u>	<u>1,454,849</u>	<u>125,007</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 57,554,115</u>	<u>\$ 56,833,755</u>	<u>\$ 720,360</u>

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF REVENUES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenues from use of money or property	\$ 269,000	\$ 227,706	\$ (41,294)
Charges for current services	27,535,498	27,424,458	(111,040)
Miscellaneous income	<u>343,803</u>	<u>416,663</u>	<u>72,860</u>
<b>TOTAL REVENUES BUDGET BASIS</b>	<u>\$ 28,148,301</u>	28,068,827	<u>\$ (79,474)</u>
Financial Statement Adjustments:			
Transfers in		<u>14,482,298</u>	
<b>TOTAL REVENUES GAAP BASIS</b>		<u>\$ 42,551,125</u>	

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>WATER ADMINISTRATION AND SUNDRY</b>			
Salaries and benefits	\$ 1,124,528	\$ 766,423	\$ 358,105
Supplies and services	8,145,768	3,502,624	4,643,144
Utilities	14,759	10,120	4,639
Maintenance	15,220	10,785	4,435
Capital outlay	-	485,590	(485,590)
Total water administration and sundry	<u>9,300,275</u>	<u>4,775,542</u>	<u>4,524,733</u>
<b>WATER OFFICE</b>			
Salaries and benefits	644,793	599,830	44,963
Supplies and services	473,087	509,074	(35,987)
Utilities	174	355	(181)
Maintenance	44,487	44,216	271
Total water office	<u>1,162,541</u>	<u>1,153,475</u>	<u>9,066</u>
<b>WATER DISTRIBUTION</b>			
Salaries and benefits	1,008,407	789,825	218,582
Supplies and services	147,296	426,504	(279,208)
Utilities	22,994	20,352	2,642
Maintenance	310,155	415,242	(105,087)
Capital outlay	2,137,372	1,379,974	757,398
Total water distribution	<u>3,626,224</u>	<u>3,031,897</u>	<u>594,327</u>
<b>WATER PLANT</b>			
Salaries and benefits	1,108,883	1,093,784	15,099
Supplies and services	1,382,791	1,251,807	130,984
Utilities	2,305,840	2,133,519	172,321
Maintenance	297,080	159,960	137,120
Capital outlay	1,917,500	1,647,212	270,288
Total water plant	<u>7,012,094</u>	<u>6,286,282</u>	<u>725,812</u>

(Continued)



**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>WASTE COLLECTION</b>			
Salaries and benefits	641,661	436,445	205,216
Supplies and services	161,618	378,835	(217,217)
Utilities	1,734	1,236	498
Maintenance	478,840	556,588	(77,748)
Capital outlay	1,789,940	1,146,588	643,352
Total waste collection	<u>3,073,793</u>	<u>2,519,692</u>	<u>554,101</u>
<b>WASTE TREATMENT PLANT</b>			
Salaries and benefits	1,242,155	1,172,500	69,655
Supplies and services	2,051,333	1,906,738	144,595
Utilities	1,030,115	943,054	87,061
Maintenance	208,283	140,900	67,383
Capital outlay	-	233,636	(233,636)
Total waste treatment plant	<u>4,531,886</u>	<u>4,396,828</u>	<u>135,058</u>
<b>LAKE TYLER</b>			
Salaries and benefits	430,898	398,936	31,962
Supplies and services	329,818	270,726	59,092
Utilities	22,874	18,099	4,775
Maintenance	572,904	86,270	486,634
Capital outlay	230,693	133,956	96,737
Total Lake Tyler	<u>1,587,187</u>	<u>907,987</u>	<u>679,200</u>
<b>STORM WATER MANAGEMENT</b>			
Salaries and benefits	521,384	411,320	110,064
Supplies and services	100,937	143,359	(42,422)
Maintenance	372,124	362,565	9,559
Capital outlay	448,285	697,664	(249,379)
Total Storm Water Management	<u>1,442,730</u>	<u>1,614,908</u>	<u>(172,178)</u>
<b>TOTAL EXPENSES BUDGET BASIS</b>	<u><u>\$ 31,736,730</u></u>	<u>24,686,611</u>	<u><u>\$ 7,050,119</u></u>
Financial statement adjustments:			
Capital outlay items not expensed		(5,724,620)	
Transfers out		14,715,195	
Amortization		90,217	
Interest		2,655,972	
Depreciation expense		<u>7,780,109</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<u><u>\$ 44,203,484</u></u>	

**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Franchise fees	\$ 645,493	\$ 645,410	\$ (83)
Revenue from use of money or property	221,000	71,355	(149,645)
Charges for current services	9,828,445	9,345,171	(483,274)
From other agencies	75,000	169,947	94,947
Miscellaneous revenues	<u>-</u>	<u>128,292</u>	<u>128,292</u>
<b>TOTAL REVENUES - BUDGET BASIS</b>	<u>\$ 10,769,938</u>	10,360,175	<u>\$ (409,763)</u>
Financial statement adjustments:			
Transfers in		990,796	
Sale of property		<u>9,421</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>		<u>\$ 11,360,392</u>	
<b>EXPENSES</b>			
Solid waste administration:			
Salaries and benefits	\$ 747,051	\$ 685,506	\$ 61,545
Supplies and services	1,398,033	1,349,719	48,314
Utilities	5,575	4,837	738
Maintenance	11,098	13,212	(2,114)
Capital outlay	<u>2,020,000</u>	<u>31,826</u>	<u>1,988,174</u>
Total solid waste administration	<u>4,181,757</u>	<u>2,085,100</u>	<u>2,096,657</u>
Residential collections:			
Salaries and benefits	1,286,134	1,134,563	151,571
Supplies and services	2,442,845	2,377,687	65,158
Utilities	2,200	936	1,264
Maintenance	1,377,272	1,642,468	(265,196)
Capital outlay	<u>250,000</u>	<u>100,208</u>	<u>149,792</u>
Total residential collections	<u>5,358,451</u>	<u>5,255,862</u>	<u>102,589</u>
Commercial collections:			
Salaries and benefits	607,919	586,476	21,443
Supplies and services	1,948,732	1,776,754	171,978
Utilities	1,500	1,208	292
Maintenance	350,596	468,643	(118,047)
Capital outlay	<u>306,025</u>	<u>781,116</u>	<u>(475,091)</u>
Total commercial collections	<u>3,214,772</u>	<u>3,614,197</u>	<u>(399,425)</u>
Litter control:			
Supplies and services	<u>225,213</u>	<u>85,045</u>	<u>140,168</u>
Total litter control	<u>225,213</u>	<u>85,045</u>	<u>140,168</u>

(Continued)

**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Maintenance complex:			
Supplies and services	51,028	37,267	13,761
Utilities	84,180	75,967	8,213
Maintenance	<u>37,000</u>	<u>43,625</u>	<u>(6,625)</u>
Total maintenance complex	<u>172,208</u>	<u>156,859</u>	<u>15,349</u>
 <b>TOTAL EXPENSES - BUDGET BASIS</b>	 <u>\$ 13,152,401</u>	 11,197,063	 <u>\$ 1,955,338</u>
Financial statement adjustments:			
Transfers out		1,053,688	
Capital outlay items not expensed		(913,150)	
Depreciation expense		<u>971,067</u>	
 <b>TOTAL EXPENSES - GAAP BASIS</b>		 <u>\$ 12,308,668</u>	

**CITY OF TYLER, TEXAS  
AIRPORT FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Airport services	\$ 54,250	\$ 49,868	\$ (4,382)
Revenue from use of money or property	1,130,514	1,066,340	(64,174)
Income from other agencies	7,270,260	4,702,692	(2,567,568)
Miscellaneous revenues	12,200	11,689	(511)
Total Revenues	8,467,224	5,830,589	(2,636,635)
Transfers in	8,500	4,960,879	4,952,379
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u>\$ 8,475,724</u>	<u>\$ 10,791,468</u>	<u>\$ 2,315,744</u>
<b>EXPENSES</b>			
Municipal airport operations:			
Salaries and benefits	\$ 466,207	\$ 417,294	\$ 48,913
Supplies and services	1,786,219	364,262	1,421,957
Utilities	248,300	242,219	6,081
Maintenance	143,669	103,276	40,393
Capital outlay	6,601,840	4,851,809	1,750,031
Total municipal airport operations	9,246,235	5,978,860	3,267,375
<b>TOTAL EXPENSES BUDGET BASIS</b>	<u>\$ 9,246,235</u>	5,978,860	<u>\$ 3,267,375</u>
Financial statement adjustments:			
Transfers out		4,831,787	
Capital outlay items not expensed		(4,851,809)	
Depreciation expense		984,662	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<u>\$ 6,943,500</u>	

**STATISTICAL SECTION (UNAUDITED)**

**CITY OF TYLER, TEXAS**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS (1)**  
**(accrual basis of accounting)**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 191,659,914	\$ 213,663,400	\$ 211,924,238	\$ 208,396,601	\$ 207,182,671	\$ 210,591,077	\$ 227,755,201	\$ 239,906,695
Restricted	14,480,855	13,940,300	17,722,137	26,062,078	33,345,752	33,847,339	20,472,939	9,219,851
Unrestricted	36,142,611	13,824,023	18,090,555	20,124,780	23,641,384	24,690,983	25,250,120	22,863,133
Total governmental activities net assets	<u>\$ 242,283,380</u>	<u>\$ 241,427,723</u>	<u>\$ 247,736,930</u>	<u>\$ 254,583,459</u>	<u>\$ 264,169,807</u>	<u>\$ 269,129,399</u>	<u>\$ 273,478,260</u>	<u>\$ 271,989,679</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 93,823,398	\$ 113,796,393	\$ 126,955,956	\$ 130,848,615	\$ 132,481,137	\$ 136,990,101	\$ 145,115,746	\$ 146,154,811
Restricted	1,040,402	9,809,624	6,921,624	6,277,841	5,553,965	10,383,523	7,300,006	9,194,730
Unrestricted	61,313,378	36,385,067	26,619,426	26,279,373	27,994,475	20,912,997	12,746,703	10,186,615
Total business-type activities net assets	<u>\$ 156,177,178</u>	<u>\$ 159,991,084</u>	<u>\$ 160,497,006</u>	<u>\$ 163,405,829</u>	<u>\$ 166,029,577</u>	<u>\$ 168,286,621</u>	<u>\$ 165,162,455</u>	<u>\$ 165,536,156</u>
Primary government								
Invested in capital assets, net of related debt	\$ 285,483,312	\$ 327,459,793	\$ 338,880,194	\$ 339,245,216	\$ 339,663,808	\$ 347,581,178	\$ 372,870,947	\$ 386,061,506
Restricted	15,521,257	23,749,924	24,643,761	32,339,919	38,899,717	44,230,862	27,772,945	18,414,581
Unrestricted	97,455,989	50,209,090	44,709,981	46,404,153	51,635,859	45,603,980	37,996,823	33,049,748
Total primary government net assets	<u>\$ 398,460,558</u>	<u>\$ 401,418,807</u>	<u>\$ 408,233,936</u>	<u>\$ 417,989,288</u>	<u>\$ 430,199,384</u>	<u>\$ 437,416,020</u>	<u>\$ 438,640,715</u>	<u>\$ 437,525,835</u>

Source: Government-Wide Statement of Net Assets

(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.

CITY OF TYLER, TEXAS  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS (1)  
(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
Governmental activities:								
General government	\$ 8,496,768	\$ 7,810,926	\$ 7,178,812	\$ 7,457,535	\$ 5,573,690	\$ 6,426,203	\$ 7,454,087	\$ 10,320,209
Public safety	25,823,437	27,206,911	27,952,461	31,757,773	33,029,011	34,702,549	37,491,453	38,280,137
Highways and streets	5,157,064	14,857,558	11,450,585	6,097,617	11,006,417	17,047,887	6,548,649	6,319,359
Public services	12,737,742	9,530,408	14,644,612	18,796,772	16,343,022	13,951,231	25,829,353	27,916,561
Cultures and recreation	5,862,162	5,832,406	4,842,201	5,880,907	5,751,590	5,818,106	6,842,821	6,775,264
Interest on long term debt	575,516	506,102	335,321	295,946	252,779	260,027	161,066	85,952
Total governmental activities expenses	58,652,689	65,744,311	66,403,992	70,286,550	71,956,509	78,206,003	84,327,429	89,697,482
Business-type activities:								
Water and sewer	15,458,795	16,916,663	21,249,718	23,933,574	27,076,159	27,457,606	29,223,154	29,488,289
Sanitation	6,925,144	8,008,148	7,190,230	7,349,545	8,162,384	9,371,472	10,645,321	11,254,980
Airport	1,594,141	1,871,953	1,740,939	1,744,009	1,887,221	1,902,590	2,104,355	2,111,713
Total business-type activities expenses	23,978,080	26,796,764	30,180,887	33,027,128	37,125,764	38,731,668	41,972,830	42,854,982
Total primary government expenses	\$ 82,630,769	\$ 92,541,075	\$ 96,584,879	\$ 103,313,678	\$ 109,082,273	\$ 116,937,671	\$ 126,300,259	\$ 132,552,464
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$ 5,116,991	\$ 4,869,033	\$ 7,097,356	\$ 6,029,023	\$ 2,196,871	\$ 1,367,849	\$ 1,016,572	\$ 1,040,889
Public safety	3,620,232	3,656,734	4,710,487	4,789,289	5,256,407	5,869,061	6,373,097	6,749,859
Highways and streets	113,675	124,524	134,221	122,430	108,977	108,658	105,590	103,749
Public services	858,344	730,677	875,250	923,159	2,219,649	1,849,755	1,805,204	1,494,735
Cultures and recreation	570,670	1,414,379	902,102	848,073	1,755,189	1,670,000	1,756,442	2,064,127
Operating grants and contributions	6,530,677	7,919,370	9,652,510	10,732,572	10,100,985	11,667,106	11,770,402	12,741,193
Capital grants and contributions	4,586,916	439,748	702,594	1,025,441	1,038,003	664,756	1,464,546	1,905,580
Total governmental activities program revenues	21,397,505	19,154,465	24,074,520	24,469,987	22,676,081	23,197,185	24,291,853	26,100,132
Business-type activities:								
Charges for services:								
Water and sewer	19,422,795	20,325,519	21,193,367	23,474,563	27,510,442	24,220,110	25,251,490	27,177,264
Sanitation	6,900,825	7,418,680	8,171,792	8,784,501	9,196,133	9,478,869	10,208,139	10,191,306
Airport	210,945	214,723	1,142,029	1,282,408	1,048,121	1,093,674	1,096,372	1,007,417
Operating grants and contributions	-	-	-	-	-	-	-	-
Capital grants and contributions	-	146,808	227,805	1,834,325	1,171,731	4,395,723	1,296,949	4,702,692
Total business-type activities program revenues	26,534,565	28,105,730	30,734,993	35,375,797	38,926,427	39,188,376	37,852,950	43,078,679
Total primary government program revenues	\$ 47,932,070	\$ 47,260,195	\$ 54,809,513	\$ 59,845,784	\$ 61,602,508	\$ 62,385,561	\$ 62,144,803	\$ 69,178,811
Net (expense)/revenue								
Governmental activities	\$ (37,255,184)	\$ (46,589,846)	\$ (42,329,472)	\$ (45,816,563)	\$ (49,280,428)	\$ (55,008,818)	\$ (60,035,576)	\$ (63,597,350)
Business-type activities	2,556,485	1,308,966	554,106	2,348,669	1,800,663	456,708	(4,119,880)	223,697
Total primary government net expense	\$ (34,698,699)	\$ (45,280,880)	\$ (41,775,366)	\$ (43,467,894)	\$ (47,479,765)	\$ (54,552,110)	\$ (64,155,456)	\$ (63,373,653)

CITY OF TYLER, TEXAS  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS (1)  
(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes	\$ 10,710,574	\$ 10,904,265	\$ 11,260,696	\$ 12,011,517	\$ 12,314,640	\$ 12,622,887	\$ 12,460,794	\$ 13,525,006
Franchise taxes	8,282,437	8,432,209	8,361,246	6,928,917	8,676,103	8,283,477	9,202,397	9,121,057
Sales and use taxes	25,805,742	26,475,006	28,398,933	32,235,770	35,094,518	36,972,343	39,718,617	37,618,275
Unrestricted investment earnings and use of money and property	1,158,852	835,144	544,607	1,181,976	2,540,255	3,218,698	2,182,350	793,536
Gain (loss) on sale of assets	200,220	154,845	182,141	216,729	51,294	(389,284)	560,303	556,151
Miscellaneous	-	-	-	-	-	-	580,227	328,047
Equity in earnings of joint venture	-	-	-	-	66,000	-	(3,000)	-
Transfers	(6,991,940)	(1,067,280)	(108,944)	23,103	123,963	(739,711)	(317,251)	166,697
Total governmental activities	<u>39,165,885</u>	<u>45,734,189</u>	<u>48,638,679</u>	<u>52,598,012</u>	<u>58,866,773</u>	<u>59,968,410</u>	<u>64,384,437</u>	<u>62,108,769</u>
Business-type activities:								
Unrestricted investment earnings and use of money and property	1,473,822	1,244,536	396,603	564,244	816,200	1,000,842	660,160	307,280
Gain (loss) on sale of assets	36,940	193,124	(553,731)	19,013	130,848	59,783	18,303	9,421
Transfers	6,991,940	1,067,280	108,944	(23,103)	(123,963)	739,711	317,251	(166,697)
Total business-type activities	<u>8,502,702</u>	<u>2,504,940</u>	<u>(48,184)</u>	<u>560,154</u>	<u>823,085</u>	<u>1,800,336</u>	<u>995,714</u>	<u>150,004</u>
Total primary government	<u>\$ 47,668,587</u>	<u>\$ 48,239,129</u>	<u>\$ 48,590,495</u>	<u>\$ 53,158,166</u>	<u>\$ 59,689,858</u>	<u>\$ 61,768,746</u>	<u>\$ 65,380,151</u>	<u>\$ 62,258,773</u>
<b>Change in Net Assets</b>								
Governmental activities	\$ 1,910,701	\$ (855,657)	\$ 6,309,207	\$ 6,781,449	\$ 9,586,345	\$ 4,959,592	\$ 4,348,861	\$ (1,488,581)
Business-type activities	11,059,187	3,813,906	505,922	2,908,823	2,623,748	2,257,044	(3,124,166)	373,701
Total primary government	<u>\$ 12,969,888</u>	<u>\$ 2,958,249</u>	<u>\$ 6,815,129</u>	<u>\$ 9,690,272</u>	<u>\$ 12,210,093</u>	<u>\$ 7,216,636</u>	<u>\$ 1,224,695</u>	<u>\$ (1,114,880)</u>

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.



**CITY OF TYLER, TEXAS**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS (1)**  
**(accrual basis of accounting)**

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax (2)	Total
2002	\$ 10,710,574	\$ 8,282,437	\$ 25,805,742	\$ 44,798,753
2003	10,904,265	8,432,209	26,475,006	45,811,480
2004	11,260,696	8,361,246	28,398,933	48,020,875
2005	12,011,517	8,008,660	32,235,770	52,255,947
2006	12,314,640	8,676,103	35,094,518	56,085,261
2007	12,622,887	8,283,477	36,972,343	57,878,707
2008	12,460,794	9,202,397	39,718,617	61,381,808
2009	13,525,006	9,121,057	37,618,275	60,264,338

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.

(2) Texas law prohibits the disclosure of Sales and Use Tax revenues by source.

TABLE 4

**CITY OF TYLER, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved For:										
Inventory	\$ 6,114	\$ 6,564	\$ 6,991	\$ 4,373	\$ 13,724	\$ 2,029	\$ 10,026	\$ 14,505	\$ 10,006	\$ 6,002
Prepaid Items	43,597	45,307	232,846	168,750	43,277	45,996	46,176	240,129	46,590	49,374
Perpetual Care	-	-	-	-	-	-	-	-	-	-
Court Ordered Disbursements	-	-	-	27,567	53,316	60,653	74,739	216,351	90,164	123,900
Debt Service	-	-	-	-	-	-	-	-	-	-
Grants / Donations	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Court Security	110,498	69,764	46,130	43,459	35,082	23,136	-	-	37,812	85,908
Court Time Payments	28,669	24,370	-	-	-	-	-	-	-	-
Court Technology	58,539	115,930	241,477	211,271	226,856	-	-	-	-	-
Court Juvenile Fund	-	-	-	-	-	-	-	-	25,595	76,017
Utility Rate	-	-	-	-	-	363,238	500,000	500,000	500,000	-
Unreserved Fund Balance										
Designated For:										
T.U. Rate Litigation	500,000	500,000	500,000	-	-	-	-	-	-	-
Operating Reserve	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	4,894,292	4,633,379	7,305,209	7,954,323	8,748,769
Undesignated	4,896,447	5,719,669	4,624,888	4,023,338	5,266,322	5,342,557	4,734,390	2,476,067	2,441,241	1,044,346
<b>Total General Fund</b>	<b>\$ 7,143,864</b>	<b>\$ 8,481,604</b>	<b>\$ 7,652,332</b>	<b>\$ 6,478,758</b>	<b>\$ 7,638,577</b>	<b>\$ 10,731,901</b>	<b>\$ 9,998,710</b>	<b>\$ 10,752,261</b>	<b>\$ 11,105,731</b>	<b>\$ 10,134,316</b>
1/2 Cent Sales Tax fund										
Reserved	\$ -	\$ -	\$ 6,017,199	\$ 8,847,230	\$ 12,418,065	\$ 18,375,571	\$ 23,194,704	\$ 23,263,920	\$ 14,205,050	\$ 3,909,296
Unreserved	6,606,209	9,684,205	-	-	-	-	-	-	-	-
<b>Total 1/2 Cent Sales Tax fund</b>	<b>\$ 6,606,209</b>	<b>\$ 9,684,205</b>	<b>\$ 6,017,199</b>	<b>\$ 8,847,230</b>	<b>\$ 12,418,065</b>	<b>\$ 18,375,571</b>	<b>\$ 23,194,704</b>	<b>\$ 23,263,920</b>	<b>\$ 14,205,050</b>	<b>\$ 3,909,296</b>
All Other Governmental Funds										
Reserved For:										
Perpetual Care	\$ -	\$ -	\$ 1,806,298	\$ 1,882,512	\$ 1,979,675	\$ 2,036,054	\$ 2,036,054	\$ 2,270,281	\$ 2,374,581	\$ 2,381,449
Court Ordered Disbursements	-	-	31,211	65,898	149,436	162,090	162,090	289,549	201,057	136,915
Debt Service	6,519,457	5,187,778	5,297,472	2,462,596	2,519,455	2,612,169	2,937,710	3,311,936	-	-
Grants / Donations	-	-	801,231	399,767	340,252	709,502	1,600,970	1,867,206	1,324,546	1,108,367
Capital Projects	-	-	-	-	-	1,798,288	3,339,485	2,730,413	2,053,080	1,397,999
Court Technology	-	-	-	-	-	284,618	284,618	349,616	179,284	221,636
Unreserved, Reported In:										
Special Revenue Funds	2,254,699	2,119,501	481,422	285,537	1,839,007	4,070,662	5,782,970	5,829,609	4,954,517	4,589,187
Permanent Funds	-	-	1,111,326	942,765	809,246	-	-	452,218	354,381	313,444
<b>Total All Other Governmental Funds</b>	<b>\$ 8,774,156</b>	<b>\$ 7,307,279</b>	<b>\$ 9,528,960</b>	<b>\$ 6,039,075</b>	<b>\$ 7,637,071</b>	<b>\$ 11,673,383</b>	<b>\$ 16,143,897</b>	<b>\$ 17,100,828</b>	<b>\$ 11,441,446</b>	<b>\$ 10,148,997</b>

Source: Governmental Funds Balance Sheet

**CITY OF TYLER, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 42,198,077	\$ 44,492,808	\$ 45,143,135	\$ 45,390,430	\$ 47,846,213	\$ 51,246,422	\$ 56,049,187	\$ 57,895,447	\$ 61,346,899	\$ 60,296,164
Licenses and permits	642,352	602,246	674,411	710,908	882,812	805,151	876,289	1,277,127	1,313,566	1,069,993
Fines, forfeitures, and penalties	3,370,144	3,551,206	3,760,579	3,829,460	4,710,487	4,789,289	5,256,407	5,869,061	6,353,098	6,749,859
Revenues from use of money or property	2,030,908	1,848,336	1,068,738	721,398	713,117	1,225,894	2,238,479	2,716,977	1,881,323	825,692
Charges for current services	105,844	193,139	2,835,809	2,739,037	2,744,510	2,494,849	2,499,369	2,588,688	2,691,910	3,014,543
Revenues from other agencies	9,844,319	10,533,389	11,370,307	8,668,652	10,374,859	11,020,639	11,357,757	11,083,735	12,440,981	13,623,265
Donations	8,359	-	207,941	85,775	62,986	184,723	229,307	731,232	413,144	403,659
Miscellaneous	439,362	497,820	370,640	521,160	2,562,170	1,999,614	2,110,524	1,258,817	1,086,713	1,304,380
Total revenues	<u>58,639,365</u>	<u>61,718,944</u>	<u>65,431,560</u>	<u>62,666,820</u>	<u>69,897,154</u>	<u>73,766,581</u>	<u>80,617,319</u>	<u>83,421,084</u>	<u>87,527,634</u>	<u>87,287,555</u>
<b>Expenditures</b>										
General government	4,804,812	4,933,949	5,930,462	5,884,798	6,114,458	6,529,834	7,126,409	6,911,903	6,733,947	7,429,667
Public safety	20,457,321	22,032,265	24,802,146	25,965,091	27,221,728	28,590,020	30,165,850	31,814,585	34,456,024	36,927,994
Public services	14,803,843	16,823,888	9,602,867	9,609,601	11,491,711	11,533,500	13,552,815	15,221,282	16,468,571	15,948,148
Highways and streets	-	-	7,885,524	6,553,076	6,183,028	5,863,568	5,197,445	4,774,083	5,683,413	5,436,862
Culture and recreation	4,584,158	4,094,617	4,372,026	4,006,253	3,406,621	5,123,588	4,836,104	4,812,659	5,101,737	6,329,960
Capital outlay	12,766,799	11,118,781	9,415,800	8,074,677	7,476,587	8,283,861	9,756,670	16,283,239	29,400,401	28,292,242
Debt service										
Principal	1,209,290	2,540,000	1,090,000	4,015,000	880,000	960,000	1,000,000	1,030,000	3,310,000	-
Interest	873,752	694,887	576,021	529,560	340,617	301,466	258,030	211,733	91,805	277
Total expenditures	<u>59,499,975</u>	<u>62,238,387</u>	<u>63,674,846</u>	<u>64,638,056</u>	<u>63,114,750</u>	<u>67,185,837</u>	<u>71,893,323</u>	<u>81,059,484</u>	<u>101,245,898</u>	<u>100,365,150</u>
Excess of revenues over (under) expenditures	(860,610)	(519,443)	1,756,714	(1,971,236)	6,782,404	6,580,744	8,723,996	2,361,600	(13,718,264)	(13,077,595)
<b>Other financing sources (uses)</b>										
Refunding bond proceeds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	476,686	5,566,692	1,043,618	766,078	227,669	3,038,989	3,915,226	2,571,195	3,236,749	2,624,512
Transfers out	(1,948,116)	(2,112,938)	(8,031,784)	(628,799)	(712,169)	(3,009,013)	(4,086,833)	(3,161,071)	(3,893,979)	(2,616,280)
Sale of capital assets	11,088	14,548	9,716	529	30,746	4,106	4,067	7,975	10,712	348,691
Total other financing sources (uses)	<u>(1,460,342)</u>	<u>3,468,302</u>	<u>(6,978,450)</u>	<u>137,808</u>	<u>(453,754)</u>	<u>34,082</u>	<u>(167,540)</u>	<u>(581,901)</u>	<u>(646,518)</u>	<u>356,923</u>
Net Change in fund balances	<u>\$ (2,320,952)</u>	<u>\$ 2,948,859</u>	<u>\$ (5,221,736)</u>	<u>\$ (1,833,428)</u>	<u>\$ 6,328,650</u>	<u>\$ 6,614,826</u>	<u>\$ 8,556,456</u>	<u>\$ 1,779,699</u>	<u>\$ (14,364,782)</u>	<u>\$ (12,720,672)</u>
Debt service as a percentage of noncapital expenditures	4.46%	6.33%	3.38%	8.06%	2.22%	2.14%	2.00%	1.92%	4.73%	0.0004%

Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

Note: To properly calculate the debt service as a percentage of noncapital expenditures, only those expenditures for Capital Assets are deducted from total expenditures. This amount may or may not be equal to total Capital Outlay as stated in the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

**TABLE 6**

**CITY OF TYLER, TEXAS  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS (1)  
(modified accrual basis of accounting)**

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax (1)	Total
2000	10,219,673	5,860,670	26,117,734	42,198,077
2001	10,598,897	7,316,802	26,577,109	44,492,808
2002	10,798,396	6,994,657	27,350,082	45,143,135
2003	10,954,323	7,038,607	27,397,500	45,390,430
2004	11,377,495	8,361,246	28,398,933	48,137,674
2005	12,081,735	8,008,660	32,235,770	52,326,165
2006	12,278,566	8,676,103	35,094,518	56,049,187
2007	12,639,627	8,283,477	36,972,343	57,895,447
2008	12,425,885	9,202,397	39,718,617	61,346,899
2009	13,556,832	9,121,057	37,618,275	60,296,164

Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

(1) Texas law prohibits the disclosure of Sales and Use Tax revenues by source.

**TABLE 7**

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

Fiscal Year Ended September 30	Real Property		Personal Property	Mineral Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property					
2000	\$ 2,663,151,956	N/A	\$ 716,222,434	N/A	N/A	\$ 3,379,374,390	\$ 0.295370
2001	2,943,394,224	N/A	777,656,574	N/A	N/A	3,721,050,798	0.279810
2002	3,286,256,501	N/A	765,795,045	N/A	N/A	4,052,051,546	0.261965
2003	3,385,651,770	N/A	841,654,638	N/A	N/A	4,227,306,408	0.254478
2004	3,596,007,053	N/A	847,897,914	N/A	N/A	4,443,904,967	0.248855
2005	3,870,045,626	N/A	887,192,373	N/A	N/A	4,757,237,999	0.248855
2006	4,175,143,416	N/A	913,370,752	N/A	N/A	5,088,514,168	0.238375
2007	4,605,458,224	N/A	964,343,105	N/A	N/A	5,569,801,329	0.223657
2008	5,112,258,513	N/A	1,030,050,513	N/A	N/A	6,142,309,026	0.199000
2009	5,472,282,059	N/A	1,102,590,358	N/A	N/A	6,574,872,417	0.204000

Source: Smith County Appraisal District

Note: Property is assessed at 100% of actual value for all types of real and personal property. Tax rates are per \$100 of assessed value. At this time no distinction is made between residential and commercial property.

N/A - Not available

**TABLE 8**

**CITY OF TYLER, TEXAS  
PROPERTY TAX RATES\*  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended	City of Tyler			Overlapping Rates					Total Direct and Overlapping Rates
	Operating	Debt		Smith County Total	Tyler ISD Total	Tyler Junior College Total	Chapel Hill ISD Total	Whitehouse ISD Total	
		Service	Total**						
2000	\$ 0.243011	\$ 0.052359	\$ 0.295370	\$ 0.22947	\$ 1.36000	\$ 0.12230	\$ 1.55000	\$ 1.48480	\$ 5.04194
2001	0.237461	0.042349	0.279810	0.25447	1.36000	0.12230	1.59000	1.48900	5.09558
2002	0.220646	0.041319	0.261965	0.25447	1.41500	0.12230	1.59000	1.48400	5.12774
2003	0.215132	0.039346	0.254478	0.25447	1.47000	0.12230	1.59000	1.52300	5.21425
2004	0.221394	0.027461	0.248855	0.25447	1.46000	0.12230	1.59000	1.50300	5.17863
2005	0.221394	0.027461	0.248855	0.25447	1.46000	0.12720	1.59000	1.50300	5.18353
2006	0.210131	0.028244	0.238375	0.25450	1.54020	0.12720	1.59000	1.52800	5.27828
2007	0.198080	0.025577	0.223657	0.28890	1.48800	0.12720	1.24000	1.20000	4.56776
2008	0.196684	0.002316	0.199000	0.28894	1.21500	0.12717	1.24000	1.19800	4.26811
2009	0.204000	-	0.204000	0.28894	1.21000	0.12717	1.26500	1.19300	4.28811

Sources: Smith County Appraisal District  
Chapel Hill ISD  
City of Tyler  
Whitehouse ISD

Note:

\* Rates are per \$100 valuation.

\*\* The City Charter limits the City's property tax rate to \$1.75 per \$100 of assessed valuation.

**TABLE 9**

**CITY OF TYLER, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2009			2000		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value *	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value <sup>b</sup>
	Value			Value		
Delek Refining (La Gloria)	\$ 219,434,989	1	3.35%	\$ 41,861,262	4	1.24%
Trane / American Standard	105,144,588	2	1.61%	67,235,664	2	1.99%
Brookshire Grocery Company	100,920,813	3	1.54%	77,658,018	1	2.30%
Walmart / Sam's East Inc	72,008,492	4	1.10%	39,634,885	5	1.17%
Genecov Investment	56,939,140	5	0.87%	24,383,255	9	0.72%
TXU / Oncor Electric	49,975,154	6	0.76%	38,669,160	7	1.14%
Simon Property Group	47,620,545	7	0.73%	37,201,563	8	1.10%
Carrier / United Technologies	39,426,662	8	0.60%	42,006,405	3	1.24%
AT&T / South Western Bell	30,249,102	9	0.46%	39,210,416	6	1.16%
Cebridge Acquisitions LP	30,105,724	10	0.46%	-	-	0.00%
East Texas Medical Center	-	-	0.00%	21,211,643	10	0.63%
<b>Total</b>	<b>\$ 751,825,209</b>		<b>11.48%</b>	<b>\$ 429,072,271</b>		<b>12.69%</b>

Source: Smith County Appraisal District

Note:

\* Total taxable value including real and personal property for tax year 2008 (fiscal year 2009) is--

\$ 6,547,872,417

<sup>b</sup> Total taxable value including real and personal property for tax year 1999 (fiscal year 2000) is --

3,379,374,390

**TABLE 10**

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 9,992,642	\$ 9,773,079	97.8%	\$ 201,328	\$ 9,974,407	99.8%
2001	10,412,559	10,202,005	98.0%	191,822	10,393,827	99.8%
2002	10,614,957	10,370,865	97.7%	221,560	10,592,425	99.8%
2003	10,757,565	10,495,402	97.6%	239,998	10,735,400	99.8%
2004	11,058,880	10,924,880	98.8%	115,021	11,039,901	99.8%
2005	11,838,625	11,698,410	98.8%	116,081	11,814,491	99.8%
2006	12,126,834	11,909,913	98.2%	148,444	12,058,357	99.4%
2007	12,461,722	12,228,627	98.1%	215,202	12,443,829	99.9%
2008	12,091,624	11,876,112	98.2%	92,314	11,968,426	99.0%
2009	13,369,180	13,177,721	98.6%	-	13,177,721	98.6%

Source: Smith County Tax Assessor/Collector



**TABLE 11**

**CITY OF TYLER, TEXAS  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Water and Sewer Revenue Bonds	Other Obligations			
2000	\$ 14,825,000	\$ 4,320,000	\$ 284,270	\$ 19,429,270	1.15%	\$ 232
2001**	12,285,000	36,575,000	93,716	48,953,716	2.81%	580
2002	11,195,000	49,325,000	-	60,520,000	3.38%	707
2003	7,180,000	62,075,000	-	69,255,000	3.75%	802
2004	6,300,000	59,990,000	-	66,290,000	3.07%	656
2005	5,340,000	58,105,000	-	63,445,000	2.85%	622
2006	4,340,000	56,415,000	-	60,755,000	2.65%	574
2007	3,310,000	53,975,000	-	57,285,000	2.43%	531
2008	-	53,859,932	-	53,859,932	2.22%	495
2009	-	53,903,881	-	53,903,881	2.15%	493

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* See Table 16 for personal income and population data

\*\* Revenue bonds issued for the construction of a new water treatment plant resulted in a 75% increase in production capacity in 2003 ( see table 19 ).

**TABLE 12**

**CITY OF TYLER, TEXAS  
 RATIO OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Debt Service Fund Balance	Total		
2000	\$ 14,825,000	\$ (6,519,457)	\$ 8,305,543	0.25%	\$ 99
2001	12,285,000	(5,187,778)	7,097,222	0.19%	84.00
2002	11,195,000	(5,297,475)	5,897,525	0.15%	69.00
2003	7,180,000	(2,462,596)	4,717,404	0.11%	55.00
2004	6,300,000	(2,519,455)	3,780,545	0.09%	37.00
2005	5,340,000	(2,612,169)	2,727,831	0.06%	27.00
2006	4,340,000	(2,937,710)	1,402,290	0.03%	13.00
2007	3,310,000	(3,311,936)	(1,936)	n/a	-
2008	-	-	-	n/a	-
2009	-	-	-	n/a	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup>See Table 7 for property value data.

<sup>b</sup>See Table 16 for population data.

TABLE 13

**CITY OF TYLER, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2009**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Smith County	\$ 10,110,000	50.08%	\$ 5,063,088.00
Tyler Independent School District	222,500,000	71.04%	158,064,000.00
Tyler Junior College	56,079,000	65.00%	36,451,350.00
Chapel Hill Independent School District	24,335,000	19.15%	4,660,152.50
Whitehouse Independent School District	36,698,786	27.37%	10,044,457.73
Subtotal, overlapping debt			<u>214,283,048.23</u>
<b>City of Tyler (direct debt)</b>	-	100%	-
<b>Total direct and overlapping debt</b>			<u><u>\$ 214,283,048.23</u></u>

Source: Debt outstanding data provided by each governmental unit.

Note:

\* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 337,937,439	\$ 372,105,080	\$ 405,205,155	\$ 422,730,641	\$ 444,390,497	\$ 475,723,700	\$ 508,729,254	\$ 556,980,133	\$ 614,230,903	\$ 657,487,241
Total net debt applicable to limit	8,305,543	7,097,222	5,897,528	4,717,404	3,837,404	2,727,831	1,402,290	(1,936)	-	-
Legal debt margin	\$ 329,631,896	\$ 365,007,858	\$ 399,307,627	\$ 418,013,237	\$ 440,553,093	\$ 472,995,869	\$ 507,326,964	\$ 556,982,069	\$ 614,230,903	\$ 657,487,241
Total net debt applicable to limit as a percentage of debt limit	2.46%	1.91%	1.46%	1.12%	0.86%	0.57%	0.28%	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 6,574,872,417
Add back: exempt real property	-
Total assessed value	<u>\$ 6,574,872,417</u>
Debt limit (10% of total assessed value)	\$ 657,487,242
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation bond	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 657,487,242</u>

Note: The City of Tyler Charter limits the bonded debt to ten percent of assessed value. By law the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**TABLE 15**

**CITY OF TYLER, TEXAS  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS**

Fiscal Year	Water and Sewer Revenue Bonds				
	Total Revenues <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue	Annual Debt Service Requirement	Times Coverage
2000	\$ 21,018,596	\$ 10,971,621	\$ 10,046,975	\$ 1,749,000	5.744
2001	22,128,740	11,650,924	10,477,816	3,207,000	3.267
2002	20,333,765	13,175,383	7,158,382	3,586,000	1.996
2003	20,881,233	13,208,108	7,673,125	4,213,000	1.821
2004	21,512,319	14,249,230	7,263,089	5,098,000	1.425
2005	23,558,778	15,617,537	7,941,241	5,065,000	1.568
2006	27,662,494	18,536,218	9,126,276	4,339,199	2.103
2007	24,697,562	18,140,470	6,557,092	5,054,550	1.297
2008	25,731,875	18,831,282	6,900,593	5,059,786	1.364
2009	25,322,636	19,194,888	6,127,748	5,375,972	1.140

Note: <sup>a</sup>Includes operating and non-operating revenues.

<sup>b</sup>Includes operating expenses (including capital activity) minus depreciation plus net transfers out.

Source: Comprehensive Annual Financial Report

**TABLE 16**

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

Fiscal Year	Estimated Population <sup>1</sup>	Estimated Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age <sup>2</sup>	Education Level in Years of Formal Schooling <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>2</sup>
2000	83,650	\$ 1,688,559	\$ 20,186	34.6	n/a	16,630	4.2%
2001	84,400	1,739,216	20,607	34.1	n/a	16,778	4.3%
2002	85,603	1,791,392	20,927	34.2	n/a	16,626	4.9%
2003	86,371	1,845,134	21,363	34.2	n/a	16,702	5.0%
2004	101,106	2,159,927	21,363	34.1	n/a	17,394	4.6%
2005	102,001	2,224,725	21,811	34.1	n/a	17,489	4.7%
2006	105,873	2,291,467	21,644	34.1	13.6	17,548	4.8%
2007	107,802	2,360,211	21,894	34.1	13.6	18,040	4.7%
2008	108,909	2,431,017	22,322	34.1	13.6	18,015	4.2%
2009	109,427	2,503,948	22,882	34.1	13.6	18,090	7.3%

Data sources:

<sup>1</sup>Bureau of Census/Population Study

<sup>2</sup>Tyler Economic Development Council

<sup>3</sup>Tyler Independent School District

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year.

Personal income information is from the 2000 year census using a 3.0% growth rate and adjusting for the 2004 population study results.

Unemployment rate information is an adjusted yearly average.

School enrollment is based on the census at the start of the school year.

n/a - Data not available.

**TABLE 17**

**CITY OF TYLER, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
East Texas Medical Center *	4,348	1	9.0%	2,880	1	6.3%
Trinity Mother Francis *	3,970	2	8.2%	2,602	2	5.7%
Tyler Independent School District	2,694	3	5.6%	2,200	3	4.8%
Brookshire Grocery Company *	2,277	4	4.7%	2,470	4	5.4%
Trane Company *	1,803	5	3.7%	2,000	5	4.4%
Wal-Mart	1,750	6	3.6%			
SuddenLink*	1,062	7	2.2%			
Tyler Junior College	960	8	2.0%			
Smith County	878	9	1.8%			
The University of Texas at Tyler	868	10	1.8%			
Kelly Springfield			-	1,450	6	3.2%
UT Health Center At tyler				1,389	7	3.0%
Tyler Pipe			-	1,100	8	2.4%
Target Distribution Center				1,075	9	2.3%
Carrier Corporation			-	1,050	10	2.3%
<b>Total</b>	<b>20,610</b>		<b>42.6%</b>	<b>18,216</b>		<b>39.8%</b>

Source: Tyler Economic Development Council

\* Headquarters located in Tyler.

(1) total city employment of 48,131

(2) total city employment of 45,845

TABLE 18

**CITY OF TYLER, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Full-time Equivalent Employees as of September 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	107	109	73	71	69	68	69	63	62	67
Public safety	388	388	394	402	400	392	395	373	375	387
Highways and streets	45	42	68	76	72	68	61	73	76	61
Public Services	15	14	22	19	22	24	27	55	54	30
Culture and Recreation	71	81	71	71	76	79	86	83	82	79
Water & sewer	78	78	92	91	91	89	96	88	90	89
Sanitation	46	40	42	45	38	40	41	36	33	40
Airport	7	6	11	11	10	10	9	10	10	10
Total	<u>757</u>	<u>758</u>	<u>773</u>	<u>786</u>	<u>778</u>	<u>770</u>	<u>784</u>	<u>781</u>	<u>782</u>	<u>763</u>

Source: City of Tyler Finance Department



TABLE 19

**CITY OF TYLER, TEXAS  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Accounting										
Dollar value of accounts payable	\$ 61,586,258	\$ 70,580,952	\$ 83,704,062	\$ 84,603,170	\$ 63,628,562	\$ 61,345,219	\$ 64,263,337	\$ 73,895,738	\$ 85,585,415	\$ 95,605,330
Legal										
Number of ordinances prepared and adopted	n/a	40	59	73	96	80	103	130	155	127
Number of resolutions prepared and adopted	n/a	32	25	27	27	26	31	36	29	38
Public Safety										
Police										
Number of sworn officers	175	175	182	182	182	182	182	182	187	187
Fire										
Number of structure fires	185	149	150	164	140	185	171	180	160	125
Highways and Streets										
Streets										
Percentage of city streets graded A condition	41.6%	48.2%	52.0%	57.1%	58.4%	59.5%	61.3%	61.0%	60.8%	61.0%
Traffic										
Number of traffic signals maintained	125	126	126	126	129	130	133	133	133	135
Public Services										
Planning and Zoning										
Number of historic building designations awarded	1	0	1	4	4	4	7	5	2	1
Culture and Recreation										
Parks										
Amount of park acreage (maintained from 2008)	1113.43	1113.43	1113.43	1113.43	1113.4	1113.4	1113.4	1113.4	856.35	856.35
Number of rose bushes planted	2000	1500	1500	1500	1500	1500	1765	1829	1500	2077
Library *										
Total number of volumes owned	186,470	193,844	201,734	162,930	170,251	201,822	n/a	233,966	241,164	250,137
Water & sewer										
Average volume of wastewater treated daily (gallons)	13.4 million	14.7 million	12.9 million	12.9 million	12.8 million	12.5 million	11.7 million	14.2 million	11.4 million	11.3 million
Average monthly volume of water production (gallons)	664.2 million	611.8 million	595.1 million	621.2 million	611.5 million	732.3 million	771.8 million	585.5 million	692.2 million	650.98 million
Water production capability ( gallons per day)	40 million	40 million	40 million	70 million	70 million	70 million	70 million	70 million	70 million	70 million
Average monthly revenue billed	\$ 1,634,985	\$ 1,619,768	\$ 1,618,566	\$ 1,693,793	\$ 1,766,114	\$ 1,929,895	\$ 2,226,541	\$ 1,977,370	\$ 2,030,821	\$ 2,169,007
Sanitation										
Number of residential customers	25,689	25,618	25,960	25,822	26,572	26,783	27,351	27,658	27,881	28,467
Number of curbside garbage carts in use	65	2,656	4,175	6,933	8,831	10,592	14,773	23,572	27,280	27,924
Airport										
Annual Gallons of Fuel Flowage	1,398,442	1,208,096	1,084,336	1,095,953	1,076,289	1,053,211	1,000,090	1,056,595	1,004,469	921,634
Number of annual enplanements	74,563	63,834	55,578	60,284	70,549	85,681	78,971	78,416	77,942	73,989

Source: City Departments

n/a - Data not available.

\* In 2003 the library system was automated and not all volumes were entered into the database. In 2005 e-books were included in the data base for the first time.

TABLE 20

**CITY OF TYLER, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007*	2008	2009
<b>Public Safety</b>										
Police Stations	3	3	3	3	3	3	3	4	2	2
Police Patrol Units	n/a	n/a	n/a	n/a	n/a	44	51	61	63	60
Police Motorcycle Units	10	10	11	11	11	11	11	11	11	16
Fire Stations	9	9	9	9	9	9	9	9	10	10
<b>Highways and Streets</b>										
City Maintained Paved Streets- (miles)	445.32	446.27	446.58	448.09	451.78	452.32	462.43	468.43	474.16	474.16
Annual Street Overlays- (miles)	29.78	29.21	16.64	22.18	4.41	4.76	3.86	2.16	4.50	5.00
<b>Public Services</b>										
Transit Buses	7	11	11	13	15	15	15	17	17	17
<b>Culture and Recreation</b>										
Parks (acres)	1113.43	1113.43	1113.43	1113.43	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4
Playgrounds	17	17	17	17	17	17	23	21	21	21
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	3	3	3	3	3	3	3
Senior Centers	1	1	1	1	1	1	1	1	1	1
Public Library	1	1	1	1	1	1	1	1	1	1
<b>Water &amp; Sewer</b>										
Water mains (miles)	587.8	587.8	587.8	587.8	582	582	582	590	595	625
Fire Hydrants	2444	2444	2444	2444	2403	2403	2403	3450	3545	3596
Water Plants	1	1	1	2	2	2	2	2	2	2
Sanitary Sewers (miles)	517.11	517.11	517.11	517.11	508	508	508	519	567	590
<b>Sanitation</b>										
Garbage Trucks	n/a	n/a	n/a	n/a	n/a	39	39	40	43	40
<b>Airport</b>										
Airport Terminal	1	1	1	1	1	1	1	1	1	1
Airport Runways	3	3	3	3	3	3	3	3	3	3

Source: City Departments

n/a - Data not available.

\* In FY 2007

A complete inventory of firehydrants was completed in Fiscal Year 2007 for mapping updates to the GIS system.

Two playgrounds were closed due to land swaps and renovations but will be reestablished in the future.



# **SINGLE AUDIT SECTION**

**CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Community Development Block Grant Entitlement Grants:	14.218	B04MC480028	\$ 969,434
Section 8 Housing Choice Voucher Program	14.871	TX456VO	7,234,496
Disaster Voucher Program	14.DVP	TX456VO	-
Disaster Housing Assistance Program	97.109	TX456VO	101,158
HOME Investment Partnerships Program	14.239	-	1,442,794
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 9,747,882</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed Through Federal Aviation Administration:			
Airport Improvement Program	20.106	3(48-0215-22)07	\$ 88,340
Airport Improvement Program	20.106	3(48-0215-23)08	1,564,594
Airport Improvement Program	20.106	3(48-0215-26)09	349,361
Airport Improvement Program	20.106	3(48-0215-27)09	2,249,880
Airport Improvement Program	20.106	3(48-0215-28)09	450,516
Total Airport Improvement Program:			4,702,691
Passed Through Federal Transit Administration:			
Federal Transit Capital and Operating Assistance Formula	20.507	TX90626	18,048
Federal Transit Capital and Operating Assistance Formula	20.507	TX90792	808,744
Federal Transit Capital and Operating Assistance Formula	20.507	TX90838	410,075
Federal Transit Capital and Operating Assistance Formula	20.507	TX90856	455,605
Total Federal Transit Capital and Operating:			1,692,472
Passed Through Texas Department of Highways and Public Transportation:			
Section 104F Grant MPO	20.505	-	305,061
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51510F7215	105,539
Selective Traffic Enforcement Program	20.600	586XXF6185	6,898
Selective Traffic Enforcement Program	20.600	585XX6017IDM	13,463
Selective Traffic Enforcement Program	20.600	585XX6017S	64,353
Recreational Trails Program (Tyler Pedestrian & Bike Trail)	20.219	10-76-0910-16-082	1,194,436
<b>Total U.S. Department of Transportation</b>			<b>\$ 8,084,913</b>

**CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Edward Byrne Memorial Formula Grant	16.579	-	\$ 60,695
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-DX-0462	32,156
Bulletproof Vest Partnership	16.607		6,667
<b>Total U.S. Department of Justice</b>			<b>\$ 99,518</b>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed Through Transportation Security Administration			
Passed Through Transportation Security Administration:			
Law Enforcement Officer Reimbursement Agreement	97.090	D TSA20-03-P-01627	\$ 81,996
Disaster Assistance Projects			
Hurricane Gustav	97.088	-	1,350
Hurricane Ike	97.088	-	24,487
Total Disaster Assistance Projects			25,837
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 107,833</b>
<b><u>U.S. DEPARTMENT OF INTERIOR</u></b>			
Passed Through Texas Historical Commission:			
Historic Preservation Fund Grants in Aid	15.904	48-02-17574-026	\$ 2,000
<b>Total U.S. Department of Interior</b>			<b>\$ 2,000</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 18,042,146</b>

**CITY OF TYLER, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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 PERIOD ENDED SEPTEMBER 30, 2009**

<u>STATE GRANTOR</u>	<u>STATE NUMBER</u>	<u>STATE EXPENDITURES</u>
<b><u>TEXAS DEPARTMENT OF TRANSPORTATION</u></b>		
Public Transportation Grant	51810F7066	\$ 238,457
Public Transportation Grant	51910F7066	56,283
<b>Total Texas Department of Transportation</b>		<b><u>\$ 294,740</u></b>
<b><u>TEXAS CRIMINAL JUSTICE DIVISION</u></b>		
East Texas Auto Theft Task Force	-	\$ 86,820
<b>Total Texas Criminal Justice Division</b>		<b><u>\$ 86,820</u></b>
<b><u>TEXAS STATE LIBRARY AND ARCHIVES COMMISSION</u></b>		
Loan Star Library Grant	442-06487	\$ 10,608
<b>Total Texas State Library and Archives Commission</b>		<b><u>\$ 10,608</u></b>
<b>TOTAL STATE ASSISTANCE</b>		<b><u>\$ 392,168</u></b>



**CITY OF TYLER, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

NOTE A – 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.

**CITY OF TYLER, TEXAS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2009**

None.

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

The Honorable City Council and Audit Committee  
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, ("City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon March 3, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City'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 an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

**Control Deficiency**

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

**Significant Deficiency**

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

**Material Weaknesses**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Tyler, Texas in a separate letter dated March 3, 2010.

This report is intended solely for the information and use of management, the audit committee, City Council, and 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.

*Prothro, Withers & Company, PLLC*

Certified Public Accountants

Tyler, Texas  
March 3, 2010

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

The Honorable City Council and Audit Committee  
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, 2009. The City of Tyler, Texas' major federal programs are identified in the summary of auditor's 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 Audit 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 material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, the City of Tyler, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2009.

**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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Tyler, Texas' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Tyler, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Tyler, Texas' internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Prothro, Wilhel & Company, PLLC*

Certified Public Accountants

Tyler, Texas  
March 3, 2010

**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**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? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal Control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? 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 OMB Circular A-133 ? No

Identification of major programs:

<b>FEDERAL</b>	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program
14.239	HOME Investment Partnerships Program
14.218	CDBG – Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$ 540,982

City of Tyler was classified as a high-risk auditee in accordance with OMB Circular A-133.

**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Section II – Financial Statement Findings**

None.

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

None.