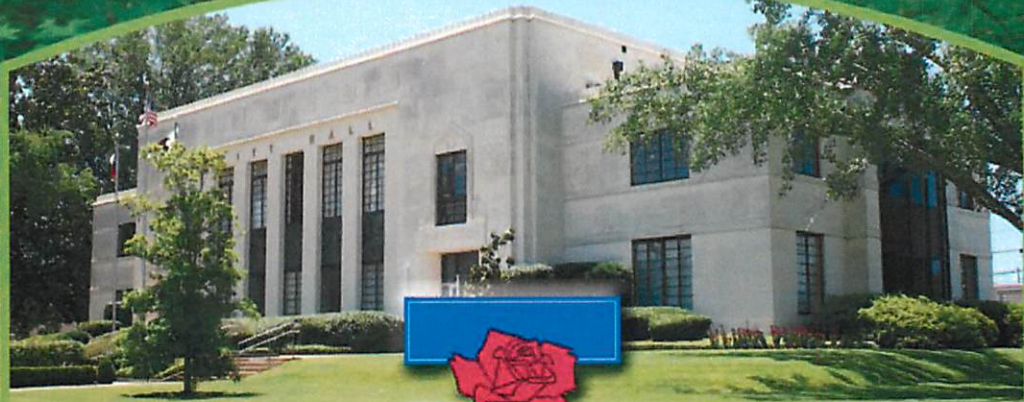


CITY OF TYLER, TX



2012-2013
COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ending September 30, 2013

We are the *Called* to S-E-R-V-E Difference

CITY OF TYLER, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013**

MAYOR – BARBARA BASS

Members of City Council:

Martin Heines
Mark Whatley
Darryl Bowdre
Sam Mezayek
Edward Moore
John Nix

City Manager – Mark McDaniel

**Prepared by:
Keidric Trimble, Chief Financial Officer
Finance Department
Tyler, Texas**

CITY OF TYLER, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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INTRODUCTORY SECTION



March 17, 2014

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, 2013.

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.

Henry and Peters, PC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Tyler's financial statements for the year ended September 30, 2013. 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 this document.

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 104,426. 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 and traffic improvements, capital projects administration, municipal court, code enforcement, development and planning services and general administrative services. The City also offers an airport, a convention center and municipal rose garden. 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 retired 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; retail and retail distribution; air conditioning unit manufacturing; cable, internet and phone services; government services; engineering services; banking services; meat packing and processing; cast iron pipes and fitting manufacturing; 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 3.59% 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, three charter schools as well as twelve private / parochial schools in the Tyler area.

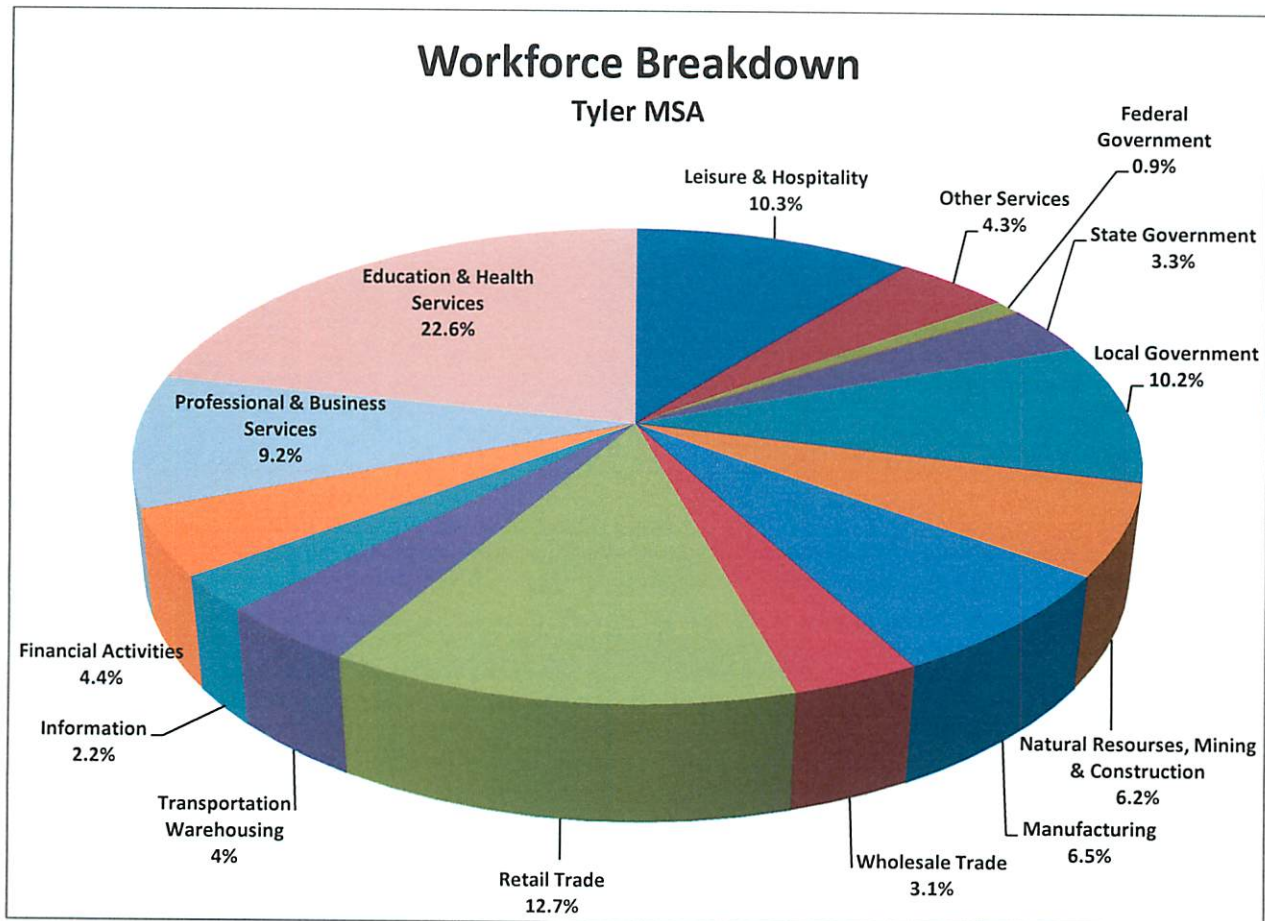
Tyler is also the medical center of East Texas with three hospitals and numerous other supporting clinics, practices, and specialty hospitals with a total of 967 beds. There are approximately 735 medical doctors and 87 dentists.

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. Each September Tyler hosts the East Texas State Fair for one week providing midway, craft and 4H activities. 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. Two TIF/TIRZ zones were created in 2008, one in the downtown area and another in north Tyler in coordination with revitalization efforts. The following year an Industry Growth Initiative was developed to foster an Innovation Economy and take the Tyler region into the next twenty years of economic prosperity and growth. 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 has remained relatively stable fluctuating over time based on changes in the state and national economic condition. The unemployment rate has followed the same general trend as the State of Texas rate, but has remained consistently below the state average for the most recent five years. During the past ten years, the unemployment rate has ranged from a low of 4.2 percent (2007) to a decade high of 7.7 percent (2009), only to end at the current rate of 6.8 percent. This figure represents a

decrease of .8% from September 2012. The total workforce for the Tyler region has increased from 43,411 in 1996 to 47,798 in 2012. The pie chart below details the Tyler MSA by business sector which demonstrates the diversity of the local economy preventing dependency on one or two drivers for economic support.



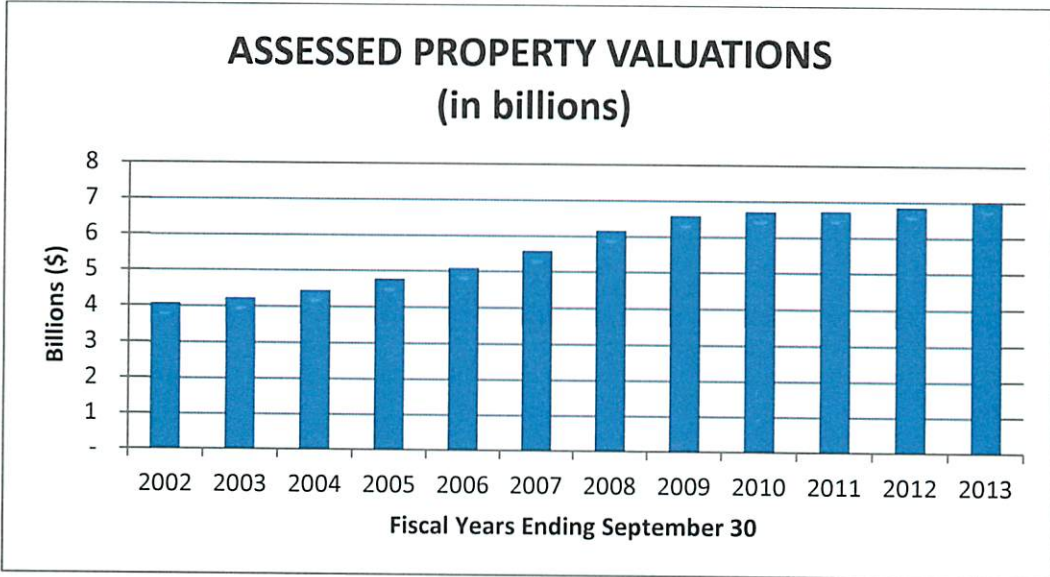
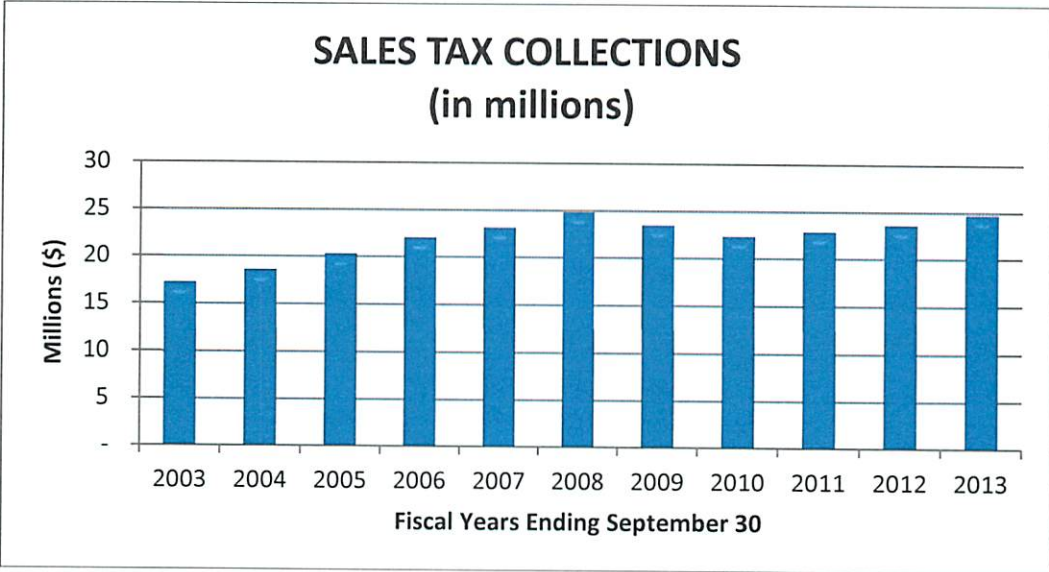
Population growth in the last five years was more than double that of the last decade and continues to grow. The population grew 10 percent from 1990 to 2000. From the year 2000 to the current year 2013, the growth has been an astounding 25 percent. Market and economic analysts estimate that as many as 270,000 people come to Tyler each day to work, attend school, seek medical services, or shop.

The western part of Loop 49 Toll is now completed and has created a half 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 Loop 49 Toll 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 have increased slightly due to the general economic climate nationwide from 77,942 in 2008 to a current level of 85,069 in 2013. 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, affordable housing, quality health care, abundant recreation and educational opportunities. Tyler is 16th in the nation for cost of living in Retirement Places Rated: Special Millennium Edition.

The office space occupancy rate for the City of Tyler was 85.7 percent in 2012. The average lease rates for office space increased by 1.3% in 2012 while occupancy rates decreased an average 1% due to current economic conditions. The office lease space is comprised of five classes for total square footage of 2,154,210. Tyler had \$2.63 billion in retail trade gross sales in 2012 up from \$2.00 billion in 2003.

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. Sales Tax collections increased in 2013 and have shown signs of sustainable improvement in 2014.

Economic Signs:



Long-term financial planning

Within the policy guidelines set by the Council for budgetary and planning purposes, the City of Tyler maintains an unassigned fund balance greater than 15 percent of total General Fund expenditures less transfers. 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 continued to maintain 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 ten year average increase of 3.84 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

Multiyear forecasting has been utilized for four years as a part of the revenue and expenditure budgeting process in order to realize all potential budgetary gains during restricted budgetary cycles. An OPEB trust was created in the fiscal year 2009 to separate and invest the dollars related to retiree benefits in order 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 1st (formally 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 1st 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.

In 2011, in an unprecedented joint meeting between the City of Tyler and several other community boards, the Industry Growth Initiative (IGI) was formally adopted as a shared vision for Tyler's strategic economic growth in the next 20 years. The IGI addresses the need to market Tyler and to determine the industries that make the most sense for Tyler to pursue given our unique characteristics. The report recommends 10 primary building blocks that Tyler should develop to foster an innovative economy and take the Tyler region into the next 20 years of economic prosperity and growth. A champion has been appointed for each building block and community groups are actively working on implementation.

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 a Lean Sigma program for standardizing and reducing costs as well as continued multiyear planning which includes replacement funding for fleet acquisitions, HVAC replacement and roof replacements.

The City of Tyler is now converging strategies into the Performance Excellence Program (PEP). Each department is challenged with evaluating themselves in seven criteria areas: 1) Leadership, 2) Strategic Planning, 3) Customer Focus, 4) Measurement, Analysis and Knowledge Management, 5) Workforce Focus, 6) Operations Focus, and 7) Results. As part of the PEP process, each Department prepares an annual Business Plan. The Departmental Business Plans link organizational goals and objectives to the department level. This plan contains key performance indicators (measurables), trend information and performance improvement projects. Business Plans are submitted on a quarterly basis and reviewed by a Performance Excellence Team. Quarterly reviews and coaching sessions are offered to help enhance performance outcomes.

On July 17, 2013, the Zone Board of Directors approved an amended Project Plan and Finance Plan for the construction of the 51,024 square feet addition of the Skills Training Center (the Energy Center addition). The

Finance Plan anticipates the following participation by the City of Tyler: In lieu of designating a portion of the tax increment produced by the City of Tyler for payment into the Zone fund, it is proposed that the City make reimbursement payments totaling \$550,000 to the Tyler Economic Development Council (TEDC) for the public road construction of Bennett Avenue (located within TIRZ No. 1), conditioned upon TEDC's agreement to match the City's payments one-hundred percent (100%) in the amount of \$550,000 and make a combined cash contribution totaling \$1,100,000 to the TIF fund which shall be used to reimburse for costs incurred to construct the Energy Center addition as contemplated under the Zone Amended Project Plan. Tyler Junior College and Smith County are also participating in the financing of this project.

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, 2012. This is the twenty seventh 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 four 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.

For seven years in a row, the City of Tyler has been presented with the Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada. This award assures that state and local governments prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting.

Also for the third year, the City has been recognized with a "Gold Leadership Circle Award" for transparency in local government. The Comptroller's Leadership Circle Program recognizes local governments across Texas striving to meet a high standard for financial transparency online, in a user-friendly format. Tyler was the first city to receive this award when it began in 2009.

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. 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.

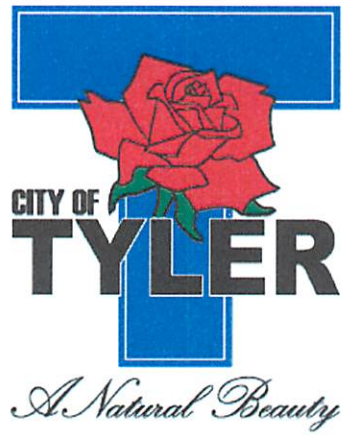
Respectfully submitted,



Mark McDaniel
City Manager



Keidric Trimble
Finance Director





Government Finance Officers Association

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

Presented to

**City of Tyler
Texas**

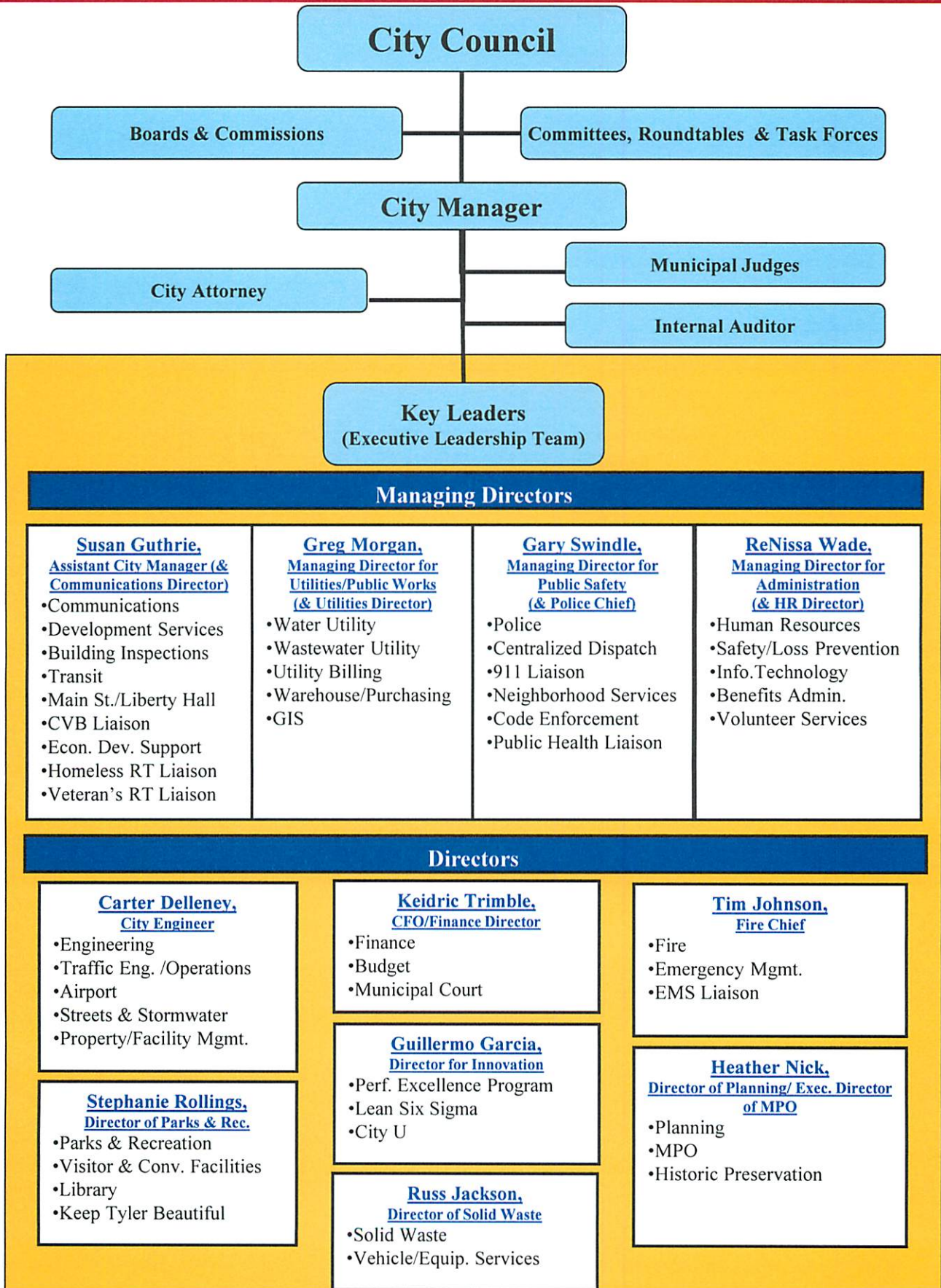
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



A Natural Beauty



**CITY OF TYLER, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2013**

MAYOR – BARBARA BASS

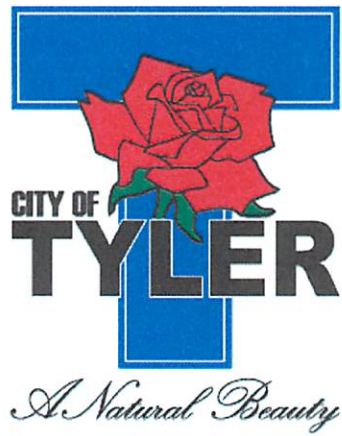
Members of City Council:

Martin Heines
Mark Whatley
Darryl Bowdre
Sam Mezayek
Edward Moore
John Nix

City Manager – Mark McDaniel

Chief Financial Officer – Keidric Trimble

City Attorney – Deborah Pullum



FINANCIAL SECTION

HENRY&PETERS,PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas, as of September 30, 2013, and the respective changes in financial position, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages 3-12 and 61-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City 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 schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and 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.

The additional supplemental information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplemental information and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014, on our consideration of the City of Tyler, Texas' internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tyler, Texas' internal control over financial reporting and compliance.

Henry + Peters, P.C.

Tyler, Texas
March 17, 2014

CITY OF TYLER, TEXAS

Management's Discussion and Analysis
For Year Ended September 30, 2013
(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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Tyler exceeded its liabilities at the close of the most recent fiscal year by \$460,418,211 (net position). Of this amount, \$31,738,517 (unrestricted net position) 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 position increased by \$7,425,667.
- As of the close of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$38,632,653. \$12,198,776 is unassigned and available for use within the City's fund designation and fiscal policies.
- At the end of the current fiscal year the unassigned fund balance for the general fund was \$12,198,776. The general fund operating reserve targeted amount was \$9,108,344 (15% of general fund expenditures).
- The City's revenue bond payable had a net decrease of \$2,070,000 due to the payment of revenue bond liabilities. 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.

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

The Statement of Activities presents information indicating how the City's net position changed during the fiscal year. All changes in net position 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 14-15 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 19 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 17 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 16-21.

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 22-24 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 25-26 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 as of 2012 is reported in the City's financial statements as a blended component unit. This information is included in the basic fiduciary fund statement on page 25-26. A separate independent audit of the Fund's financial condition is 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 27-59.

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 pages 61-62 of this report.

The combining statements referred to earlier in connection with general governmental funds, non-major governmental funds, enterprise 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 64-115 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 \$460,418,211 as of September 30, 2013.

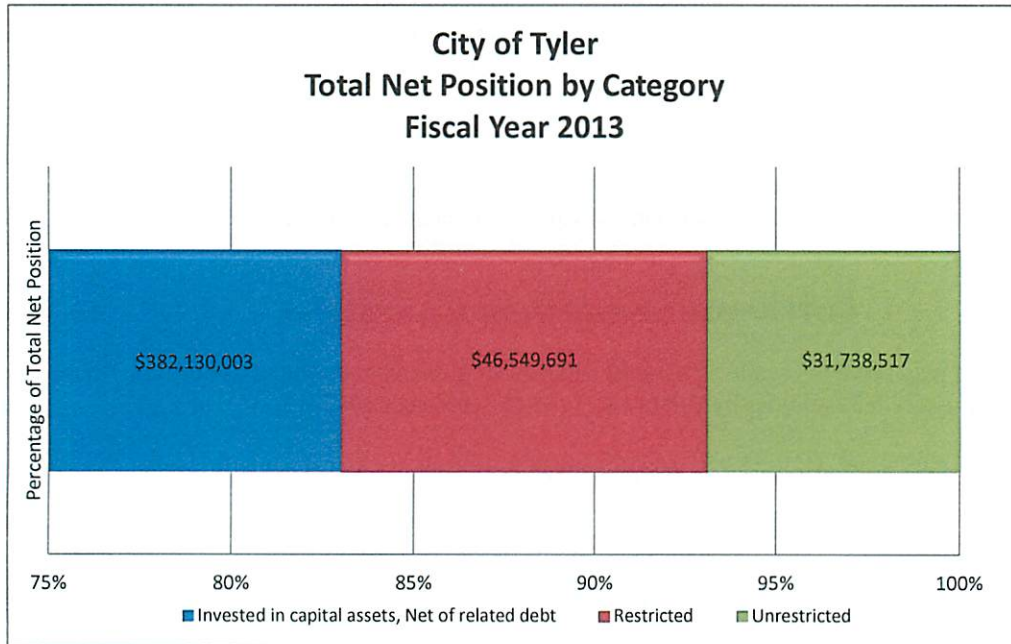
The largest portion of the City's net assets, 83%, or \$382,130,003, reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire the assets. The City uses these capital assets to provide 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 POSITION – Fiscal Year 2013

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 70,980,990	\$ 61,473,673	\$ 34,766,764	\$ 33,699,669	\$105,747,754	\$ 95,173,342
Capital assets	232,051,529	239,338,732	220,498,729	213,302,213	452,550,258	452,640,945
Total Assets	303,032,519	300,812,405	255,265,493	247,001,882	558,298,012	547,814,287
Non-current liabilities	18,168,523	14,837,737	64,451,706	65,406,636	82,620,229	80,244,373
Other liabilities	8,275,093	8,109,634	6,984,479	6,467,736	15,259,572	14,577,370
Total Liabilities	26,443,616	22,947,341	71,436,185	71,874,372	97,879,801	94,821,743
Net Position:						
Invested in capital assets						
Net of related debt	226,678,557	235,722,589	155,451,446	146,342,227	382,130,003	382,064,816
Restricted	25,006,305	18,144,679	21,543,386	14,296,705	46,549,691	32,441,384
Unrestricted	24,904,041	23,997,766	6,834,476	14,488,578	31,738,517	38,486,344
Total Net Position	\$276,588,903	\$ 277,865,034	\$ 183,829,308	\$ 175,127,510	\$460,418,211	\$ 452,992,544

An additional portion of the City’s net position 10% or \$46,549,691 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$31,738,517 may be used to meet the government’s ongoing obligations to citizens and creditors.

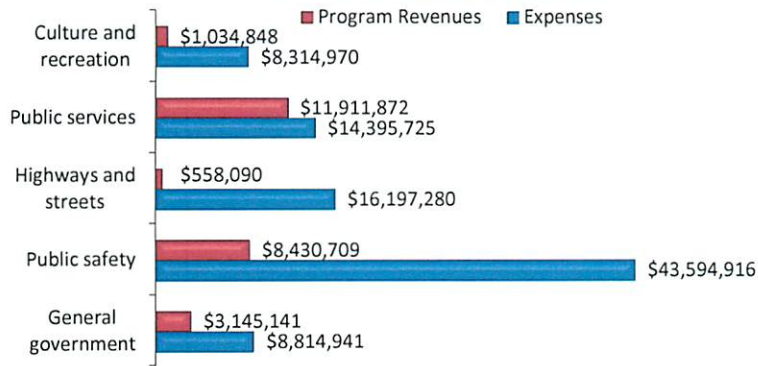
As of September 30, 2013 the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The following chart illustrates for the current fiscal year the percentage of total net position each category encompasses.



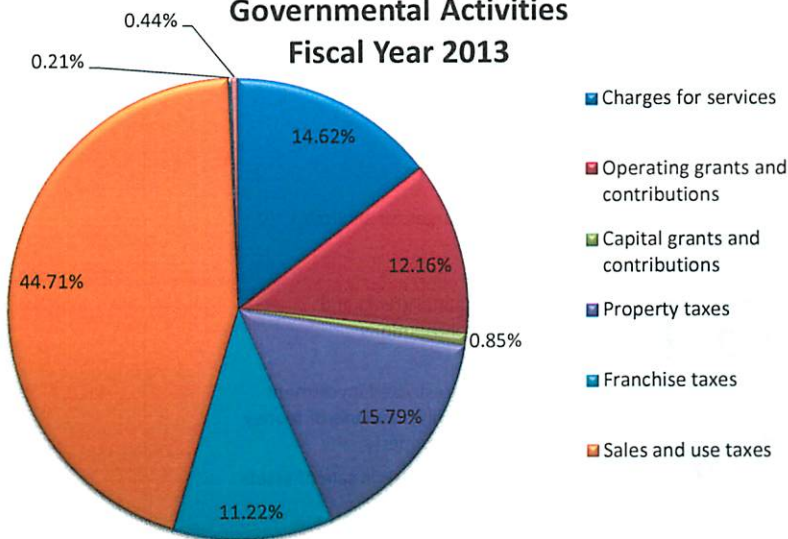
Analysis of the City’s Operations - Overall the City had an increase in net position of \$7,425,667.

Governmental Activities: Governmental activities decreased total net position by \$1,276,131. Net position invested in capital assets, net of related debt decreased by \$9,044,032 due to retirements and depreciation exceeding additions. Restricted net position increased by \$6,861,626 primarily due to remaining tourism and convention and capital project funds yet to be spent. Unrestricted net position increased by \$906,275.

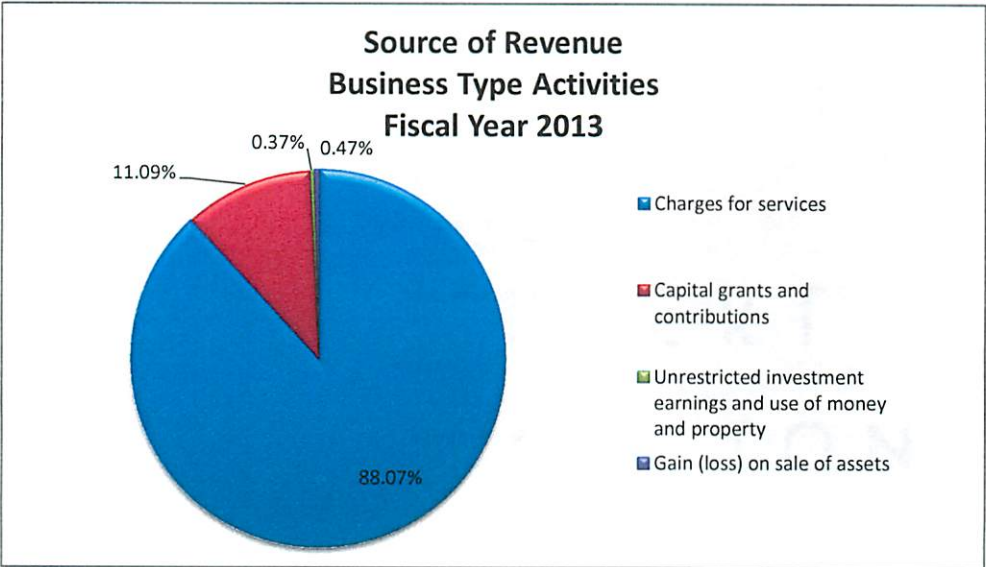
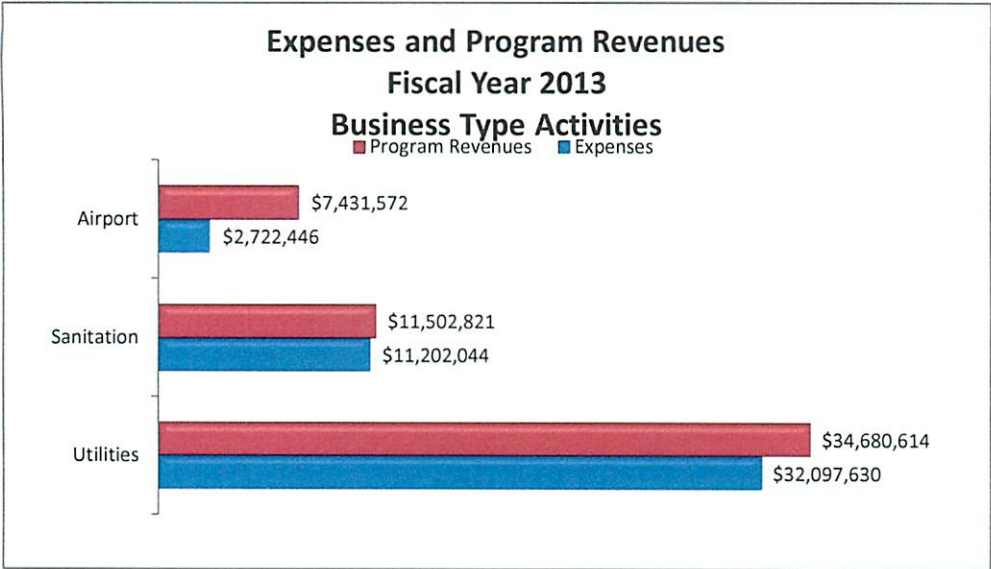
Expenses and Program Revenues Fiscal Year 2013 Governmental Activities



Source of Revenue Governmental Activities Fiscal Year 2013



Business-type Activities: Net Position from business-type activities increased by \$8,701,798. This increase was primarily due to Water Utilities increase in capital asset and a decrease in liabilities mostly related to revenue bonds and Airport capital contributions related to grant assets.



The following table provides a summary of the City's operations for the year ended September 30, 2013 with comparative totals for the year ended September 30, 2012.

CITY OF TYLER'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 13,272,199	\$ 14,018,444	\$ 47,616,524	\$ 44,918,879	\$ 60,888,723	\$ 58,937,323
Operating grants and contributions	11,033,709	10,569,298	-	-	11,033,709	10,569,298
Capital grants and contributions	774,752	329,091	5,998,483	5,449,727	6,773,235	5,778,818
General revenues:						
Property taxes	14,333,678	14,155,402	-	-	14,333,678	14,155,402
Franchise taxes	10,186,300	9,882,588	-	-	10,186,300	9,882,588
Sales and use taxes	40,582,134	38,362,310	-	-	40,582,134	38,362,310
Investment earnings and use of money and property	191,907	226,322	197,626	266,145	389,533	492,467
Gain on sale of assets	224,224	550,466	253,682	-	477,906	550,466
Donations	26,704	-	-	-	26,704	-
Miscellaneous	148,120	328,963	-	-	148,120	328,963
Total revenues	90,773,727	88,422,884	54,066,315	50,634,751	144,840,042	139,057,635
Expenses:						
General government	8,814,941	7,699,118	-	-	8,814,941	7,699,118
Public safety	43,594,916	42,534,178	-	-	43,594,916	42,534,178
Streets	16,197,280	16,221,560	-	-	16,197,280	16,221,560
Public services	14,395,725	13,961,677	-	-	14,395,725	13,961,677
Culture and recreation	8,314,970	8,470,638	-	-	8,314,970	8,470,638
Interest on long-term debt	74,423	106,407	-	-	74,423	106,407
Water and sewer	-	-	32,097,630	31,109,582	32,097,630	31,109,582
Sanitation	-	-	11,202,044	11,327,917	11,202,044	11,327,917
Airport	-	-	2,722,446	2,522,166	2,722,446	2,522,166
Total Expenses	91,392,255	88,993,578	46,022,120	44,959,665	137,414,375	133,953,243
Increases in net position before transfers	(618,528)	(570,694)	8,044,195	5,675,086	7,425,667	5,104,392
Transfers	(657,603)	(679,152)	657,603	679,152	-	-
Change in net position	(1,276,131)	(1,249,846)	8,701,798	6,354,238	7,425,667	5,104,392
Net position – October 1	277,865,034	272,864,375	175,127,510	168,773,272	452,992,544	441,637,647
Prior Period Adjustment	-	6,250,505	-	-	-	6,250,505
Net position – September 30	\$ 276,588,903	\$ 277,865,034	\$ 183,829,308	\$ 175,127,510	\$ 460,418,211	\$452,992,544

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, unassigned 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 \$38,632,653. Approximately 32% of this total amount, \$12,198,776, constitutes unassigned 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 restricted or assigned 1) to pay for capital projects, \$18,681,211; 2) to pay for the perpetual care of city cemeteries, \$2,734,665; 3) to purchase items restricted under grant and donation terms, \$2,065,035, and 4) to pay for other miscellaneous restrictions, \$2,952,966. The City of Tyler also self imposes an operating designation in the general fund equivalent to approximately 15 percent of total expenditures, \$9,108,344.

In the general fund, the City's original budget planned to decrease the fund balance on a budget basis by \$1,966,231. Additional amendments were made to fund various expenses required for operations for a net budgeted decrease in fund balance of \$2,005,646. Due to both revenue and expenditure budget variances the actual net increase in fund balance for fiscal year 2013 was \$344,840. Capital Projects ½ Cent Sales Tax Fund balance increased in 2013 by \$6,773,690, from \$10,760,784 to \$17,534,474 primarily due to the continuation of several multi-year construction projects and an increase of current sales tax collections. Other non-major governmental fund balances decreased in 2013 by \$1,207,591, from \$9,693,289 to \$8,485,698.

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 position of the respective proprietary funds is Utilities - \$3,872,659, Sanitation - \$2,099,953 and Airport - \$513,742. The following funds had a net position increase in 2013 as follows: Utilities - \$2,508,776, Sanitation - \$30,460, and Airport - \$5,733,935.

General Fund Budgetary Highlights - The City made revisions to the original budget appropriations approved by the City Council. Overall these changes resulted in increased budgeted expenditures of \$39,415, which were for items not completed in fiscal year 2012.

Actual revenues were below the final budgeted amounts by a total of \$145,632. Actual expenditures not including transfers were below final budgeted amounts by a total of \$2,499,118.

CAPITAL ASSETS

The City of Tyler's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$452,550,258, (net of accumulated depreciation). This investment in capital assets includes land, water rights, building, equipment, improvements, infrastructure and construction in progress. The total net decrease in capital assets for the current fiscal year was \$90,687.

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

- \$3,675,959 Roadway improvement projects
- \$427,517 Traffic signal improvement projects
- \$7,716,167 Airport capital projects
- \$7,596,290 Water and Sewer capital projects

	Capital Assets at Year End					
	Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$15,970,378	\$15,948,258	\$10,181,853	\$10,128,173	\$26,152,231	\$26,076,431
Water rights	-	-	12,524,200	12,524,200	12,524,200	12,524,200
Building	27,444,512	28,080,801	30,155,385	31,341,014	57,599,897	59,421,815
Improvements	20,085,409	25,149,551	138,208,434	134,687,034	158,293,843	159,836,585
Machinery & equipment	15,020,852	15,192,458	3,811,936	3,888,694	18,832,788	19,081,152
Infrastructure	145,170,160	135,744,529	4,802,126	4,985,652	149,972,286	140,730,181
Construction in progress	8,360,218	19,223,135	20,814,795	15,747,446	29,175,013	34,970,581
Total	\$232,051,529	\$239,338,732	\$220,498,729	\$213,302,213	\$452,550,258	\$452,640,945

Additional information on the City of Tyler's capital assets can be found in note 4 on page 42 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Tyler had a total bonded debt of \$65,255,000 comprised of bonds secured by water and sewer revenues (\$64,080,000) and airport customer facility revenue (\$1,175,000).

	Outstanding Debt at Year End					
	Bonds and Notes Payable					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital leases	\$ 5,372,972	\$ 3,616,143	\$ -	\$ -	\$ 5,372,972	\$ 3,616,143
Revenue bonds payable	-	-	65,255,000	67,325,000	65,255,000	67,325,000
Total	\$ 5,372,972	\$ 3,616,143	\$ 65,255,000	\$ 67,325,000	\$ 70,627,972	\$ 70,941,143

During the fiscal year, the City's revenue bond debt decrease by \$2,070,000 or 3.07%.

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

	Moody's <u>Investors Service</u>	Standard & Poor's
General Obligation Bonds	Aa2	AAA
Revenue Bonds	Aa2	AA

Please see note 4 on page 46 for an explanation of 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 \$700,076,148. The City of Tyler has no outstanding general obligation bond debt.

Additional information on the City of Tyler's long term-debt can be found in note 4 on pages 45-46 of this report.

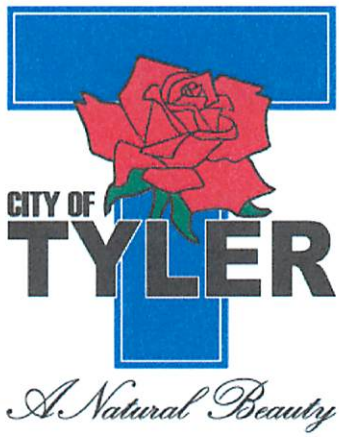
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the City of Tyler is currently 6.8%, which is an increase from 6.2% a year ago. This compares to the state's average unemployment rate of 6.2% and the national average rate of 7.3%.
- The office space occupancy rate for the City of Tyler decreased slightly in 2013 to 85% from 86% occupancy last year.
- Sales tax receipt growth over a ten year average increased slightly to 3.84%. Property value rates, due to a decline in current values, slowed to a ten year average growth rate of 5.23%.

All of these factors were considered in preparing the budget for the fiscal year 2013-2014 and the City of Tyler anticipates that total net position will decrease by September 30, 2014.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Chief Financial Officer at P.O. Box 2039, Tyler, Texas 75710, call (903) 531-1138, or email Ktrimble@tylertexas.com.



BASIC FINANCIAL STATEMENTS

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 28,669,739	\$ 7,136,865	\$ 35,806,604
Receivables (net of allowance for doubtful accounts)	19,446,984	6,484,934	25,931,918
Internal balances	(348,122)	348,122	-
Inventories	239,607	455,203	694,810
Prepaid items and deferred charges	134,035	536,260	670,295
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	17,923,791	19,657,799	37,581,590
Permanently restricted			
Cash and cash equivalents	2,675,739	-	2,675,739
Other post employment benefits asset	668,942	147,581	816,523
Investment in joint venture	1,570,275	-	1,570,275
Capital assets not being depreciated:			
Land	15,970,378	10,181,853	26,152,231
Water rights	-	12,524,200	12,524,200
Construction in progress	8,360,218	20,814,795	29,175,013
Capital assets net of accumulated depreciation:			
Buildings	27,444,512	30,155,385	57,599,897
Improvements other than buildings	20,085,409	138,208,434	158,293,843
Machinery and equipment	15,020,852	3,811,936	18,832,788
Infrastructure	145,170,160	4,802,126	149,972,286
Total Assets	303,032,519	255,265,493	558,298,012
LIABILITIES			
Accounts payable	4,879,166	4,081,337	8,960,503
Deposits and other refundable balances	1,103,620	36,799	1,140,419
Insurance claims payable	638,944	-	638,944
Accrued interest payable	40,925	278,725	319,650
Unearned revenues	60,062	-	60,062
Non-current liabilities:			
Due within one year	1,552,376	2,587,618	4,139,994
Due in more than one year	18,168,523	64,451,706	82,620,229
Total Liabilities	26,443,616	71,436,185	97,879,801
NET POSITION			
Investment in capital assets, net of related debt	226,678,557	155,451,446	382,130,003
Restricted for:			
Perpetual care - nonexpendable	2,676,410	-	2,676,410
Storm water management	-	896,867	896,867
Public safety	516,926	-	516,926
Capital improvements	32,716	-	32,716
Tourism and convention	2,383,129	-	2,383,129
Donor restrictions	993,733	-	993,733
Capital projects	17,534,474	15,381,912	32,916,386
Airport improvements	117,400	-	117,400
Communications	197,141	-	197,141
Housing assistance	299,679	-	299,679
Grant restrictions	254,697	-	254,697
Debt service	-	5,264,607	5,264,607
Unrestricted	24,904,041	6,834,476	31,738,517
Total Net Position	\$ 276,588,903	\$ 183,829,308	\$ 460,418,211

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

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 8,814,941	\$ 2,242,946	\$ 759,434	\$ 142,761	\$ (5,669,800)	\$ -	\$ (5,669,800)
Public safety	43,594,916	7,943,419	487,290	-	(35,164,207)	-	(35,164,207)
Highways and streets	16,197,280	94,981	303,753	159,356	(15,639,190)	-	(15,639,190)
Public services	14,395,725	1,962,945	9,476,292	472,635	(2,483,853)	-	(2,483,853)
Culture and recreation	8,314,970	1,027,908	6,940	-	(7,280,122)	-	(7,280,122)
Interest on long term debt	74,423	-	-	-	(74,423)	-	(74,423)
Total governmental activities	91,392,255	13,272,199	11,033,709	774,752	(66,311,595)	-	(66,311,595)
Business-type activities:							
Utilities	32,097,630	34,680,614	-	-	-	2,582,984	2,582,984
Sanitation	11,202,044	11,502,821	-	-	-	300,777	300,777
Airport	2,722,446	1,433,089	-	5,998,483	-	4,709,126	4,709,126
Total business-type activities	46,022,120	47,616,524	-	5,998,483	-	7,592,887	7,592,887
Total primary government	\$ 137,414,375	\$ 60,888,723	\$ 11,033,709	\$ 6,773,235	(66,311,595)	7,592,887	(58,718,708)
General revenues:							
Property taxes					14,333,678	-	14,333,678
Franchise taxes					10,186,300	-	10,186,300
Sales and use taxes					40,582,134	-	40,582,134
Unrestricted investment earnings and use of money and property					191,907	197,626	389,533
Gain (loss) on sale of assets					224,224	253,682	477,906
Donations					26,704	-	26,704
Miscellaneous					148,120	-	148,120
Transfers					(657,603)	657,603	-
Total general revenues and transfers					65,035,464	1,108,911	66,144,375
Change in net position					(1,276,131)	8,701,798	7,425,667
Net position - beginning of year					277,865,034	175,127,510	452,992,544
Net position - end of year					\$ 276,588,903	\$ 183,829,308	\$ 460,418,211

**CITY OF TYLER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	MAJOR FUNDS		OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX		
ASSETS				
Cash and cash equivalents	\$ 9,799,606	\$ -	\$ 3,490,372	\$ 13,289,978
Receivables (net of allowance for doubtful accounts) :				
Property taxes	517,405	-	-	517,405
Other	15,376,658	2,115,847	1,122,749	18,615,254
Due from other funds	303,303	-	-	303,303
Inventories	28,141	-	4,450	32,591
Prepaid items	20,424	-	519	20,943
Cash - restricted	-	15,841,646	4,757,884	20,599,530
Total assets	\$ 26,045,537	\$ 17,957,493	\$ 9,375,974	\$ 53,379,004
LIABILITIES and FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,188,038	\$ 423,019	\$ 532,515	\$ 4,143,572
Deposits and other refundable balances	1,077,395	-	26,225	1,103,620
Due to other funds	-	-	303,303	303,303
Unearned revenue	31,829	-	28,233	60,062
Deferred revenue	9,135,794	-	-	9,135,794
Total liabilities	13,433,056	423,019	890,276	14,746,351
Fund Balances:				
Nonspendable:				
Inventories	28,141	-	4,450	32,591
Prepaid items	20,424	-	519	20,943
Permanent fund principal	-	-	2,676,410	2,676,410
Restricted for:				
Public safety	-	-	516,926	516,926
Capital improvements	-	-	32,716	32,716
Tourism and convention	-	-	2,383,129	2,383,129
Donor restrictions	-	-	993,733	993,733
Capital projects	-	17,534,474	-	17,534,474
Airport improvements	-	-	117,400	117,400
Communications	-	-	197,141	197,141
Housing assistance	-	-	299,679	299,679
Grant restrictions	-	-	254,697	254,697
Assigned to:				
Development services	113,052	-	-	113,052
Capital improvements	163,378	-	-	163,378
Capital projects	-	-	950,643	950,643
Cemetery maintenance	-	-	58,255	58,255
Tourism and convention	88,710	-	-	88,710
Unassigned	12,198,776	-	-	12,198,776
Total fund balances	12,612,481	17,534,474	8,485,698	38,632,653
Total liabilities and fund balances	\$ 26,045,537	\$ 17,957,493	\$ 9,375,974	\$ 53,379,004

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

	<u>TOTAL GOVERNMENTAL FUNDS</u>
Total fund balances governmental funds (Exhibit 3)	\$ 38,632,653
Other post employment benefits in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. (Includes other post employment benefit assets of Internal Service Funds)	623,294
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	219,526,282
Equity in an affiliated joint venture is included in governmental activities in the statement of net position.	1,570,275
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	9,135,794
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 position (Net of the amount allocated to business-type activities).	21,660,385
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(14,559,780)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 276,588,903</u>

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

	<u>MAJOR FUNDS</u>		OTHER	TOTAL
	<u>GENERAL</u>	<u>ONE-HALF CENT SALES TAX</u>	NON-MAJOR GOVERNMENTAL FUNDS	
REVENUES				
Taxes:				
Property	\$ 14,296,423	\$ -	\$ 35,710	\$ 14,332,133
Franchise	9,927,484	-	258,816	10,186,300
Sales and use	25,069,548	12,354,493	3,158,093	40,582,134
Licenses and permits	1,246,996	-	4,440	1,251,436
Fines, forfeitures and penalties	6,089,695	-	657,552	6,747,247
Revenues from use of money or property	722,986	41,323	26,169	790,478
Charges for current services	1,970,361	-	659,713	2,630,074
Revenues from other agencies	787,809	-	10,402,479	11,190,288
Donations	-	-	402,064	402,064
Miscellaneous	382,635	-	331,950	714,585
Total revenues	<u>60,493,937</u>	<u>12,395,816</u>	<u>15,936,986</u>	<u>88,826,739</u>
EXPENDITURES				
Current:				
General government	7,065,913	100,000	83,849	7,249,762
Public safety	40,517,411	1,365	651,160	41,169,936
Public services	1,118,063	-	11,731,975	12,850,038
Highways and streets	4,914,648	-	-	4,914,648
Culture and recreation	6,679,511	-	342,099	7,021,610
Capital outlay	426,746	5,043,139	2,726,935	8,196,820
Debt service:				
Principal retirement	-	-	316,927	316,927
Interest and fiscal charges	-	-	10,718	10,718
Total expenditures	<u>60,722,292</u>	<u>5,144,504</u>	<u>15,863,663</u>	<u>81,730,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(228,355)</u>	<u>7,251,312</u>	<u>73,323</u>	<u>7,096,280</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,350,000	207,811	675,500	2,233,311
Transfers out	<u>(776,805)</u>	<u>(685,433)</u>	<u>(1,956,414)</u>	<u>(3,418,652)</u>
Total other financing sources (uses)	<u>573,195</u>	<u>(477,622)</u>	<u>(1,280,914)</u>	<u>(1,185,341)</u>
Net change in fund balances	344,840	6,773,690	(1,207,591)	5,910,939
Fund balances - beginning of year	<u>12,267,641</u>	<u>10,760,784</u>	<u>9,693,289</u>	<u>32,721,714</u>
Fund balances - end of year	<u>\$ 12,612,481</u>	<u>\$ 17,534,474</u>	<u>\$ 8,485,698</u>	<u>\$ 38,632,653</u>

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, 2013

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

Net change in fund balances - total governmental funds	\$ 5,910,939
Governmental funds report all payments to other post employment benefits as expenditures. However, in the government-wide statement of activities, the actuarial annually required contribution is considered as expense. Any excess payment is recorded as an asset. Change in other post employment benefit asset.	(82,119)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(8,095,245)
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	262,766
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	10,507
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The current adjustment reflects a net decrease in the deferral of the revenue.	1,197,717
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.	316,927
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, accrued legal expenses, and net pension expenses.	(1,317,148)
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 \$428,627.	519,525
Change in net position of governmental activities	<u>\$ (1,276,131)</u>

**CITY OF TYLER, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property tax collections	\$ 14,377,668	\$ 14,377,668	\$ 14,296,423	\$ (81,245)
Franchise fees	10,111,558	10,111,558	9,927,484	(184,074)
Sales and use taxes	24,109,353	24,109,353	25,069,548	960,195
Licenses and permits	1,070,705	1,070,705	1,246,996	176,291
Fines, forfeitures and penalties	6,978,041	6,978,041	6,089,695	(888,346)
Revenues from use of money or property	776,334	776,334	722,986	(53,348)
Charges for current services	1,979,868	1,979,868	1,970,361	(9,507)
Revenues from other agencies	783,762	783,762	787,809	4,047
Miscellaneous	452,280	452,280	382,635	(69,645)
Total Revenues	60,639,569	60,639,569	60,493,937	(145,632)
EXPENDITURES				
GENERAL GOVERNMENT:				
General government services	4,812,830	4,810,598	4,605,411	205,187
Communications	257,947	257,947	250,828	7,119
Finance	1,007,288	1,007,288	977,551	29,737
Human Resources	428,607	428,607	396,414	32,193
Legal	886,050	874,680	835,652	39,028
Parking Garage	-	-	57	(57)
Total General Government	7,392,722	7,379,120	7,065,913	313,207
PUBLIC SAFETY:				
Police	23,589,706	23,555,334	23,663,736	(108,402)
Fire	15,162,700	15,162,700	15,280,453	(117,753)
Municipal court	1,598,440	1,598,440	1,573,222	25,218
Total Public Safety	40,350,846	40,316,474	40,517,411	(200,937)
PUBLIC SERVICES:				
Planning	367,999	362,999	358,183	4,816
Development Services	781,837	781,837	759,880	21,957
Total Public Services	1,149,836	1,144,836	1,118,063	26,773
HIGHWAYS AND STREETS:				
Engineering	459,271	459,271	409,315	49,956
Street administration	2,263,931	2,270,406	2,055,266	215,140
Traffic operations	2,478,820	2,478,820	2,450,067	28,753
Total Highways and Streets	5,202,022	5,208,497	4,914,648	293,849
CULTURE AND RECREATION:				
Library	1,376,264	1,254,679	1,275,300	(20,621)
Parks administration	2,458,805	2,463,705	2,318,403	145,302
Indoor recreation	488,898	488,898	491,802	(2,904)
Outdoor recreation	397,831	394,831	373,757	21,074
Median maintenance and arborist	397,694	395,794	396,639	(845)
Rose Garden center	237,230	237,230	205,827	31,403
Rose Garden maintenance	482,965	482,965	475,165	7,800
Visitor Facilities	679,966	679,966	700,959	(20,993)

(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, 2013**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
CULTURE AND RECREATION: (Cont'd)				
Tourism Contingency	\$ 271,471	\$ 246,296	\$ 202,553	\$ 43,743
Main Street	241,057	241,057	239,106	1,951
Total Culture and Recreation	<u>7,032,181</u>	<u>6,885,421</u>	<u>6,679,511</u>	<u>205,910</u>
CAPITAL OUTLAY:	<u>2,054,388</u>	<u>2,287,062</u>	<u>426,746</u>	<u>1,860,316</u>
Total Expenditures	<u>63,181,995</u>	<u>63,221,410</u>	<u>60,722,292</u>	<u>2,499,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,542,426)</u>	<u>(2,581,841)</u>	<u>(228,355)</u>	<u>2,353,486</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,350,000	1,350,000	1,350,000	-
Transfers out	(776,805)	(776,805)	(776,805)	-
Sale of property and equipment	3,000	3,000	-	(3,000)
Total other financing sources (uses)	<u>576,195</u>	<u>576,195</u>	<u>573,195</u>	<u>(3,000)</u>
Net change in fund balance	(1,966,231)	(2,005,646)	344,840	2,350,486
Fund balance - beginning of year	<u>12,267,641</u>	<u>12,267,641</u>	<u>12,267,641</u>	<u>-</u>
Fund balance - end of year	<u>\$ 10,301,410</u>	<u>\$ 10,261,995</u>	<u>\$ 12,612,481</u>	<u>\$ 2,350,486</u>

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

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Current Assets					
Unrestricted current assets:					
Cash and cash equivalents	\$ 3,156,222	\$ 3,170,694	\$ 809,949	\$ 7,136,865	\$ 15,379,761
Prepaid expenses	-	434	-	434	113,092
Accounts receivable (net of allowance for doubtful accounts)	4,577,655	1,382,381	524,898	6,484,934	314,325
Inventories - at average cost	455,203	-	-	455,203	207,016
Total unrestricted current assets	8,189,080	4,553,509	1,334,847	14,077,436	16,014,194
Restricted Current assets:					
Temporarily restricted					
Cash and cash equivalents for payment of current maturities of revenue bond principal and interest	5,439,152	-	104,180	5,543,332	-
Total restricted current assets	5,439,152	-	104,180	5,543,332	-
Total current assets	13,628,232	4,553,509	1,439,027	19,620,768	16,014,194
Noncurrent assets:					
Restricted assets:					
Temporarily restricted					
Cash and cash equivalents	13,932,024	-	182,443	14,114,467	-
Total restricted assets	13,932,024	-	182,443	14,114,467	-
Deferred charges (net of amortization)	510,304	-	25,522	535,826	-
Other post employment benefits asset	97,454	43,638	6,489	147,581	39,864
Capital assets:					
Land	5,847,055	3,285,312	1,049,486	10,181,853	65,000
Water rights	12,524,200	-	-	12,524,200	-
Buildings and infrastructure	35,019,479	684,028	25,754,612	61,458,119	1,249,473
Improvements other than buildings	206,697,373	574,474	23,849,364	231,121,211	661,473
Machinery and equipment	2,833,720	7,337,136	876,341	11,047,197	30,529,817
Construction in progress	6,660,891	12,865	14,141,039	20,814,795	262,018
Less accumulated depreciation	(105,862,096)	(5,648,121)	(15,138,429)	(126,648,646)	(20,242,534)
Total capital assets net of accumulated depreciation	163,720,622	6,245,694	50,532,413	220,498,729	12,525,247
Total noncurrent assets	178,260,404	6,289,332	50,746,867	235,296,603	12,565,111
Total assets	191,888,636	10,842,841	52,185,894	254,917,371	28,579,305
LIABILITIES					
Current liabilities					
Unrestricted current liabilities:					
Accounts and contracts payable	2,712,284	473,495	895,558	4,081,337	735,594
Insurance claims payable	-	-	-	-	638,944
Current portion of capital lease payable	-	-	-	-	798,367
Current portion of compensated absences payable	32,785	9,680	5,153	47,618	9,762
Total unrestricted current liabilities	2,745,069	483,175	900,711	4,128,955	2,182,667
Current liabilities payable from restricted assets:					
Revenue bonds payable	2,480,000	-	60,000	2,540,000	-
Customer deposits	36,799	-	-	36,799	-
Accrued interest	278,725	-	-	278,725	40,925
Total current liabilities payable from restricted assets	2,795,524	-	60,000	2,855,524	40,925
Total current liabilities	5,540,593	483,175	960,711	6,984,479	2,223,592
Noncurrent liabilities:					
Contracts payable	275,000	-	-	275,000	-
Revenue bonds payable (net)	61,209,840	-	1,115,000	62,324,840	-
Capital lease payable	-	-	-	-	3,940,254
Net pension obligation	730,673	321,058	54,121	1,105,852	259,819
Compensated absences	513,629	151,658	80,727	746,014	152,917
Total noncurrent liabilities	62,729,142	472,716	1,249,848	64,451,706	4,352,990
Total liabilities	68,269,735	955,891	2,210,559	71,436,185	6,576,582
NET POSITION					
Invested in capital assets, net of related debt	100,030,782	6,245,694	49,174,970	155,451,446	7,786,626
Restricted for:					
Debt service	5,160,427	-	104,180	5,264,607	-
Storm water management	896,867	-	-	896,867	-
Capital projects	13,658,166	1,541,303	182,443	15,381,912	-
Unrestricted	3,872,659	2,099,953	513,742	6,486,354	14,216,097
Total net position	\$ 123,618,901	\$ 9,886,950	\$ 49,975,335	183,481,186	\$ 22,002,723
Reconciliation to government-wide statements of net position:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			Prior years	(80,505)	
			Current year	428,627	
Net position of business-type activities				\$ 183,829,308	

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

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL
	ENTERPRISE FUNDS				INTERNAL
	UTILITIES	SANITATION	AIRPORT		SERVICE FUNDS
OPERATING REVENUES					
Water and sewer operations	\$ 34,128,084	\$ -	\$ -	\$ 34,128,084	\$ -
Trash and garbage	-	11,006,365	-	11,006,365	-
Airport sales and rentals	-	-	1,433,771	1,433,771	-
Charges for services	-	-	-	-	15,504,003
Contributions	-	-	-	-	9,565,358
Miscellaneous	529,108	65,789	24,780	619,677	181,604
Total operating revenues	34,657,192	11,072,154	1,458,551	47,187,897	25,250,965
OPERATING EXPENSES					
Water and sewer operations	22,208,290	-	-	22,208,290	-
Sanitation operations	-	10,378,360	-	10,378,360	-
Municipal Airport operations	-	-	1,377,999	1,377,999	-
Garage operations	-	-	-	-	5,608,130
Depreciation	6,889,205	823,684	1,326,033	9,038,922	3,295,013
Insurance claims	-	-	-	-	9,806,686
Administrative	-	-	-	-	5,468,123
Special services	-	-	-	-	900,621
Maintenance	-	-	-	-	164,271
Total operating expenses	29,097,495	11,202,044	2,704,032	43,003,571	25,242,844
Operating income (loss)	5,559,697	(129,890)	(1,245,481)	4,184,326	8,121
NON-OPERATING REVENUES (EXPENSES)					
Revenues from use of money and property	128,477	65,839	3,310	197,626	92,816
Gain (loss) on sale of assets	(9,313)	262,995	-	253,682	240,421
Interest expense	(3,000,135)	-	(18,414)	(3,018,549)	(63,705)
Total non-operating revenues (expenses)	(2,880,971)	328,834	(15,104)	(2,567,241)	269,532
Income (loss) before capital contributions and transfers	2,678,726	198,944	(1,260,585)	1,617,085	277,653
Capital contributions	-	-	5,998,483	5,998,483	142,761
Transfers in	-	-	996,037	996,037	527,738
Transfers out	(169,950)	(168,484)	-	(338,434)	-
Net capital contributions and transfers	(169,950)	(168,484)	6,994,520	6,656,086	670,499
Change in net position	2,508,776	30,460	5,733,935	8,273,171	948,152
Net position - beginning of year	121,110,125	9,856,490	44,241,400		21,054,571
Net position - end of year	<u>\$ 123,618,901</u>	<u>\$ 9,886,950</u>	<u>\$ 49,975,335</u>		<u>\$ 22,002,723</u>

Reconciliation to government-wide statements of net position:

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds

428,627

Change in net position of business-type activities

\$ 8,701,798

CITY OF TYLER, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 34,266,261	\$ 11,037,843	\$ 1,556,526	\$ 46,860,630	\$ 25,223,634
Cash paid to suppliers for goods and services	(13,865,827)	(7,418,330)	(516,310)	(21,800,467)	(9,604,994)
Cash paid to employees for services	(7,309,984)	(2,886,810)	(563,041)	(10,759,835)	(2,281,700)
Insurance claims paid	-	-	-	-	(9,854,094)
Net cash provided by (used in) operating activities	<u>13,090,450</u>	<u>732,703</u>	<u>477,175</u>	<u>14,300,328</u>	<u>3,482,846</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	-	-	996,037	996,037	527,738
Transfers out to other funds	(169,950)	(168,484)	-	(338,434)	-
Net cash provided by (used in) non-capital financing activities	<u>(169,950)</u>	<u>(168,484)</u>	<u>996,037</u>	<u>657,603</u>	<u>527,738</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(7,821,131)	(584,511)	(7,855,307)	(16,260,949)	(1,117,019)
Proceeds from grants for capital purposes	-	-	5,998,483	5,998,483	142,761
Proceeds from sale of assets	16,198	262,995	-	279,193	331,357
Proceeds from issuance of debt	-	-	1,148,000	1,148,000	-
Payments on debt	(3,245,000)	-	-	(3,245,000)	(992,710)
Interest paid	(2,970,979)	-	(16,936)	(2,987,915)	(63,705)
Net cash provided by (used in) capital and related financing activities	<u>(14,020,912)</u>	<u>(321,516)</u>	<u>(725,760)</u>	<u>(15,068,188)</u>	<u>(1,699,316)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	128,477	65,839	3,310	197,626	92,816
Net cash provided by (used in) investing activities	<u>128,477</u>	<u>65,839</u>	<u>3,310</u>	<u>197,626</u>	<u>92,816</u>
Net increase (decrease) in cash and cash equivalents	(971,935)	308,542	750,762	87,369	2,404,084
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>23,499,333</u>	<u>2,862,152</u>	<u>345,810</u>	<u>26,707,295</u>	<u>12,975,677</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 22,527,398</u>	<u>\$ 3,170,694</u>	<u>\$ 1,096,572</u>	<u>\$ 26,794,664</u>	<u>\$ 15,379,761</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 5,559,697	\$ (129,890)	\$ (1,245,481)	\$ 4,184,326	\$ 8,121
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	6,889,205	823,684	1,326,033	9,038,922	3,295,013
(Increase) decrease in accounts receivable	(446,646)	(34,311)	97,975	(382,982)	(20,131)
(Increase) decrease in prepaids	-	(434)	-	(434)	(9,232)
(Increase) decrease in inventories	(221,810)	-	-	(221,810)	(7,200)
(Increase) decrease in other post employment benefit asset	16,977	7,015	1,355	25,347	5,784
Increase (decrease) in accounts payable	876,917	67,292	265,246	1,209,455	230,262
Increase (decrease) in customer deposits	2,525	-	-	2,525	-
Increase (decrease) in claims payable	-	-	-	-	(47,408)
Increase (decrease) in accrued interest payable	-	-	-	-	(13,795)
Increase (decrease) in contracts payable	275,000	-	-	275,000	-
Increase (decrease) in net pension obligation	4,871	2,013	389	7,273	1,661
Increase (decrease) in compensated absences payable	133,714	(2,666)	31,658	162,706	39,771
Total adjustments	<u>7,530,753</u>	<u>862,593</u>	<u>1,722,656</u>	<u>10,116,002</u>	<u>3,474,725</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 13,090,450</u>	<u>\$ 732,703</u>	<u>\$ 477,175</u>	<u>\$ 14,300,328</u>	<u>\$ 3,482,846</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Borrowing under capital lease	\$ -	\$ -	\$ -	\$ -	\$ 3,066,466
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,066,466</u>

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

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE - PURPOSE TRUST FUNDS
ASSETS		
Equity in pooled cash	\$ 2,568,412	\$ 2,376,211
Investments, at fair value		
Equities	10,037,781	67,490
Mutual funds	50,755,439	-
Government securities	1,233,278	-
Total investments	<u>62,026,498</u>	<u>67,490</u>
Receivables		
Accounts receivable	6,169	-
Contributions receivable	156,842	-
Interest receivable	8,118	599
Total receivables	<u>171,129</u>	<u>599</u>
Total assets	<u>64,766,039</u>	<u>2,444,300</u>
LIABILITIES		
Accounts payable	<u>666,423</u>	-
Total liabilities	<u>666,423</u>	-
NET POSITION		
Held in trust for OPEB benefits	5,896,210	-
Held in trust for pension benefits	58,033,831	-
Held in trust for other purposes	169,575	2,444,300
Total net position	<u>\$ 64,099,616</u>	<u>\$ 2,444,300</u>

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

**CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE - PURPOSE TRUST FUNDS
ADDITIONS		
Contributions:		
Employees	\$ 1,573,465	\$ -
Employer	2,474,409	-
Other	-	36,000
Total contributions	<u>4,047,874</u>	<u>36,000</u>
Investment income		
Interest and dividend income	1,059,878	9,689
Net appreciation in fair value of investments	6,361,604	5,324
Less investment expense	(213,370)	(1,086)
Total investment income	<u>7,208,112</u>	<u>13,927</u>
Other income	2,229	-
Total additions	<u>11,258,215</u>	<u>49,927</u>
DEDUCTIONS		
Benefits	<u>4,465,731</u>	<u>-</u>
Total deductions	<u>4,465,731</u>	<u>-</u>
Change in net position	6,792,484	49,927
Net position - beginning of year	<u>57,307,132</u>	<u>2,394,373</u>
Net position - end of year	<u>\$ 64,099,616</u>	<u>\$ 2,444,300</u>

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

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

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 Units

The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based upon the aforementioned criteria, the City has two component units.

Tyler One-Half Cent Sales Tax Corporation, Inc.

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.

Tyler Fire Department Relief and Retirement Fund

The City's fire department employees participate in the Tyler Fire Department Relief and Retirement Fund (TFDRRF). TFDRRF functions for the benefit of these employees and is governed by a pension board. The City and TFDRRF participants are obligated to fund all TFDRRF costs based upon actuarial valuations. The City is authorized to approve the actuarial assumptions used in the determination of contribution levels. For financial reporting purposes, TFDRRF is reported as if it were part of the City's operations as a fiduciary fund, and therefore is not included in the government wide financial statements. TFDRRF's fiscal year-end is December 31. Financial statements of TFDRRF can be obtained directly from the Fire Pension Board, 1718 West Houston St., Tyler, Texas 75702.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Government-Wide and Fund Financial Statements

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they 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, except grants and similar items, to be available if they are collected within 60 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 when earned.

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 One-Half Cent Sales Tax Fund accounts for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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 – tracks the acquisition, maintenance and repairs on vehicles for all City departments.
3. Property and Liability Insurance Fund – accounts for the City’s property, casualty, liability, disability and workers’ compensation insurance programs.
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.

The City of Tyler reports the following 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 Tyler Fire Department Relief and Retirement Fund is used to account for the resources accumulated to be used for the retirement benefit payments to the members of the fund.

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 providing aid to those injured in the line of duty.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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.

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 more than one classification of fund balance is available for use, it is the government's policy to use the most restricted resources first.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Equity in Pooled Cash and Investments

The City classifies certain 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."

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.

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."

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity - continued

2. Investments - continued

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 financial resources.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity - continued

3. Receivables and Payables - continued

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, 2013, was \$.207708 per \$100, which means that the City has a tax margin of \$1.542292 per \$100 and could raise up to \$105,517,025 additional taxes a year from the present valuation of \$6,841,572,482 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.

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. Prepaid items are accounted for using the consumption method.

In Governmental Funds, reported inventories and prepaid items do not represent available spendable resources and are, therefore, equally offset by a nonspendable fund balance account.

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, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position 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, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position 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 to 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 position. 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently does not have any items that qualify for reporting in this category.

12. Fund Equity

In the fund financial statements, governmental funds report fund balance categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity - continued

12. Fund Equity - continued

Committed fund balance – represents amounts that can only be used for specific purposes imposed by an ordinance of the City’s highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same type of action previously used to commit those amounts.

Assigned fund balance – represents amounts the City intends to use for specific purposes as expressed by the City Council. This is the residual classification for all governmental funds other than the general fund.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

The City’s minimum fund balance policy requires that fund balance shall be maintained at a level of 15 percent of estimated annual operating expenditures for the General Fund and at 15 percent of estimated annual operating expenses in the Utility Fund and Solid Waste Fund.

When an expenditure is incurred for a purpose for which more than one fund balance classification could be used, the City considers the expenditure to be made from the most restrictive classification first.

13. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position 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 position 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 position reports \$46,549,691 of restricted net position, of which \$17,534,474 is restricted by enabling legislation.

14. 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.

15. 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 position nor have they been included as expenses or liabilities of Proprietary Funds.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity - continued

16. New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which improves financial reporting by reclassifying certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or as outflows or inflows of resources. This statement is effective for periods beginning after December 15, 2012. The City is evaluating the impact of this statement on the City's financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012*, which improves financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for periods beginning after December 15, 2012. The City is evaluating the impact of this statement on the City's financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which improves financial reporting of public employee pensions. This statement is effective for periods beginning after June 15, 2013. The City is evaluating the impact of this statement on the City's financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which improves financial reporting of public employee pensions. This statement is effective for periods beginning after June 15, 2014. The City is evaluating the impact of this statement on the City's financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves financial reporting of combination arrangements. This statement is effective for periods beginning after December 15, 2013. The City is evaluating the impact of this statement on the City's financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which improves financial reporting of nonexchange financial guarantees. This statement is effective for periods beginning after June 15, 2013. The City is evaluating the impact of this statement on the City's financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This statement is effective for periods beginning after June 15, 2014. 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, 2013**

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 position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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 \$14,559,780 difference are as follows:

Claims and judgment	\$ 100,000
Capital leases	634,351
Net pension obligation	3,883,659
Compensated absences	<u>9,941,770</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 14,559,780</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 \$9,135,794 difference are as follows:

Deferred property tax revenues	\$ 475,299
Deferred municipal court revenues	<u>8,660,495</u>
Net adjustment to increase balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 9,135,794</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position 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 \$8,095,245 difference are as follows:

Capital outlay	\$ 8,196,820
Depreciation expense	<u>(16,292,065)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (8,095,245)</u>

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

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

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – continued

A. Budgetary Information - continued

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 (Police Forfeiture Fund, Court Technology Fund, Hotel-Motel Occupancy Tax Fund, Passenger Facility Charge Fund, Homeownership and Housing Fund, CDBG Fund, Home Grant Fund, Housing Assistance Payment Fund, Transit System Fund, TIF / TIRZ #3 Fund), Capital Projects Fund, all Enterprise Funds, all Internal Service Funds and Permanent Funds.

Budgets for the General Fund, certain Special Revenue Funds (Police Forfeiture Fund, Court Technology Fund, Hotel-Motel Occupancy Tax Fund, Passenger Facility Charge Fund, Homeownership and Housing Fund, CDBG Fund, Home Grant Fund, Housing Assistance Payment Fund, Transit System Fund, TIF / TIRZ #3 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 \$63,221,410. 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.

B. Expenditures Over Appropriations

For the year ended September 30, 2013, neither the general fund nor any major special revenue fund had expenditures in excess of appropriations.

C. Deficit Fund Equity

As of September 30, 2013, there were no funds with a deficit fund balance.

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

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 cash and investments for the year ended September 30, 2013, are as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 35,806,604
Restricted cash and cash equivalents	40,257,329
Fiduciary Funds	
Cash and cash equivalents	4,944,623
Investments	<u>62,093,988</u>
Total Cash and Investments	<u>\$ 143,102,544</u>
Cash on hand	\$ 13,630
Savings and checking accounts	32,238,733
Cash and cash equivalents held in investment accounts	1,738,583
Investments	<u>109,111,598</u>
Total Cash and Investments	<u>\$ 143,102,544</u>

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Risk
Primary Government			
Certificates of Deposit	\$ 40,648,142	0.81	N/A
TexPool	3,147,983	0.15	AAAm
TexStar	<u>3,221,485</u>	0.14	AAAm
Total Primary Government	47,017,610		
Fiduciary Funds			
Equities	10,105,271	N/A	N/A
Mutual funds	50,755,439	N/A	N/A
Government securities	<u>1,233,278</u>	N/A	N/A
Total Fiduciary Funds	62,093,988		
Total Reporting Entity	<u>\$ 109,111,598</u>		
Portfolio weighted average maturity (years)		0.05	

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.

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

NOTE 4: DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and Investments - continued

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.

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, 2013, the City held several bank accounts; including a NOW interest bearing account, at one financial institution. The City’s account balances, less outstanding checks and deposits, totaled \$32,238,733 and the bank balances totaled \$33,180,352. All bank balances not covered by federal depository insurance, were 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:

Receivables:	General	One-Half Cent	Utilities	Sanitation	Airport	Non-Major	Internal	Total
	Fund	Sales Tax Fund	Fund	Fund	Fund	Governmental Funds	Service Funds	
Accounts	\$ 15,805,815	\$ -	\$ 4,747,815	\$ 1,427,556	\$ 524,898	\$ 343,885	\$ 314,325	\$ 23,164,294
Grants	89,403	-	-	-	-	777,604	-	867,007
Taxes	7,127,671	2,113,480	-	-	-	-	-	9,241,151
Miscellaneous	2,867	2,367	-	-	-	1,260	-	6,494
Gross receivables	23,025,756	2,115,847	4,747,815	1,427,556	524,898	1,122,749	314,325	33,278,946
Less: allowance for uncollectibles	(7,131,693)	-	(170,160)	(45,175)	-	-	-	(7,347,028)
Net total receivables	<u>\$ 15,894,063</u>	<u>\$ 2,115,847</u>	<u>\$ 4,577,655</u>	<u>\$ 1,382,381</u>	<u>\$ 524,898</u>	<u>\$ 1,122,749</u>	<u>\$ 314,325</u>	<u>\$ 25,931,918</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:

	Unavailable	Unearned
Unearned revenues from other agencies	\$ -	\$ 59,195
Unearned rent revenue	-	867
Deferred property tax revenue	475,299	-
Deferred municipal court revenue	8,660,495	-
	<u>\$ 9,135,794</u>	<u>\$ 60,062</u>

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

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 those 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 Position and Combining Statement of Changes in Net Position, schedules E-3 and E-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. At September 30, 2013, the net appreciation on investments of the Fund was \$42,490.

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, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS – continued

D. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 15,948,258	\$ 26,620	\$ (4,500)	\$ 15,970,378
Construction in progress	19,223,135	4,832,522	(15,695,439)	8,360,218
Total capital assets, not being depreciated	<u>35,171,393</u>	<u>4,859,142</u>	<u>(15,699,939)</u>	<u>24,330,596</u>
Capital assets, being depreciated:				
Buildings	42,971,034	502,583	(84,560)	43,389,057
Improvements other than buildings	88,274,935	1,525,850	(3,289)	89,797,496
Machinery and equipment	49,563,784	4,448,497	(2,261,515)	51,750,766
Infrastructure	300,771,583	16,766,374	(294)	317,537,663
Total capital assets being depreciated	<u>481,581,336</u>	<u>23,243,304</u>	<u>(2,349,658)</u>	<u>502,474,982</u>
Less accumulated depreciation for:				
Buildings	(14,890,233)	(1,127,176)	72,864	(15,944,545)
Improvements other than buildings	(63,125,384)	(6,589,992)	3,289	(69,712,087)
Machinery and equipment	(34,371,326)	(4,529,167)	2,170,579	(36,729,914)
Infrastructure	(165,027,054)	(7,340,743)	294	(172,367,503)
Total accumulated depreciation	<u>(277,413,997)</u>	<u>(19,587,078)</u>	<u>2,247,026</u>	<u>(294,754,049)</u>
Total capital assets, being depreciated, net	<u>204,167,339</u>	<u>3,656,226</u>	<u>(102,632)</u>	<u>207,720,933</u>
Governmental activities capital assets, net	<u>\$ 239,338,732</u>	<u>\$ 8,515,368</u>	<u>\$ (15,802,571)</u>	<u>\$ 232,051,529</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 10,128,173	\$ 53,680	\$ -	\$ 10,181,853
Water rights	12,524,200	-	-	12,524,200
Construction in progress	15,747,446	12,663,639	(7,596,290)	20,814,795
Total capital assets, not being depreciated	<u>38,399,819</u>	<u>12,717,319</u>	<u>(7,596,290)</u>	<u>43,520,848</u>
Capital assets, being depreciated:				
Buildings	55,645,781	207,919	-	55,853,700
Improvements other than buildings	221,265,703	9,855,508	-	231,121,211
Machinery and equipment	10,502,572	1,339,369	(794,744)	11,047,197
Infrastructure	5,604,419	-	-	5,604,419
Total capital assets being depreciated	<u>293,018,475</u>	<u>11,402,796</u>	<u>(794,744)</u>	<u>303,626,527</u>
Less accumulated depreciation for:				
Buildings	(24,304,767)	(1,393,548)	-	(25,698,315)
Improvements other than buildings	(86,578,669)	(6,334,108)	-	(92,912,777)
Machinery and equipment	(6,613,878)	(1,127,740)	506,357	(7,235,261)
Infrastructure	(618,767)	(183,526)	-	(802,293)
Total accumulated depreciation	<u>(118,116,081)</u>	<u>(9,038,922)</u>	<u>506,357</u>	<u>(126,648,646)</u>
Total capital assets, being depreciated, net	<u>174,902,394</u>	<u>2,363,874</u>	<u>(288,387)</u>	<u>176,977,881</u>
Business-type activities capital assets, net	<u>\$ 213,302,213</u>	<u>\$ 15,081,193</u>	<u>\$ (7,884,677)</u>	<u>\$ 220,498,729</u>

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

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, 2013.

Depreciation

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

Governmental activities:	
General Government	\$ 1,005,232
Public Safety	1,194,981
Highways and streets, including depreciation of general infrastructure assets	11,304,578
Public Services	1,575,138
Culture and recreation	1,212,136
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,295,013</u>
Total depreciation expense - governmental activities	<u><u>\$ 19,587,078</u></u>
Business-type activities:	
Utilities	\$ 6,889,205
Sanitation	823,684
Airport	<u>1,326,033</u>
Total depreciation expense - business-type activities	<u><u>\$ 9,038,922</u></u>

Construction Commitments

As of September 30, 2013, the City has active construction projects. The projects include street construction, a parking garage, housing projects, airport improvements, and sanitation and waterline additions. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Estimated Remaining Commitment</u>
2013 Pavement Enhancement	\$ 45,727	\$ 2,070,767
Fair Plaza Garage	761,180	4,388,820
Rental Car Washbay Facility	965,557	183,239
Baxter Sewer Line	422,995	1,365,359
Taxiway Kilo Construction	6,338,890	1,253,484

The above projects are funded by resources held in the One-Half Cent Sales Tax Fund, airport revenue bonds, water and sewer revenue bonds, and grant funding.

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

NOTE 4: DETAILED NOTES ON ALL FUNDS – continued

E. Interfund Receivables, Payables, and Transfers

The interfund balance in the Nonmajor Governmental Fund resulted 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, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 303,303

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, 2013, is as follows:

	Transfers In					Total
	General Fund	One-Half Cent Sales Tax Fund	Nonmajor Governmental Funds	Airport Enterprise Funds	Internal Service Fund	
Transfers Out:						
General Fund	\$ -	\$ -	\$ 675,500	\$ -	\$ 101,305	\$ 776,805
One-Half Cent Sales Tax Fund	-	-	-	685,433	-	685,433
Nonmajor Governmental Funds	1,200,000	207,811	-	310,604	237,999	1,956,414
Utilities Enterprise Funds	100,000	-	-	-	69,950	169,950
Sanitation Enterprise Funds	50,000	-	-	-	118,484	168,484
Totals	\$ 1,350,000	\$ 207,811	\$ 675,500	\$ 996,037	\$ 527,738	\$ 3,757,086

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, 2013, were approximately \$260,000.

Capital Leases

The City has entered into various lease agreements as the lessee for financing the acquisition of a telephone 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:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 8,327,799
Less: Accumulated depreciation	(4,659,258)
	\$ 3,668,541

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

NOTE 4: DETAILED NOTES ON ALL FUNDS – continued

F. Leases - continued

Capital Leases - continued

The future minimum lease obligations as of September 30, 2013, were as follows:

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2014	\$ 1,192,840
2015	972,510
2016	641,686
2017	641,686
2018	641,686
2019-2021	<u>1,604,215</u>
Total amount of minimum lease payments	5,694,623
Less: amount representing interest	<u>(321,651)</u>
Present value of minimum lease payments	<u><u>\$ 5,372,972</u></u>

G. Long-Term Debt

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 \$69,210,000 with maturities ranging from 2014 to 2034.

During the 2013 fiscal year the City issued \$1,175,000 *Customer Facility Charge Taxable Bonds, Series 2013*. The proceeds from the sale of the bonds are for the purpose of providing money for the construction and equipment of a rental car washing facility located at and serving the Tyler Pounds Regional Airport.

Revenue bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2005	Advance refunding	3.00 to 5.00%	\$ 26,550,000
Series 2008	Water and sewer infrastructure	4.00 to 4.15%	5,120,000
Series 2009	Water and sewer infrastructure	2.75 to 4.375%	21,610,000
Series 2011	Water and sewer refunding	2.00 to 4.00%	9,125,000
Series 2012	Water and sewer refunding	1.50 to 2.625%	1,675,000
Series 2013	Airport improvements	3.76%	<u>1,175,000</u>
Total outstanding revenue bonds			<u><u>\$ 65,255,000</u></u>

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

NOTE 4: DETAILED NOTES ON ALL FUNDS – continued

G. Long-Term Debt - continued

Revenue Bonds - continued

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,540,000	\$ 2,899,152
2015	2,610,000	2,806,208
2016	2,720,000	2,703,278
2017	2,830,000	2,593,858
2018	2,950,000	2,477,826
2019-2023	16,760,000	10,386,085
2024-2028	20,780,000	6,253,959
2029-2033	12,530,000	1,827,096
2034	1,535,000	72,906
Total	<u>\$ 65,255,000</u>	<u>\$ 32,020,368</u>

Cash in the amount of \$19,657,799 was restricted at September 30, 2013 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 and 2009 Water & Sewer Revenue Bonds and the 2013 Customer Facility Charge Bonds. Revenue bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest tax regulations under these provisions.

Changes in long-term liabilities

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

	<u>Beginning Balance 10/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 9/30/2013</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Governmental Activities:						
Claims and judgments	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Capital leases	3,616,143	3,066,467	1,309,638	5,372,972	1,112,123	4,260,849
Net pension obligation	4,118,261	25,217	-	4,143,478	-	4,143,478
Compensated absences	8,771,087	1,568,526	235,164	10,104,449	340,253	9,764,196
Governmental Activities Long-Term Liabilities	<u>\$ 16,605,491</u>	<u>\$ 4,660,210</u>	<u>\$ 1,544,802</u>	<u>\$ 19,720,899</u>	<u>\$ 1,552,376</u>	<u>\$ 18,168,523</u>
Business-Type Activities:						
Revenue bonds payable	\$ 67,325,000	\$ 1,175,000	\$ 3,245,000	\$ 65,255,000	\$ 2,540,000	\$ 62,715,000
Bond (premium)/discount	(365,014)	-	25,146	(390,160)	-	(390,160)
Net pension obligation	1,098,579	7,273	-	1,105,852	-	1,105,852
Compensated absences	630,926	239,119	76,413	793,632	47,618	746,014
Contracts payable	-	275,000	-	275,000	-	275,000
Business-Type Activities Long-Term Liabilities	<u>\$ 68,689,491</u>	<u>\$ 1,696,392</u>	<u>\$ 3,346,559</u>	<u>\$ 67,039,324</u>	<u>\$ 2,587,618</u>	<u>\$ 64,451,706</u>

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

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

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 insurance plan for property and casualty coverage has been established. Third party administrators handle property and casualty claims review and processing. Deductibles for property claims are \$5,000 per occurrence for all perils per the coverage form, except individual deductibles for flood and earth movement of \$100,000; and for casualty claims of \$50,000 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. The amount of settlements has not exceeded insurance coverage for the last three fiscal years.

Workers' Compensation Plan

The City is exposed to risk of loss due to injuries incurred by employees while performing work-related duties. The City maintains a comprehensive self-insurance workers' compensation plan. Third party administrators also coordinate excess coverage claims with an insurance company that provides excess workers' compensation insurance for claims at \$450,000 and aggregate protection at \$2,000,000. The City tracks workers' 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 \$300,000 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 40% and their dependents pay 70% 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, 2013**

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 three times their annual salary up to a maximum of \$130,000, whichever is less. Additional coverage is available with evidence of insurability up to a maximum of \$300,000. 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 the estimated liability for outstanding lawsuit contingencies at September 30, 2013, 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, 2013**

NOTE 5: OTHER INFORMATION – continued

B. Contingent Liabilities - continued

The City's self-insurance program is described in Note 5: A. The following is a reconciliation of the changes in the estimated liabilities for claims payable within 90 days for the years ended September 30, 2013 and 2012:

	Insurance Claims Payable At <u>Beginning of Year</u>	Current Year Claims and Changes <u>In Estimates</u>	Actual Claim Payments	Insurance Claims Payable At <u>End of Year</u>
Employee Benefits Fund				
FYE 2012	\$ 638,145	\$ 6,222,917	\$ 6,460,482	\$ 400,580
FYE 2013	400,580	6,952,156	6,978,511	374,225
Retiree Benefits Fund				
FYE 2012	-	1,922,354	1,824,248	98,106
FYE 2013	98,106	1,768,711	1,769,227	97,590

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, 2013, the City budgeted funding of \$409,500 for the District and \$350,000 for Animal/Vector Control contractual services to be provided by the District. The City’s equity interest in the District at September 30, 2013 is \$1,570,275. 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 \$12,933,755 as of September 30, 2013.

E. Pension Plans

1. Texas Municipal Retirement System Plan

TMRS Plan Description

The City provides pension benefits for all of its eligible 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. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

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 5 E: 2); 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 from TMRS' website at www.TMRS.com.

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:

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
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	20 years at any age, 5 years at age 60 and above	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. 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.

The annual pension cost and net pension obligation as of September 30, 2013 are as follows:

Annual Required Contribution (ARC)	\$ 6,638,157
Interest on Net Pension Obligation	365,179
Adjustment to the ARC	<u>(848,258)</u>
Annual Pension Cost (APC)	6,155,078
Contributions made	<u>(6,122,588)</u>
Increase (decrease) in net pension	32,490
Net Pension Obligation/(Asset), beginning of year	<u>5,216,840</u>
Net Pension Obligation/(Asset), end of year	<u><u>\$ 5,249,330</u></u>

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

NOTE 5: OTHER INFORMATION – continued

E. Pension Plans - continued

1. Texas Municipal Retirement System Plan - continued

Contributions - continued

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 City Council adopted an ordinance, effective as of January 1, 2005, stating the City’s intent to remove the maximum rate and to make retirement contributions to TMRS at the rate that is actuarially determined each year.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation / (Asset)
9/30/2011	\$ 7,102,520	\$ 5,380,739	76%	\$ 4,447,080
9/30/2012	6,465,152	5,695,392	88%	5,216,840
9/30/2013	6,155,078	6,122,588	99%	5,249,330

Actuarial Method and Assumptions

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

<u>Valuation date</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	27.2 years; closed period	26.2 years; closed period	25.2 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions:			
Investment rate of return *	7.0%	7.0%	7.0%
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	2.1%	2.1%	2.1%

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

NOTE 5: OTHER INFORMATION – continued

E. Pension Plans - continued

1. Texas Municipal Retirement System Plan - continued

Funding Status and Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date is presented 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)
12/31/2012	\$ 134,002,148	\$182,046,521	73.6%	\$ 48,044,373	\$29,031,119	165.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, 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. 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.

2. Tyler Fire Department Relief and Retirement Fund

Plan Description

The Board of Trustees of the Tyler Fire Department Relief and Retirement Fund (TFDRRF) is the administrator of a single-employer defined benefit pension plan. All assumptions for valuations at December 31, 2011, are contained in the 2012 Tyler Fire Department 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 TFDRRF. The table below summarizes the membership of the Fund at December 31, 2012:

<u>Group</u>	<u>December 31, 2012</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	88
Current employees:	
Vested	42
Non-vested	117
Total	247

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

NOTE 5: OTHER INFORMATION – continued

E. Pension Plans - continued

2. Tyler Fire Department Relief and Retirement Fund - continued

Plan Description - continued

The TFDRRF provides service retirement, death, disability and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 25 years of service, or at age 55 with 20 years of service. The plan provides a monthly normal form of service retirement benefit as (a) a Joint and 66 2/3% Spouse Annuity for those firefighters with less than 20 years of service as of January 1, 2005, or (b) a Joint and 100% Spouse Annuity for those firefighters with 20 or more years of service as of January 1, 2005. The monthly benefit is 71.5% of Highest 60-Month Average Salary plus an additional \$113 per year of 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 contribution 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.

The funding policy of the TFDRRF requires contributions equal to 13.50% of pay by the firefighters and contributions by the city equal to the same percentage of payroll that the city contributes to the Texas Municipal Retirement System for other employees. The December 31, 2011 actuarial valuation assumes that the city's contributions will average 18.50% of payroll in the future. The city contribution rate for calendar year 2013 and 2012 was 20.74% and 19.85%, respectively.

Annual Pension Cost

For the fiscal year ending September 30, 2013, the City of Tyler's annual pension cost was equal to the annual required contribution and was \$2,176,996. Based on the results of the December 31, 2011 actuarial valuation of the plan, the Board's actuary found that the fund has an adequate contribution arrangement based on the current level of the firefighter and City of Tyler 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, 2011 actuarial valuation.

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

NOTE 5: OTHER INFORMATION – continued

E. Pension Plans - continued

2. Tyler Fire Department Relief and Retirement Fund - continued

Actuarial Method and Assumptions

The annual required contributions (ARC) by the City for the fiscal year ending September 30, 2013 were based on the results of the actuarial valuations as of December 31, 2009 and as of December 31, 2011 using the entry age actuarial cost method and were determined in compliance with Governmental Accounting Standards Board (GASB) Statement No. 27 parameters. The actuarial methods and assumptions used for these two valuations are shown below:

<u>Valuation date</u>	<u>12/31/2009</u>	<u>12/31/2011</u>
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll, open	Level percent of payroll, open
Amortization period for ARC	26 years	27 years
Asset valuation method	5-year adjusted market value 5-year adjusted market value	
Actuarial assumptions:		
Investment rate of return	7.75%	7.75%
Inflation	3.75%	3.75%
Projected salary increases		
• General	4.00%	4.00%
• Promotion and longevity	0% to 6.00%	0% to 6.00%
• Total	4.00% to 10.24%	4.00% to 10.24%
Cost-of-living adjustments	0.00%	0.00%
Payroll increases	4.00%	4.00%
ARC as percent of payroll	budgeted rates	budgeted rates

Trend Information

Fiscal Year Ending	Annual Pension Cost	Annual Contribution as a Percentage of Payroll	Percentage Contributed	Net Pension Obligation / (Asset)
9/30/2011	\$ 1,873,843	17.55%/18.96%	100%	\$ -
9/30/2012	2,019,031	18.96%/19.85%	100%	-
9/30/2013	2,176,996	19.85%/20.74%	100%	-

Funding Status and Progress

The funded status of the plan as of December 31, 2011, 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)
12/31/2011	\$ 49,221,368	\$ 70,472,278	69.8%	\$21,250,910	\$ 10,300,425	206.3%

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

NOTE 5: OTHER INFORMATION – continued

E. Pension Plans - continued

2. Tyler Fire Department Relief and Retirement Fund - continued

Funding Status and Progress - continued

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.

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 2013 health and dental claims for the 150 non-Medicare retirees and their dependents participating in this coverage were \$1,547,533.

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 choose 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 40% of the current total premium, capped at December 2012 rates, and their spouses are required to pay 70% of the current total premiums, capped at December 2012 rates, 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 choose to continue participation in this coverage. The 2013 claims for the 267 Medicare retirees and their dependents, which include those with an Rx card, participating in this coverage were \$1,309,363.

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 2013 claims for the 402 retirees and their dependents participating in this coverage were \$157,258.

Additionally the City provides eligible retirees with \$5,000 in basic life insurance coverage at no cost to the retirees. The 2013 insurance cost for the 402 retirees with this coverage was \$63,920.

Funding Policy

The City participates 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.

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

NOTE 5: OTHER INFORMATION – continued

F. Post Employment Benefits Other Than Pensions - continued

1. Health Plan - continued

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other post employment benefits (OPEB) is a single-employer plan. The plan does not issue a stand-alone report. The annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount 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 not to exceed thirty years. The City’s annual OPEB cost for the fiscal year ending September 30, 2013 is as follows:

	<u>9/30/2013</u>
Annual required contribution (ARC)	\$ 2,771,285
Interest on net OPEB obligation (asset)	(69,733)
Adjustment to annual required contribution	<u>55,821</u>
Annual OPEB cost	2,757,373
Net employer contributions	<u>(2,644,123)</u>
Change in OPEB obligation	113,250
Net OPEB obligation (asset) - beginning of year	<u>(929,773)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (816,523)</u></u>

Trend Information

Fiscal Year Ending	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation / (Asset)
9/30/2011	\$ 3,268,630	\$ 2,783,230	85.1%	\$ (1,596,192)
9/30/2012	3,374,886	2,708,467	80.3%	(929,773)
9/30/2013	2,757,373	2,644,123	95.9%	(816,523)

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2011, 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)
12/31/2011	\$ 4,209,405	\$ 37,904,112	11.1%	\$33,694,707	\$40,103,499	84.0%

Under the reporting parameters, the City’s retiree health care plan was 11.1% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$33,694,707 at December 31, 2011. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 84.0%. As of September 30, 2013, the OPEB trust had assets of \$5,896,210. The December 31, 2011 funded status has been restated under the Optimistic trend assumption.

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

NOTE 5: OTHER INFORMATION – continued

F. Post Employment Benefits Other Than Pensions - continued

1. Health Plan - continued

Funding Status and Funding Progress - continued

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.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were:

Actuarial Methods and Assumptions

Inflation rate	3.00% per annum
Investment rate of return	7.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year, open amortization
Actuarial Value of Assets	Market Value
Payroll Growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 6.25% declining to an ultimate rate of 3.50% after 8 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

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

NOTE 5: OTHER INFORMATION – continued

F. Post Employment Benefits Other Than Pensions - continued

Actuarial Methods and Assumptions - continued

2. Supplemental Death Benefits Plan - continued

Plan Description - continued

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.

The City’s contributions to the TMRS SDBF for the years ended September 30, 2013, 2012 and 2011 were \$61,898, \$62,081 and \$72,216, respectively, which equaled the required contributions each year.

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actuarial Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2011	0.07%	0.07%	100%
2012	0.07%	0.07%	100%
2013	0.08%	0.08%	100%

G. Commitments

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2013, 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.

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.

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

NOTE 5: OTHER INFORMATION – continued

G. Commitments - continued

Reinvestment Zone Agreement – The City has an agreement in which the City will reimburse Tyler Economic Development Council (TEDC) for the construction of Bennett Avenue, a public roadway in the City of Tyler Reinvestment Zone No. 1 (ZONE). After receiving the City's payments, TEDC will match the amount and contribute it to the ZONE for the purpose of paying for site work and construction costs for the addition to the Tyler Junior College Skills Training Center. The agreement provides that the City make contributions during each of the fiscal years 2014 and 2015, each in the amount of \$275,000.

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.

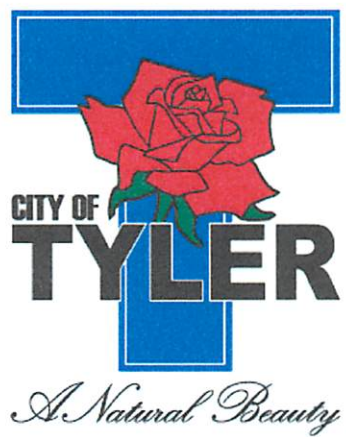
I. Subsequent Events

On November 13, 2013, the City Council authorized an \$865,000 five-year lease agreement for the acquisition of software. Funding will be appropriated when the first payments are due in fiscal year 2015.

On December 23, 2013, the City purchased property in the amount of \$550,000 for the future location of an animal care facility.

Subsequent events were evaluated through March 17, 2014, the date on which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTAL INFORMATION

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

**TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	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)
12/31/2010	\$116,036,178	\$ 166,337,490	69.8%	\$ 50,301,312	\$ 29,060,848	173.1%
12/31/2011	124,746,743	175,268,369	71.2%	50,521,626	29,112,185	173.5%
12/31/2012	134,002,148	182,046,521	73.6%	48,044,373	29,031,119	165.5%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (c) = (b - a)	(1) Covered Payroll (d)	UAAL as a Percentage of covered payroll (e) = (c / d)
12/31/2005 (3)	\$ 38,914,954	\$ 50,047,120	77.8%	\$ 11,132,166	\$ 7,283,688	152.8%
12/31/2007 (2,3)	45,113,845	55,606,678	81.1%	10,492,833	8,402,637	124.9%
12/31/2009 (2,3)	45,386,149	64,422,078	70.5%	19,035,929	9,851,022	193.2%
12/31/2011 (2,4)	49,221,368	70,472,278	69.8%	21,250,910	10,300,425	206.3%

- Note 1 The covered payroll is based on estimated annualized salaries for the year following the valuation date.
 Note 2 Economic and/or demographic assumptions were changed.
 Note 3 Based on the Plan effective as of January 1, 2005.
 Note 4 Based on the Plan effective as of July 1, 2011.

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**

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%
12/31/2009	3,252,222	44,364,159	7.3%	41,111,937	40,010,195	102.8%
12/31/2011	4,209,405	37,904,112	11.1%	33,694,707	40,103,499	84.0%



ADDITIONAL SUPPLEMENTAL INFORMATION

**CITY OF TYLER, TEXAS
COMBINING BALANCE SHEET
GENERAL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR BUILDING	TOTAL GENERAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 5,339,320	\$ 1,187,138	\$ 222,119	\$ 2,901,042	\$ 149,987	\$ 9,799,606
Receivables (net of allowance for doubtful accounts) :						
Property taxes	517,405	-	-	-	-	517,405
Other	15,343,305	278	93	7,172	25,810	15,376,658
Due from other funds	303,303	-	-	-	-	303,303
Inventories	28,141	-	-	-	-	28,141
Prepaid items	2,576	2,831	15,017	-	-	20,424
	<u>21,534,050</u>	<u>1,190,247</u>	<u>237,229</u>	<u>2,908,214</u>	<u>175,797</u>	<u>26,045,537</u>
Total assets	<u>\$ 21,534,050</u>	<u>\$ 1,190,247</u>	<u>\$ 237,229</u>	<u>\$ 2,908,214</u>	<u>\$ 175,797</u>	<u>\$ 26,045,537</u>
LIABILITIES and FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,002,485	\$ 62,119	\$ 111,882	\$ -	\$ 11,552	\$ 3,188,038
Deposits and other refundable balances	38,530	1,012,245	21,620	5,000	-	1,077,395
Unearned revenue	30,962	-	-	-	867	31,829
Deferred revenue	9,135,794	-	-	-	-	9,135,794
	<u>12,207,771</u>	<u>1,074,364</u>	<u>133,502</u>	<u>5,000</u>	<u>12,419</u>	<u>13,433,056</u>
Total liabilities	<u>12,207,771</u>	<u>1,074,364</u>	<u>133,502</u>	<u>5,000</u>	<u>12,419</u>	<u>13,433,056</u>
Fund Balances:						
Nonspendable:						
Inventories	28,141	-	-	-	-	28,141
Prepaid items	2,576	2,831	15,017	-	-	20,424
Assigned to:						
Development services	-	113,052	-	-	-	113,052
Capital improvements	-	-	-	-	163,378	163,378
Tourism and convention	-	-	88,710	-	-	88,710
Unassigned:	9,295,562	-	-	2,903,214	-	12,198,776
	<u>9,326,279</u>	<u>115,883</u>	<u>103,727</u>	<u>2,903,214</u>	<u>163,378</u>	<u>12,612,481</u>
Total fund balances	<u>9,326,279</u>	<u>115,883</u>	<u>103,727</u>	<u>2,903,214</u>	<u>163,378</u>	<u>12,612,481</u>
Total liabilities and fund balances	<u>\$ 21,534,050</u>	<u>\$ 1,190,247</u>	<u>\$ 237,229</u>	<u>\$ 2,908,214</u>	<u>\$ 175,797</u>	<u>\$ 26,045,537</u>

CITY OF TYLER, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR BUILDING	TRANSFER ELIMINATIONS	TOTAL GENERAL GOVERNMENTAL FUNDS
REVENUES							
Taxes:							
Property	\$ 14,296,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,296,423
Franchise	9,927,484	-	-	-	-	-	9,927,484
Sales and use	25,069,548	-	-	-	-	-	25,069,548
Licenses and permits	223,444	1,023,552	-	-	-	-	1,246,996
Fines, forfeitures and penalties	6,089,695	-	-	-	-	-	6,089,695
Revenues from use of money or property	66,536	1,407	325,070	9,840	320,133	-	722,986
Charges for current services	1,768,952	33,740	167,669	-	-	-	1,970,361
Revenues from other agencies	787,809	-	-	-	-	-	787,809
Miscellaneous	265,879	19,136	22,142	75,478	-	-	382,635
Total revenues	58,495,770	1,077,835	514,881	85,318	320,133	-	60,493,937
EXPENDITURES							
Current:							
General government	6,839,624	-	-	-	226,289	-	7,065,913
Public safety	40,517,411	-	-	-	-	-	40,517,411
Public services	-	1,118,063	-	-	-	-	1,118,063
Highways and streets	4,914,648	-	-	-	-	-	4,914,648
Culture and recreation	4,855,901	-	1,823,610	-	-	-	6,679,511
Capital outlay	297,732	-	87,514	-	41,500	-	426,746
Total expenditures	57,425,316	1,118,063	1,911,124	-	267,789	-	60,722,292
Excess (deficiency) of revenues over (under) expenditures	1,070,454	(40,228)	(1,396,243)	85,318	52,344	-	(228,355)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	150,000	1,232,000	-	-	(32,000)	1,350,000
Transfers out	(808,805)	-	-	-	-	32,000	(776,805)
Total other financing sources (uses)	(808,805)	150,000	1,232,000	-	-	-	573,195
Net change in fund balances	261,649	109,772	(164,243)	85,318	52,344	-	344,840
Fund balances - beginning of year	9,064,630	6,111	267,970	2,817,896	111,034	-	12,267,641
Fund balances - end of year	<u>\$ 9,326,279</u>	<u>\$ 115,883</u>	<u>\$ 103,727</u>	<u>\$ 2,903,214</u>	<u>\$ 163,378</u>	<u>\$ -</u>	<u>\$ 12,612,481</u>

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 ***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 Special Fee Fund*** was established to track the receipt of court fees restricted for court technology purchases by the State of Texas.

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 ***Passenger Facility Charge Fund*** was established to account for the receipt and disbursement of fees collected during the purchase of airline travel tickets and/or fees collected from the rental of vehicles at Tyler Pounds Regional Airport.

The ***Public, Educational and Governmental Access Channel (PEG) Fee Fund*** was established to account for the receipt and disbursement of funds to be spent on governmental access channel facilities and related capital items.

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.

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.

SPECIAL REVENUE FUNDS, CONTINUED

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 *TIF/TIRZ #3 Fund* was established to encourage economic development in the North Tyler area. This fund accounts for additional value and associated taxes received from property tax and sales tax on improvements and new construction within the zone.

CAPITAL PROJECTS FUND

The *General Capital Projects Fund* is funded periodically by excesses remaining in the General Fund 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 cemeteries.

CITY OF TYLER, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS

	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL-MOTEL OCCUPANCY TAX	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	HOME- OWNERSHIP AND HOUSING	CDBG	HOME GRANT
ASSETS									
Equity in pooled cash and investments	\$ -	\$ -	\$ 2,119,165	\$ -	\$ 117,400	\$ 132,425	\$ -	\$ -	\$ -
Accounts and grants receivable	2,926	72	267,131	-	-	64,716	14	119,269	10,080
Inventories	-	-	-	-	-	-	-	-	4,450
Prepaid items	-	-	-	-	-	-	-	-	519
Cash - restricted	274,245	328,563	-	1,015,466	-	-	55,761	4,983	145,960
Total assets	\$ 277,171	\$ 328,635	\$ 2,386,296	\$ 1,015,466	\$ 117,400	\$ 197,141	\$ 55,775	\$ 124,252	\$ 161,009
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 876	\$ 61,779	\$ 3,167	\$ 21,733	\$ -	\$ -	\$ -	\$ 86,048	\$ 54,590
Deposits and other refundable balances	26,225	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	27,101	61,779	3,167	21,733	-	-	-	86,048	54,590
Fund Balances:									
Nonspendable:									
Inventories	-	-	-	-	-	-	-	-	4,450
Prepaid items	-	-	-	-	-	-	-	-	519
Permanent fund principal	-	-	-	-	-	-	-	-	-
Restricted for:									
Public safety	250,070	266,856	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-	-
Tourism and convention	-	-	2,383,129	-	-	-	-	-	-
Donor restrictions	-	-	-	993,733	-	-	-	-	-
Airport improvements	-	-	-	-	117,400	-	-	-	-
Communications	-	-	-	-	-	197,141	-	-	-
Housing assistance	-	-	-	-	-	-	55,775	-	-
Grant restrictions	-	-	-	-	-	-	-	38,204	101,450
Assigned to:									
Capital projects	-	-	-	-	-	-	-	-	-
Cemetery maintenance	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	250,070	266,856	2,383,129	993,733	117,400	197,141	55,775	38,204	106,419
Total liabilities and fund balances	\$ 277,171	\$ 328,635	\$ 2,386,296	\$ 1,015,466	\$ 117,400	\$ 197,141	\$ 55,775	\$ 124,252	\$ 161,009

(continued)

**CITY OF TYLER, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013**

	<u>SPECIAL REVENUE FUNDS (continued)</u>				<u>OTHER FUNDS</u>	<u>PERMANENT FUNDS</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>	
	<u>HOUSING ASSISTANCE PAYMENT</u>	<u>STATE AND FEDERAL GRANTS</u>	<u>TRANSIT SYSTEM</u>	<u>TIF / TIRZ #3 FUND</u>	<u>TOTAL SPECIAL REVENUE FUNDS</u>	<u>GENERAL CAPITAL PROJECTS</u>	<u>CEMETERIES</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
ASSETS								
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ 32,715	\$ 2,401,705	\$ 1,022,334	\$ 66,333	\$ 3,490,372
Accounts and grants receivable	9,135	180,639	467,616	1	1,121,599	462	688	1,122,749
Inventories	-	-	-	-	4,450	-	-	4,450
Prepaid items	-	-	-	-	519	-	-	519
Cash - restricted	257,067	-	100	-	2,082,145	-	2,675,739	4,757,884
Total assets	<u>\$ 266,202</u>	<u>\$ 180,639</u>	<u>\$ 467,716</u>	<u>\$ 32,716</u>	<u>\$ 5,610,418</u>	<u>\$ 1,022,796</u>	<u>\$ 2,742,760</u>	<u>\$ 9,375,974</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 22,298	\$ 13,637	\$ 188,139	\$ -	\$ 452,267	\$ 72,153	\$ 8,095	\$ 532,515
Deposits and other refundable balances	-	-	-	-	26,225	-	-	26,225
Due to other funds	-	166,173	137,130	-	303,303	-	-	303,303
Unearned revenue	-	829	27,404	-	28,233	-	-	28,233
Total liabilities	<u>22,298</u>	<u>180,639</u>	<u>352,673</u>	<u>-</u>	<u>810,028</u>	<u>72,153</u>	<u>8,095</u>	<u>890,276</u>
Fund Balances:								
Nonspendable:								
Inventories	-	-	-	-	4,450	-	-	4,450
Prepaid items	-	-	-	-	519	-	-	519
Permanent fund principal	-	-	-	-	-	-	2,676,410	2,676,410
Restricted for:								
Public safety	-	-	-	-	516,926	-	-	516,926
Capital improvements	-	-	-	32,716	32,716	-	-	32,716
Tourism and convention	-	-	-	-	2,383,129	-	-	2,383,129
Donor restrictions	-	-	-	-	993,733	-	-	993,733
Airport improvements	-	-	-	-	117,400	-	-	117,400
Communications	-	-	-	-	197,141	-	-	197,141
Housing assistance	243,904	-	-	-	299,679	-	-	299,679
Grant restrictions	-	-	115,043	-	254,697	-	-	254,697
Assigned to:								
Capital projects	-	-	-	-	-	950,643	-	950,643
Cemetery maintenance	-	-	-	-	-	-	58,255	58,255
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>243,904</u>	<u>-</u>	<u>115,043</u>	<u>32,716</u>	<u>4,800,390</u>	<u>950,643</u>	<u>2,734,665</u>	<u>8,485,698</u>
Total liabilities and fund balances	<u>\$ 266,202</u>	<u>\$ 180,639</u>	<u>\$ 467,716</u>	<u>\$ 32,716</u>	<u>\$ 5,610,418</u>	<u>\$ 1,022,796</u>	<u>\$ 2,742,760</u>	<u>\$ 9,375,974</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, 2013**

SPECIAL REVENUE FUNDS

	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL-MOTEL OCCUPANCY TAX	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	HOME- OWNERSHIP AND HOUSING	CDBG	HOME GRANT
REVENUES									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise	-	-	-	-	-	258,816	-	-	-
Sales and use	-	-	3,158,093	-	-	-	-	-	-
Licenses & permits	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	886,456	51,746
Fines, forfeitures and penalties	50,166	607,386	-	-	-	-	-	-	-
Revenues from use of money and property	933	1,215	5,376	-	809	873	192	-	-
Donations	-	-	-	402,064	-	-	-	-	-
Charges for services	-	-	-	-	357,001	-	-	-	-
Miscellaneous	-	-	42,500	-	-	-	-	7,662	207,532
Total revenues	51,099	608,601	3,205,969	402,064	357,810	259,689	192	894,118	259,278
EXPENDITURES									
Current									
General government	-	-	-	9,887	-	1,410	-	-	-
Public safety	20,767	562,810	-	67,583	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	66,776	-	-	-	-	-
Public services	-	-	820,665	375	-	-	-	745,018	314,947
Capital outlay	73,809	10,800	206,918	139,613	-	543,127	-	147,662	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	61	-	-	-	-	-	-	-	-
Total expenditures	94,637	573,610	1,027,583	284,234	-	544,537	-	892,680	314,947
Excess (deficiency) of revenues over (under) expenditures	(43,538)	34,991	2,178,386	117,830	357,810	(284,848)	192	1,438	(55,669)
OTHER FINANCING SOURCES (USES)									
Capital lease proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(1,425,000)	(12,999)	(518,415)	-	-	-	-
Total other financing sources (uses)	-	-	(1,425,000)	(12,999)	(518,415)	-	-	-	-
Net change in fund balances	(43,538)	34,991	753,386	104,831	(160,605)	(284,848)	192	1,438	(55,669)
Fund balances - beginning of year	293,608	231,865	1,629,743	888,902	278,005	481,989	55,583	36,766	162,088
Fund balances - end of year	<u>\$ 250,070</u>	<u>\$ 266,856</u>	<u>\$ 2,383,129</u>	<u>\$ 993,733</u>	<u>\$ 117,400</u>	<u>\$ 197,141</u>	<u>\$ 55,775</u>	<u>\$ 38,204</u>	<u>\$ 106,419</u>

(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, 2013**

	<u>SPECIAL REVENUE FUNDS (continued)</u>				<u>TOTAL SPECIAL REVENUE FUNDS</u>	<u>OTHER FUNDS</u>	<u>PERMANENT FUNDS</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
	<u>HOUSING ASSISTANCE PAYMENT</u>	<u>STATE AND FEDERAL GRANTS</u>	<u>TRANSIT SYSTEM</u>	<u>TIF / TIRZ #3 FUND</u>		<u>GENERAL CAPITAL PROJECTS</u>	<u>CEMETERIES</u>	
REVENUES								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 35,710	\$ 35,710	\$ -	\$ -	\$ 35,710
Franchise	-	-	-	-	258,816	-	-	258,816
Sales and use	-	-	-	-	3,158,093	-	-	3,158,093
Licenses & permits	-	-	-	-	-	-	4,440	4,440
Grants	6,893,572	528,770	2,041,935	-	10,402,479	-	-	10,402,479
Fines, forfeitures and penalties	-	-	-	-	657,552	-	-	657,552
Revenues from use of money and property	1,501	-	-	68	10,967	5,878	9,324	26,169
Donations	-	-	-	-	402,064	-	-	402,064
Charges for services	-	-	193,478	-	550,479	-	109,234	659,713
Miscellaneous	23,186	-	43	-	280,923	50,500	527	331,950
Total revenues	<u>6,918,259</u>	<u>528,770</u>	<u>2,235,456</u>	<u>35,778</u>	<u>15,757,083</u>	<u>56,378</u>	<u>123,525</u>	<u>15,936,986</u>
EXPENDITURES								
Current								
General government	-	-	-	6,265	17,562	66,287	-	83,849
Public safety	-	-	-	-	651,160	-	-	651,160
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	6,940	-	-	73,716	-	268,383	342,099
Public services	7,298,680	362,474	2,189,816	-	11,731,975	-	-	11,731,975
Capital outlay	12,237	159,356	454,956	-	1,748,478	975,457	3,000	2,726,935
Debt service:								
Principal	-	-	-	-	-	316,927	-	316,927
Interest and fiscal charges	-	-	-	-	61	10,657	-	10,718
Total expenditures	<u>7,310,917</u>	<u>528,770</u>	<u>2,644,772</u>	<u>6,265</u>	<u>14,222,952</u>	<u>1,369,328</u>	<u>271,383</u>	<u>15,863,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(392,658)</u>	<u>-</u>	<u>(409,316)</u>	<u>29,513</u>	<u>1,534,131</u>	<u>(1,312,950)</u>	<u>(147,858)</u>	<u>73,323</u>
OTHER FINANCING SOURCES (USES)								
Capital lease proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	448,678	-	448,678	-	226,822	675,500
Transfers out	-	-	-	-	(1,956,414)	-	-	(1,956,414)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>448,678</u>	<u>-</u>	<u>(1,507,736)</u>	<u>-</u>	<u>226,822</u>	<u>(1,280,914)</u>
Net change in fund balances	(392,658)	-	39,362	29,513	26,395	(1,312,950)	78,964	(1,207,591)
Fund balances - beginning of year	636,562	-	75,681	3,203	4,773,995	2,263,593	2,655,701	9,693,289
Fund balances - end of year	<u>\$ 243,904</u>	<u>\$ -</u>	<u>\$ 115,043</u>	<u>\$ 32,716</u>	<u>\$ 4,800,390</u>	<u>\$ 950,643</u>	<u>\$ 2,734,665</u>	<u>\$ 8,485,698</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, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fines, forfeitures and penalties	\$ 82,000	\$ 50,166	\$ (31,834)
Revenues from use of money and property	2,000	933	(1,067)
Total revenues	<u>84,000</u>	<u>51,099</u>	<u>(32,901)</u>
EXPENDITURES			
Public safety:			
Supplies and services	22,700	20,767	1,933
Capital outlay	82,523	73,809	8,714
Debt Service:			
Interest	-	61	(61)
Total expenditures	<u>105,223</u>	<u>94,637</u>	<u>10,586</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (21,223)</u>	(43,538)	<u>\$ (22,315)</u>
Fund balance - beginning of year		<u>293,608</u>	
Fund balance - end of year		<u>\$ 250,070</u>	

**CITY OF TYLER, TEXAS
COURT SPECIAL FEE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fines, forfeitures and penalties	\$ 651,000	\$ 607,386	\$ (43,614)
Revenues from use of money and property	1,751	1,215	(536)
Total revenues	<u>652,751</u>	<u>608,601</u>	<u>(44,150)</u>
EXPENDITURES			
Public safety:			
Salaries and benefits	279,938	146,266	133,672
Supplies and services	282,700	380,445	(97,745)
Maintenance	2,500	36,099	(33,599)
Capital outlay	<u>106,800</u>	<u>10,800</u>	<u>96,000</u>
Total expenditures	<u>671,938</u>	<u>573,610</u>	<u>98,328</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (19,187)</u>	34,991	<u>\$ 54,178</u>
Fund balance - beginning of year		<u>231,865</u>	
Fund balance - end of year		<u>\$ 266,856</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, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 2,928,530	\$ 3,158,093	\$ 229,563
Revenue from use of money and property	1,100	5,376	4,276
Miscellaneous	25,000	42,500	17,500
Total revenues	<u>2,954,630</u>	<u>3,205,969</u>	<u>251,339</u>
EXPENDITURES			
Hotel-motel administration:			
Texas Rose Festival	9,000	9,000	-
Conference Promotions	5,000	-	5,000
Discovery Place	32,400	32,400	-
Arts Inovation Institute	50,000	-	50,000
East Texas Symphony	25,000	25,000	-
Historical Museum	13,500	13,500	-
Smith County Historical Society	13,500	13,500	-
Visitors and Convention Bureau	675,000	675,000	-
McClendon House	4,500	4,500	-
Supplies and services	231,000	47,765	183,235
Contingency	90,000	-	90,000
Total expenditures	<u>1,148,900</u>	<u>1,027,583</u>	<u>121,317</u>
Excess of revenues over expenditures	<u>1,805,730</u>	<u>2,178,386</u>	<u>372,656</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,425,000)</u>	<u>(1,425,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,425,000)</u>	<u>(1,425,000)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 380,730</u>	753,386	<u>\$ 372,656</u>
Fund balance - beginning of year		<u>1,629,743</u>	
Fund balance - end of year		<u>\$ 2,383,129</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, 2013

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenue from use of money and property	\$ 125	\$ 809	\$ 684
Charges for services	<u>378,000</u>	<u>357,001</u>	<u>(20,999)</u>
Total revenues	<u>378,125</u>	<u>357,810</u>	<u>(20,315)</u>
EXPENDITURES			
Public services:			
Supplies and services	1,250	-	1,250
Maintenance	<u>118,766</u>	<u>-</u>	<u>118,766</u>
Total expenditures	<u>120,016</u>	<u>-</u>	<u>120,016</u>
Excess of revenues over expenditures	<u>258,109</u>	<u>357,810</u>	<u>99,701</u>
OTHER FINANCING (USES)			
Transfers out	<u>(398,061)</u>	<u>(518,415)</u>	<u>(120,354)</u>
Total other financing (uses)	<u>(398,061)</u>	<u>(518,415)</u>	<u>(120,354)</u>
Excess of revenues over (under) expenditures and other financing uses - GAAP basis	<u>\$ (139,952)</u>	<u>(160,605)</u>	<u>\$ (20,653)</u>
Fund balance - beginning of year		<u>278,005</u>	
Fund balance - end of year		<u>\$ 117,400</u>	

CITY OF TYLER, TEXAS
HOMEOWNERSHIP AND HOUSING FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenue from use of money and property	\$ 316	\$ 192	\$ (124)
Total revenues	<u>316</u>	<u>192</u>	<u>(124)</u>
EXPENDITURES			
Public services:			
Services	55,931	-	55,931
Total expenditures	<u>55,931</u>	<u>-</u>	<u>55,931</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (55,615)</u>	192	<u>\$ 55,807</u>
Fund balance - beginning of year		<u>55,583</u>	
Fund balance - end of year		<u>\$ 55,775</u>	

CITY OF TYLER, TEXAS
CDBG FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 1,377,366	\$ 886,456	\$ (490,910)
Miscellaneous	9,000	7,662	(1,338)
Total revenues	<u>1,386,366</u>	<u>894,118</u>	<u>(492,248)</u>
EXPENDITURES			
Public services:			
Salaries and benefits	245,142	214,923	30,219
Supplies and services	1,058,525	519,005	539,520
Utilities	5,060	7,974	(2,914)
Maintenance	2,740	3,116	(376)
Capital outlay	-	147,662	(147,662)
Total expenditures	<u>1,311,467</u>	<u>892,680</u>	<u>418,787</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ 74,899</u>	1,438	<u>\$ (73,461)</u>
Fund balance - beginning of year		<u>36,766</u>	
Fund balance - end of year		<u>\$ 38,204</u>	

**CITY OF TYLER, TEXAS
HOME GRANT FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 1,420,904	\$ 51,746	\$ (1,369,158)
Miscellaneous	277,048	207,532	(69,516)
Total revenues	<u>1,697,952</u>	<u>259,278</u>	<u>(1,438,674)</u>
EXPENDITURES			
Public services:			
Salaries and benefits	31,013	34,705	(3,692)
Supplies and services	1,666,939	280,242	1,386,697
Total expenditures	<u>1,697,952</u>	<u>314,947</u>	<u>1,383,005</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ -</u>	<u>(55,669)</u>	<u>\$ (55,669)</u>
Fund balance - beginning of year		<u>162,088</u>	
Fund balance - end of year		<u>\$ 106,419</u>	

**CITY OF TYLER, TEXAS
HOUSING ASSISTANCE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 6,897,021	\$ 6,893,572	\$ (3,449)
Revenue from use of money and property	4,000	1,501	(2,499)
Miscellaneous	10,000	23,186	13,186
Total revenues	6,911,021	6,918,259	7,238
EXPENDITURES			
Public services:			
Salaries and benefits	537,802	439,281	98,521
Supplies and services	6,737,431	6,839,066	(101,635)
Utilities	-	12,803	(12,803)
Maintenance	7,489	7,530	(41)
Capital outlay	-	12,237	(12,237)
Total expenditures	7,282,722	7,310,917	(28,195)
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (371,701)</u>	<u>(392,658)</u>	<u>\$ (20,957)</u>
Fund balance - beginning of year		<u>636,562</u>	
Fund balance - end of year		<u>\$ 243,904</u>	

**CITY OF TYLER, TEXAS
TRANSIT SYSTEM FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 1,953,677	\$ 2,041,935	\$ 88,258
Charges for services	201,804	193,478	(8,326)
Miscellaneous	(9,676)	43	9,719
Total revenues	<u>2,145,805</u>	<u>2,235,456</u>	<u>89,651</u>
EXPENDITURES			
Public services:			
Salaries and benefits	746,252	788,658	(42,406)
Supplies and services	1,015,570	940,372	75,198
Utilities	14,422	8,805	5,617
Maintenance	285,344	451,981	(166,637)
Capital outlay	759,330	454,956	304,374
Total expenditures	<u>2,820,918</u>	<u>2,644,772</u>	<u>176,146</u>
Excess of revenues over expenditures	<u>(675,113)</u>	<u>(409,316)</u>	<u>265,797</u>
OTHER FINANCING SOURCES			
Transfers in	<u>448,678</u>	<u>448,678</u>	<u>-</u>
Total other financing sources	<u>448,678</u>	<u>448,678</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures - GAAP basis	<u>\$ (226,435)</u>	39,362	<u>\$ 265,797</u>
Fund balance - beginning of year		<u>75,681</u>	
Fund balance - end of year		<u>\$ 115,043</u>	

CITY OF TYLER, TEXAS
TIF/TIRZ #3 FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 4,000	\$ 35,710	\$ 31,710
Revenues from use of money and property	30	68	38
Total revenues	<u>4,030</u>	<u>35,778</u>	<u>31,748</u>
EXPENDITURES			
Special Services	<u>7,000</u>	<u>6,265</u>	<u>735</u>
Total expenditures	<u>7,000</u>	<u>6,265</u>	<u>735</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (2,970)</u>	29,513	<u>\$ 31,013</u>
Fund balance - beginning of year		<u>3,203</u>	
Fund balance - end of year		<u>\$ 32,716</u>	

**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, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenue from use of money and property	\$ 4,500	\$ 5,878	\$ 1,378
Miscellaneous	70,000	50,500	(19,500)
Total revenues	<u>74,500</u>	<u>56,378</u>	<u>(18,122)</u>
EXPENDITURES			
General government services	278,112	66,287	211,825
Capital outlay	1,086,238	975,457	110,781
Public Safety:			
Services	276,708	-	276,708
Debt Service:			
Principal	-	316,927	(316,927)
Interest and fiscal charges	-	10,657	(10,657)
Total expenditures	<u>1,641,058</u>	<u>1,369,328</u>	<u>271,730</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (1,566,558)</u>	(1,312,950)	<u>\$ 253,608</u>
Fund balance - beginning of year		<u>2,263,593</u>	
Fund balance - end of year		<u>\$ 950,643</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, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Trust Fund:			
Revenues from use of money and property	\$ 12,500	\$ 9,100	\$ (3,400)
Mausoleum and lot sales	73,500	62,060	(11,440)
Operations:			
Revenues from use of money and property	500	224	(276)
Licenses and permits	4,500	4,440	(60)
Mausoleum and lot sales	50,000	47,701	(2,299)
Total revenues	<u>141,000</u>	<u>123,525</u>	<u>(17,475)</u>
EXPENDITURES			
Operations:			
Salaries and benefits	161,751	165,703	(3,952)
Supplies and services	35,758	29,864	5,894
Utilities	38,810	56,744	(17,934)
Maintenance	25,663	16,072	9,591
Capital outlay	6,000	3,000	3,000
Total expenditures	<u>267,982</u>	<u>271,383</u>	<u>(3,401)</u>
Deficiency of revenues under expenditures	<u>(126,982)</u>	<u>(147,858)</u>	<u>(20,876)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>226,822</u>	<u>226,822</u>	<u>-</u>
Total other financing sources (uses)	<u>226,822</u>	<u>226,822</u>	<u>-</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ 99,840</u>	78,964	<u>\$ (20,876)</u>
Fund balance - beginning of year		<u>2,655,701</u>	
Fund balance - end of year		<u>\$ 2,734,665</u>	

INTERNAL SERVICE FUNDS

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

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

The ***Fleet 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 worker's 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's 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 POSITION
SEPTEMBER 30, 2013**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
ASSETS								
Current assets:								
Equity in pooled cash and investments	\$ 838,082	\$ 9,780,476	\$ 1,015,172	\$ 1,315,404	\$ 551,124	\$ 944,121	\$ 935,382	\$ 15,379,761
Prepaid expenses	-	104	578	41,852	70,558	-	-	113,092
Accounts receivable (net)	297	7,443	26,924	278,999	278	208	176	314,325
Inventories - at average cost	-	207,016	-	-	-	-	-	207,016
Total current assets	<u>838,379</u>	<u>9,995,039</u>	<u>1,042,674</u>	<u>1,636,255</u>	<u>621,960</u>	<u>944,329</u>	<u>935,558</u>	<u>16,014,194</u>
Noncurrent assets:								
Other post employment benefits asset	3,006	14,197	3,069	2,134	-	2,654	14,804	39,864
Capital assets:								
Land	-	65,000	-	-	-	-	-	65,000
Buildings	-	370,967	-	-	-	875,239	3,267	1,249,473
Improvements other than buildings	-	328,783	-	-	-	332,690	-	661,473
Machinery and equipment	-	23,609,288	-	-	-	15,450	6,905,079	30,529,817
Construction in progress	-	15,663	-	-	-	156,169	90,186	262,018
Less accumulated depreciation	-	(15,451,877)	-	-	-	(347,745)	(4,442,912)	(20,242,534)
Total Capital assets (net of accumulated depreciation)	<u>-</u>	<u>8,937,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,031,803</u>	<u>2,555,620</u>	<u>12,525,247</u>
Total assets	<u>841,385</u>	<u>18,947,060</u>	<u>1,045,743</u>	<u>1,638,389</u>	<u>621,960</u>	<u>1,978,786</u>	<u>3,505,982</u>	<u>28,579,305</u>
LIABILITIES								
Current liabilities:								
Accounts and contracts payable	21,589	419,178	42,146	31,277	-	22,204	199,200	735,594
Insurance claims payable	-	-	167,129	374,225	97,590	-	-	638,944
Accrued interest payable	-	21,703	-	-	-	-	19,222	40,925
Current portion of compensated absences payable	415	3,230	179	-	-	1,347	4,591	9,762
Current portion of capital lease	-	315,149	-	-	-	-	483,218	798,367
Total current liabilities	<u>22,004</u>	<u>759,260</u>	<u>209,454</u>	<u>405,502</u>	<u>97,590</u>	<u>23,551</u>	<u>706,231</u>	<u>2,223,592</u>
Noncurrent liabilities:								
Compensated absences payable	6,499	50,596	2,799	-	-	21,103	71,920	152,917
Net pension obligation	28,670	86,785	20,688	5,609	-	13,333	104,734	259,819
Capital lease payable	-	2,283,927	-	-	-	-	1,656,327	3,940,254
Total noncurrent liabilities	<u>35,169</u>	<u>2,421,308</u>	<u>23,487</u>	<u>5,609</u>	<u>-</u>	<u>34,436</u>	<u>1,832,981</u>	<u>4,352,990</u>
Total liabilities	<u>57,173</u>	<u>3,180,568</u>	<u>232,941</u>	<u>411,111</u>	<u>97,590</u>	<u>57,987</u>	<u>2,539,212</u>	<u>6,576,582</u>
NET POSITION								
Invested in capital assets, net of related debt	-	6,338,748	-	-	-	1,031,803	416,075	7,786,626
Unrestricted	784,212	9,427,744	812,802	1,227,278	524,370	888,996	550,695	14,216,097
Total net position	<u>\$ 784,212</u>	<u>\$ 15,766,492</u>	<u>\$ 812,802</u>	<u>\$ 1,227,278</u>	<u>\$ 524,370</u>	<u>\$ 1,920,799</u>	<u>\$ 966,770</u>	<u>\$ 22,002,723</u>

CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
OPERATING REVENUES								
Charges for services	\$ 950,000	\$ 9,181,904	\$ 1,327,916	\$ -	\$ -	\$ 322,283	\$ 3,721,900	\$ 15,504,003
Contributions	-	-	-	6,637,789	2,927,569	-	-	9,565,358
Miscellaneous	-	23,445	-	-	157,922	-	237	181,604
Total operating revenues	950,000	9,205,349	1,327,916	6,637,789	3,085,491	322,283	3,722,137	25,250,965
OPERATING EXPENSES								
Garage operations	-	5,608,130	-	-	-	-	-	5,608,130
Depreciation	-	2,203,970	-	-	-	66,966	1,024,077	3,295,013
Insurance claims	-	-	1,085,819	6,952,156	1,768,711	-	-	9,806,686
Administrative	210,155	-	137,554	542,345	1,733,770	247,263	2,597,036	5,468,123
Special services	841,732	-	-	45,417	13,472	-	-	900,621
Maintenance	-	-	-	-	-	164,271	-	164,271
Total operating expenses	1,051,887	7,812,100	1,223,373	7,539,918	3,515,953	478,500	3,621,113	25,242,844
Operating income (loss)	(101,887)	1,393,249	104,543	(902,129)	(430,462)	(156,217)	101,024	8,121
NON-OPERATING REVENUES (EXPENSES)								
Revenues from use of money and property	5,532	29,341	2,809	4,986	6,045	7,039	37,064	92,816
Gain (loss) on sale of assets	-	242,653	-	-	-	-	(2,232)	240,421
Interest expense	-	-	-	-	-	-	(63,705)	(63,705)
Total non-operating revenues (expenses)	5,532	271,994	2,809	4,986	6,045	7,039	(28,873)	269,532
Income (loss) before transfers	(96,355)	1,665,243	107,352	(897,143)	(424,417)	(149,178)	72,151	277,653
Capital contributions	-	142,761	-	-	-	-	-	142,761
Transfers in	-	64,772	-	-	-	459,727	3,239	527,738
Transfers out	-	-	-	-	-	-	-	-
Change in net position	(96,355)	1,872,776	107,352	(897,143)	(424,417)	310,549	75,390	948,152
Net position - beginning of year	880,567	13,893,716	705,450	2,124,421	948,787	1,610,250	891,380	21,054,571
Net position - end of year	\$ 784,212	\$ 15,766,492	\$ 812,802	\$ 1,227,278	\$ 524,370	\$ 1,920,799	\$ 966,770	\$ 22,002,723

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers and users	\$ 949,997	\$ 9,215,416	\$ 1,324,897	\$ 6,603,419	\$ 3,085,488	\$ 322,281	\$ 3,722,136	\$ 25,223,634
Cash paid to suppliers for goods and services	(830,471)	(4,480,968)	10,867	(560,400)	(1,762,578)	(253,545)	(1,727,899)	(9,604,994)
Cash paid to employees for services	(212,118)	(811,737)	(132,018)	(18,104)	-	(149,263)	(958,460)	(2,281,700)
Insurance claims paid	-	-	(1,106,356)	(6,978,511)	(1,769,227)	-	-	(9,854,094)
Net cash provided by (used in) operating activities	(92,592)	3,922,711	97,390	(953,596)	(446,317)	(80,527)	1,035,777	3,482,846
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
Transfers in from other funds	-	64,772	-	-	-	459,727	3,239	527,738
Transfers out to other funds	-	-	-	-	-	-	-	-
Net cash provided by (used in) non-capital financing activities	-	64,772	-	-	-	459,727	3,239	527,738
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition, construction, and retirement of capital assets	-	(699,220)	-	-	-	(229,551)	(188,248)	(1,117,019)
Proceeds from grants for capital purposes	-	142,761	-	-	-	-	-	142,761
Interest paid	-	-	-	-	-	-	(63,705)	(63,705)
Payment of capital lease obligations	-	(498,953)	-	-	-	-	(493,757)	(992,710)
Proceeds from sale of assets	-	331,357	-	-	-	-	-	331,357
Net cash provided by (used in) capital and related financing activities	-	(724,055)	-	-	-	(229,551)	(745,710)	(1,699,316)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest and dividends on investments	5,532	29,341	2,809	4,986	6,045	7,039	37,064	92,816
Net cash provided by investing activities	5,532	29,341	2,809	4,986	6,045	7,039	37,064	92,816
Net increase (decrease) in cash and cash equivalents	(87,060)	3,292,769	100,199	(948,610)	(440,272)	156,688	330,370	2,404,084
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	925,142	6,487,707	914,973	2,264,014	991,396	787,433	605,012	12,975,677
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 838,082	\$ 9,780,476	\$ 1,015,172	\$ 1,315,404	\$ 551,124	\$ 944,121	\$ 935,382	\$ 15,379,761

(Continued)

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**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
Operating income (loss)	\$ (101,887)	\$ 1,393,249	\$ 104,543	\$ (902,129)	\$ (430,462)	\$ (156,217)	\$ 101,024	\$ 8,121
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	-	2,203,970	-	-	-	66,966	1,024,077	3,295,013
(Increase) decrease in accounts receivable	(3)	17,267	(3,019)	(34,370)	(3)	(2)	(1)	(20,131)
(Increase) decrease in prepaid expenses	646	(104)	(18)	499	(10,255)	-	-	(9,232)
(Increase) decrease in inventories	-	(7,200)	-	-	-	-	-	(7,200)
(Increase) decrease in other post employment benefits asset	553	1,860	365	50	-	375	2,581	5,784
Increase (decrease) in accounts payable	6,689	284,533	14,859	8,695	(5,081)	(274)	(79,159)	230,262
Increase (decrease) in claims payable	-	-	(20,537)	(26,355)	(516)	-	-	(47,408)
Increase (decrease) in accrued interest payable	-	13,928	-	-	-	-	(27,723)	(13,795)
Increase (decrease) in compensated absences payable	1,251	14,674	1,092	-	-	8,517	14,237	39,771
Increase (decrease) in net pension obligation	159	534	105	14	-	108	741	1,661
Total adjustments	<u>9,295</u>	<u>2,529,462</u>	<u>(7,153)</u>	<u>(51,467)</u>	<u>(15,855)</u>	<u>75,690</u>	<u>934,753</u>	<u>3,474,725</u>
Net cash provided by (used in) operating activities	<u>\$ (92,592)</u>	<u>\$ 3,922,711</u>	<u>\$ 97,390</u>	<u>\$ (953,596)</u>	<u>\$ (446,317)</u>	<u>\$ (80,527)</u>	<u>\$ 1,035,777</u>	<u>\$ 3,482,846</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:								
Borrowing under capital lease	<u>\$ -</u>	<u>\$ 2,599,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,389</u>	<u>\$ 3,066,466</u>
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ 2,599,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,389</u>	<u>\$ 3,066,466</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, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 6,500	\$ 5,532	\$ (968)
Charges for services	950,000	950,000	-
TOTAL REVENUES - BUDGET AND GAAP BASIS	\$ 956,500	\$ 955,532	\$ (968)
EXPENSES			
Salaries and benefits	\$ 256,337	\$ 210,155	\$ 46,182
Special services	778,636	841,732	(63,096)
Capital Outlay	22,500	-	22,500
TOTAL EXPENSES - BUDGET AND GAAP BASIS	\$ 1,057,473	\$ 1,051,887	\$ 5,586

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, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 35,000	\$ 29,341	\$ (5,659)
Current service charges	9,286,991	9,200,465	(86,526)
Miscellaneous	1,000	4,884	3,884
Capital contributions	-	142,761	142,761
Sale of assets	306,000	320,066	14,066
	<u>9,628,991</u>	<u>9,697,517</u>	<u>68,526</u>
Total Revenues	9,628,991	9,697,517	68,526
Transfers in	-	64,772	64,772
	<u>-</u>	<u>64,772</u>	<u>64,772</u>
TOTAL REVENUES - BUDGET BASIS	<u><u>\$ 9,628,991</u></u>	<u>9,762,289</u>	<u>\$ 133,298</u>
Financial statement adjustments:			
Retirement of assets sold		(77,413)	
		<u>(77,413)</u>	
TOTAL REVENUES - GAAP BASIS		<u><u>\$ 9,684,876</u></u>	
EXPENSES			
Garage administration and operations:			
Salaries and benefits	\$ 903,792	\$ 794,669	\$ 109,123
Supplies and services	4,979,644	4,601,821	377,823
Utilities	75,075	61,778	13,297
Maintenance	203,800	149,862	53,938
Capital outlay	3,685,755	3,298,296	387,459
	<u>9,848,066</u>	<u>8,906,426</u>	<u>941,640</u>
Total garage administration	9,848,066	8,906,426	941,640
TOTAL EXPENSES - BUDGET BASIS	<u><u>\$ 9,848,066</u></u>	<u>8,906,426</u>	<u>\$ 941,640</u>
Financial statement adjustments:			
Capital outlay items not expensed		(3,298,296)	
Depreciation expense		2,203,970	
		<u>(1,094,326)</u>	
TOTAL EXPENSES - GAAP BASIS		<u><u>\$ 7,812,100</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, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 6,000	\$ 2,809	\$ (3,191)
Charges for services	<u>1,322,178</u>	<u>1,327,916</u>	<u>5,738</u>
TOTAL REVENUES - BUDGET AND GAAP BASIS	<u>\$ 1,328,178</u>	<u>\$ 1,330,725</u>	<u>\$ 2,547</u>
EXPENSES			
Claims and premiums	\$ 1,423,668	\$ 1,085,819	\$ 337,849
Administrative	<u>176,655</u>	<u>137,554</u>	<u>39,101</u>
TOTAL EXPENSES - BUDGET AND GAAP BASIS	<u>\$ 1,600,323</u>	<u>\$ 1,223,373</u>	<u>\$ 376,950</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, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 13,000	\$ 4,986	\$ (8,014)
Charges for services	4,220	-	(4,220)
Contributions from City of Tyler	5,021,280	5,006,067	(15,213)
Contributions from employees	1,745,990	1,631,722	(114,268)
Total revenues	6,804,490	6,642,775	(161,715)
TOTAL REVENUES - BUDGET AND GAAP BASIS	\$ 6,804,490	\$ 6,642,775	\$ (161,715)
EXPENSES			
Employee insurance fund administration:			
Special services	\$ 48,000	\$ 45,417	\$ 2,583
Claims	6,845,190	6,768,077	77,113
Administrative fees	602,715	542,345	60,370
Life insurance	190,400	184,079	6,321
Total employee insurance fund administration	7,686,305	7,539,918	146,387
TOTAL EXPENSES - BUDGET AND GAAP BASIS	\$ 7,686,305	\$ 7,539,918	\$ 146,387

**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, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 14,380	\$ 6,045	\$ (8,335)
Contributions from City of Tyler	2,032,159	2,045,508	13,349
Contributions from employees	836,758	882,061	45,303
Miscellaneous	154,037	157,922	3,885
Total revenues	<u>3,037,334</u>	<u>3,091,536</u>	<u>54,202</u>
TOTAL REVENUES - BUDGET AND GAAP BASIS	<u>\$ 3,037,334</u>	<u>\$ 3,091,536</u>	<u>\$ 54,202</u>
EXPENSES			
Employee insurance fund administration:			
Special services	\$ 11,400	\$ 13,472	\$ (2,072)
Claims	1,790,433	1,704,791	85,642
Administrative fees	1,732,165	1,733,770	(1,605)
Life insurance	54,980	63,920	(8,940)
Total employee insurance fund administration	<u>3,588,978</u>	<u>3,515,953</u>	<u>73,025</u>
TOTAL EXPENSES - BUDGET AND GAAP BASIS	<u>\$ 3,588,978</u>	<u>\$ 3,515,953</u>	<u>\$ 73,025</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, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 9,898	\$ 7,039	\$ (2,859)
Charges for services	355,281	322,283	(32,998)
Sale of assets	5,000	-	(5,000)
Total revenues	370,179	329,322	(40,857)
Transfer in	459,727	459,727	-
TOTAL REVENUES - BUDGET AND GAAP BASIS	\$ 829,906	\$ 789,049	\$ (40,857)
EXPENSES			
Property and facility administration:			
Salaries and benefits	\$ 128,239	\$ 140,263	\$ (12,024)
Supplies and services	136,570	73,295	63,275
Utilities	-	225	(225)
Maintenance	271,887	197,751	74,136
Capital Outlay	161,812	229,550	(67,738)
Total property and facility administration	698,508	641,084	57,424
TOTAL EXPENSES - BUDGET BASIS	\$ 698,508	641,084	\$ 57,424
Financial statement adjustments:			
Capital outlay items not expensed		(229,550)	
Depreciation expense		66,966	
TOTAL EXPENSES - GAAP BASIS		\$ 478,500	

**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, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 24,820	\$ 37,064	\$ 12,244
Charges for services	3,721,562	3,721,900	338
Miscellaneous	-	237	237
Sale of assets	-	-	-
	3,746,382	3,759,201	12,819
Total Revenues			
Transfer in	-	3,239	3,239
TOTAL REVENUES - BUDGET BASIS	\$ 3,746,382	3,762,440	\$ 16,058
Financial statement adjustments:			
Retirement of assets sold		(2,232)	
TOTAL REVENUES - GAAP BASIS		\$ 3,760,208	
EXPENSES			
Office technology fund administration:			
Salaries and benefits	\$ 905,089	\$ 940,901	\$ (35,812)
Supplies and services	64,601	51,485	13,116
Utilities	300	544	(244)
Maintenance	7,099	7,924	(825)
	977,089	1,000,854	(23,765)
Total office technology fund administration			
Office technology services:			
Supplies and services	1,135,750	569,263	566,487
Utilities	279,530	140,960	138,570
Maintenance	1,396,236	885,959	510,277
	2,811,516	1,596,182	1,215,334
Total office technology services			
TOTAL EXPENSES - BUDGET BASIS	\$ 3,788,605	2,597,036	\$ 1,191,569
Financial statement adjustments:			
Interest		63,705	
Depreciation		1,024,077	
TOTAL EXPENSES - GAAP BASIS		\$ 3,684,818	

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.

The *Tyler Fire Department Relief and Retirement Fund* is used to account for the resources accumulated to be used for the retirement benefit payments to the members of the fund.

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 POSITION
SEPTEMBER 30, 2013**

	EMPLOYEE BENEFIT TRUST (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
ASSETS				
Equity in pooled cash	\$ 829,829	\$ 509,179	\$ 1,229,404	\$ 2,568,412
Investments, at fair value				
Equities	-	-	10,037,781	10,037,781
Mutual funds	-	5,387,031	45,368,408	50,755,439
Government securities	-	-	1,233,278	1,233,278
Total investments	-	5,387,031	56,639,467	62,026,498
Receivables				
Accounts receivable	6,169	-	-	6,169
Contributions receivable	-	-	156,842	156,842
Interest receivable	-	-	8,118	8,118
Total receivables	6,169	-	164,960	171,129
Total assets	835,998	5,896,210	58,033,831	64,766,039
LIABILITIES				
Accounts payable	666,423	-	-	666,423
Total liabilities	666,423	-	-	666,423
NET POSITION				
Held in trust for OPEB benefits	-	5,896,210	-	5,896,210
Held in trust for pension benefits	-	-	58,033,831	58,033,831
Held in trust for other purposes	169,575	-	-	169,575
Total net position	\$ 169,575	\$ 5,896,210	\$ 58,033,831	\$ 64,099,616

**CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	EMPLOYEE BENEFIT TRUST (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
ADDITIONS				
Contributions:				
Employees	\$ 145,673	\$ -	\$ 1,427,792	\$ 1,573,465
Employer	2,400	300,000	2,172,009	2,474,409
Total contributions	<u>148,073</u>	<u>300,000</u>	<u>3,599,801</u>	<u>4,047,874</u>
Investment income				
Interest and dividend income	-	-	1,059,878	1,059,878
Net appreciation in fair value of investments	-	630,805	5,730,799	6,361,604
Less investment expense	-	(28,208)	(185,162)	(213,370)
Total investment income	<u>-</u>	<u>602,597</u>	<u>6,605,515</u>	<u>7,208,112</u>
Other income	-	-	2,229	2,229
Total additions	<u>148,073</u>	<u>902,597</u>	<u>10,207,545</u>	<u>11,258,215</u>
DEDUCTIONS				
Benefits	<u>154,327</u>	<u>-</u>	<u>4,311,404</u>	<u>4,465,731</u>
Total deductions	<u>154,327</u>	<u>-</u>	<u>4,311,404</u>	<u>4,465,731</u>
Change in net position	(6,254)	902,597	5,896,141	6,792,484
Net position - beginning of year	<u>175,829</u>	<u>4,993,613</u>	<u>52,137,690</u>	<u>57,307,132</u>
Net position - end of year	<u>\$ 169,575</u>	<u>\$ 5,896,210</u>	<u>\$ 58,033,831</u>	<u>\$ 64,099,616</u>

CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
ASSETS			
Equity in pooled cash	\$ 2,376,211	\$ -	\$ 2,376,211
Investments, at fair value			
Equities	-	67,490	67,490
Total investments	-	67,490	67,490
Receivables			
Interest receivable	599	-	599
Total receivables	599	-	599
Total assets	2,376,810	67,490	2,444,300
LIABILITIES			
Total liabilities	-	-	-
NET POSITION			
Held in trust for other purposes	\$ 2,376,810	\$ 67,490	\$ 2,444,300

**CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
ADDITIONS			
Contributions	\$ 36,000	\$ -	\$ 36,000
Investment income			
Interest and dividend income	8,115	1,574	9,689
Net appreciation in fair value of investments	-	5,324	5,324
Less investment expense	-	(1,086)	(1,086)
Total investment income	8,115	5,812	13,927
Total additions	44,115	5,812	49,927
DEDUCTIONS			
Benefits	-	-	-
Total deductions	-	-	-
Change in net position	44,115	5,812	49,927
Net position - beginning of year	2,332,695	61,678	2,394,373
Net position - end of year	\$ 2,376,810	\$ 67,490	\$ 2,444,300

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, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
PROPERTY TAX COLLECTIONS			
Current taxes	\$ 14,010,170	\$ 13,990,395	\$ (19,775)
Delinquent taxes	185,432	142,773	(42,659)
Penalty and interest	131,940	120,314	(11,626)
Tax collection fee	50,126	42,941	(7,185)
Total property tax collections	14,377,668	14,296,423	(81,245)
FRANCHISE FEES			
Franchise - light and power	4,600,000	4,458,971	(141,029)
Franchise - natural gas	1,100,000	1,086,415	(13,585)
Franchise - telephone	909,378	865,234	(44,144)
Franchise - cable television	1,305,600	1,306,369	769
Franchise - street use fee	491,800	501,522	9,722
Franchise - water and sewer	1,704,780	1,708,973	4,193
Total franchise fees	10,111,558	9,927,484	(184,074)
SALES AND USE TAXES			
General sales tax	23,753,953	24,708,985	955,032
Mixed drink tax	315,400	304,828	(10,572)
Bingo tax	40,000	55,735	15,735
Total sales and use taxes	24,109,353	25,069,548	960,195
LICENSES AND PERMITS			
Parking meter	100,000	94,981	(5,019)
Wrecker	40	1,060	1,020
Taxicab and limousine	1,065	180	(885)
Burglar alarm	136,000	127,223	(8,777)
Building	410,000	504,352	94,352
Electrical	120,000	153,208	33,208
Plumbing	80,000	113,380	33,380
Zoning	95,600	99,424	3,824
Mechanical	45,000	67,066	22,066
Cert. of occupancy	29,000	24,540	(4,460)
TABC fee	-	7,110	7,110
Sign	15,000	20,322	5,322
Contractor license	38,000	33,790	(4,210)
House moving	500	150	(350)
Permit fee - clearing	500	210	(290)
Total licenses and permits	1,070,705	1,246,996	176,291
FINES, FORFEITURES AND PENALTIES			
Moving violation fines	3,864,041	3,471,713	(392,328)
Tax service fees on fines	241,500	201,804	(39,696)
Arrest fee fines	193,300	158,943	(34,357)
Municipal court administrative fees	233,400	155,761	(77,639)
Warrant fees	755,000	600,339	(154,661)
Child safety fees	211,500	202,996	(8,504)
Teen court fees	-	22	22
Municipal court security	-	(21)	(21)
Miscellaneous municipal court fines	27,300	31,065	3,765
Court time payment fee	-	(275)	(275)
Special court fees	855,000	909,829	54,829
Collection firm fee	305,500	204,769	(100,731)
Court fee - clearing	9,000	2,452	(6,548)
Partners for youth program	-	(28)	(28)
Parking fees	222,000	113,736	(108,264)
Omnibase program	60,500	36,590	(23,910)
Total fines, forfeitures and penalties	6,978,041	6,089,695	(888,346)

(Continued)

CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES FROM USE OF MONEY OR PROPERTY			
Rent - miscellaneous	\$ 730,641	\$ 691,387	\$ (39,254)
Distributed interest	45,693	31,599	(14,094)
Total revenues from use of money or property	<u>776,334</u>	<u>722,986</u>	<u>(53,348)</u>
CHARGES FOR CURRENT SERVICES			
Swimming pool admissions	1,000	745	(255)
Fire inspection fees	23,400	29,632	6,232
False alarm fees	435	-	(435)
Lot mowing	50,000	29,501	(20,499)
Glass membership fees	51,500	47,087	(4,413)
Copying fees	21,100	19,054	(2,046)
Open records	35,000	34,396	(604)
Participant fees	154,200	155,052	852
Field rental	5,500	8,587	3,087
Sports field maintenance	30,000	33,605	3,605
Recreation classes and events	30,500	44,595	14,095
Reimbursement of overhead from tourism and convention fund	41,840	41,840	-
One-Half cent administration costs	100,000	100,000	-
Reimbursement of overhead from water and sewer operating fund	966,533	966,533	-
Reimbursement of overhead from sanitation fund	192,000	192,000	-
Maps, plans and specs fee	250	-	(250)
Platting	32,400	33,733	1,333
HOT membership	40,000	46,600	6,600
Main street festivals	65,000	61,703	(3,297)
Liberty hall tickets sales	84,500	59,366	(25,134)
Faulkner Tennis Center	-	15,463	15,463
Library	54,710	50,869	(3,841)
Total charges for current services	<u>1,979,868</u>	<u>1,970,361</u>	<u>(9,507)</u>
REVENUES FROM OTHER AGENCIES			
State government	20,000	2,882	(17,118)
County hazardous material service	5,000	5,000	-
Prior year restitution income	400	100	(300)
DEA Project reimbursement	63,000	56,278	(6,722)
Auto theft task force grant	103,000	99,185	(3,815)
Bullet proof vest grant	10,000	13,785	3,785
Safe and Sober grant	50,740	49,420	(1,320)
Click it or ticket grant	-	5,513	5,513
School crossing guards	217,527	223,829	6,302
US Marshal grant	-	14,590	14,590
COPS 2010	280,723	283,855	3,132
Justice assistance	33,372	33,372	-
Total revenues from other agencies	<u>783,762</u>	<u>787,809</u>	<u>4,047</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
MISCELLANEOUS			
Oil and lease royalties	\$ 160,000	\$ 132,632	\$ (27,368)
Contribution for construction	2,700	-	(2,700)
Miscellaneous charges	142,580	176,562	33,982
Unclaimed property revenue	27,000	7,429	(19,571)
Returned check fees	2,400	2,884	484
Funeral escorts	20,000	20,800	800
Contractor testing fees	40,000	19,089	(20,911)
Merchandise sales	10,000	3,166	(6,834)
Sale of equipment	47,000	18,935	(28,065)
Junked vehicle	600	1,138	538
Total miscellaneous	<u>452,280</u>	<u>382,635</u>	<u>(69,645)</u>
Total revenues before other financing sources	<u>60,639,569</u>	<u>60,493,937</u>	<u>(145,632)</u>
OTHER FINANCING SOURCES			
Transfer from special revenue	1,200,000	1,200,000	-
Transfer from enterprise	150,000	150,000	-
Sale of property and equipment	3,000	-	(3,000)
Total other financing sources	<u>1,353,000</u>	<u>1,350,000</u>	<u>(3,000)</u>
TOTAL REVENUES	<u>\$ 61,992,569</u>	<u>\$ 61,843,937</u>	<u>\$ (148,632)</u>

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT			
GENERAL GOVERNMENT SERVICES:			
Salaries and benefits	\$ 1,759,202	\$ 1,739,424	\$ 19,778
Supplies and services	2,787,584	2,634,582	153,002
Utilities	162,400	183,650	(21,250)
Maintenance	101,412	47,755	53,657
Total general government services	4,810,598	4,605,411	205,187
COMMUNICATIONS:			
Salaries and benefits	179,588	171,948	7,640
Supplies and services	77,999	78,644	(645)
Utilities	360	236	124
Total communications	257,947	250,828	7,119
FINANCE:			
Salaries and benefits	542,916	499,879	43,037
Supplies and services	464,012	476,678	(12,666)
Utilities	360	451	(91)
Maintenance	-	543	(543)
Total finance	1,007,288	977,551	29,737
HUMAN RESOURCES:			
Salaries and benefits	374,078	327,769	46,309
Supplies and services	54,379	68,645	(14,266)
Total human resources	428,607	396,414	32,193
LEGAL:			
Salaries and benefits	684,423	654,525	29,898
Supplies and services	189,312	180,004	9,308
Utilities	160	309	(149)
Maintenance	785	814	(29)
Total legal	874,680	835,652	39,028
PARKING GARAGE:			
Maintenance	-	57	(57)
Total parking garage	-	57	(57)
Total general government	7,379,120	7,065,913	313,207

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
PUBLIC SAFETY			
POLICE:			
Salaries and benefits	\$ 20,375,888	\$ 20,424,460	\$ (48,572)
Supplies and services	1,798,340	1,770,394	27,946
Utilities	175,760	144,865	30,895
Maintenance	1,205,346	1,324,017	(118,671)
Total police	23,555,334	23,663,736	(108,402)
FIRE:			
Salaries and benefits	13,847,126	13,988,343	(141,217)
Supplies and services	882,955	836,764	46,191
Utilities	145,625	160,082	(14,457)
Maintenance	286,994	295,264	(8,270)
Total fire	15,162,700	15,280,453	(117,753)
MUNICIPAL COURT:			
Salaries and benefits	729,919	742,427	(12,508)
Supplies and services	815,504	783,330	32,174
Utilities	12,512	12,802	(290)
Maintenance	40,505	34,663	5,842
Total municipal court	1,598,440	1,573,222	25,218
Total public safety	40,316,474	40,517,411	(200,937)
PUBLIC SERVICES			
PLANNING:			
Salaries and benefits	297,546	287,802	9,744
Supplies and services	64,703	70,151	(5,448)
Utilities	750	230	520
Total planning	362,999	358,183	4,816
DEVELOPMENT SERVICES:			
Salaries and benefits	659,664	632,293	27,371
Supplies and services	103,297	107,972	(4,675)
Utilities	200	260	(60)
Maintenance	18,676	19,355	(679)
Total development services	781,837	759,880	21,957
Total public services	1,144,836	1,118,063	26,773

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
HIGHWAYS AND STREETS			
ENGINEERING:			
Salaries and benefits	\$ 346,560	\$ 347,593	\$ (1,033)
Supplies and services	94,297	48,677	45,620
Utilities	150	449	(299)
Maintenance	18,264	12,596	5,668
Total engineering	459,271	409,315	49,956
STREET ADMINISTRATION:			
Salaries and benefits	1,158,983	781,965	377,018
Supplies and services	304,684	464,486	(159,802)
Utilities	11,800	5,409	6,391
Maintenance	794,939	803,406	(8,467)
Total street administration	2,270,406	2,055,266	215,140
TRAFFIC OPERATIONS:			
Salaries and benefits	819,392	788,699	30,693
Supplies and services	125,109	115,637	9,472
Utilities	1,320,090	1,366,722	(46,632)
Maintenance	214,229	179,009	35,220
Total traffic operations	2,478,820	2,450,067	28,753
Total highways and streets	5,208,497	4,914,648	293,849
CULTURE AND RECREATION			
LIBRARY:			
Salaries and benefits	950,169	920,086	30,083
Supplies and services	191,721	247,982	(56,261)
Utilities	81,650	76,012	5,638
Maintenance	31,139	31,220	(81)
Total library	1,254,679	1,275,300	(20,621)
PARKS ADMINISTRATION:			
Salaries and benefits	724,435	692,078	32,357
Supplies and services	453,939	459,680	(5,741)
Utilities	707,850	668,117	39,733
Maintenance	577,481	498,528	78,953
Total parks administration	2,463,705	2,318,403	145,302

(Continued)

CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CULTURE AND RECREATION (cont'd)			
INDOOR RECREATION:			
Salaries and benefits	\$ 358,566	\$ 363,488	\$ (4,922)
Supplies and services	98,538	98,047	491
Utilities	200	277	(77)
Maintenance	31,594	29,990	1,604
Total indoor recreation	488,898	491,802	(2,904)
OUTDOOR RECREATION:			
Salaries and benefits	145,966	136,465	9,501
Supplies and services	247,865	237,292	10,573
Total outdoor recreation	394,831	373,757	21,074
MEDIAN MAINTENANCE AND ARBORIST:			
Salaries and benefits	194,902	189,023	5,879
Supplies and services	159,281	160,234	(953)
Maintenance	41,611	47,382	(5,771)
Total median maintenance and arborist	395,794	396,639	(845)
ROSE GARDEN CENTER:			
Salaries and benefits	100,721	90,057	10,664
Supplies and services	35,804	31,410	4,394
Utilities	77,325	62,056	15,269
Maintenance	23,380	22,304	1,076
Total rose garden center	237,230	205,827	31,403
ROSE GARDEN MAINTENANCE:			
Salaries and benefits	264,406	239,005	25,401
Supplies and services	96,085	123,009	(26,924)
Utilities	43,925	35,646	8,279
Maintenance	78,549	77,505	1,044
Total rose garden maintenance	482,965	475,165	7,800
VISITOR FACILITIES:			
Salaries and benefits	361,718	355,636	6,082
Supplies and services	122,069	162,288	(40,219)
Utilities	138,644	133,720	4,924
Maintenance	57,535	49,315	8,220
Total visitor facilities	679,966	700,959	(20,993)
TOURISM CONTINGENCY:			
Salaries and benefits	65,212	66,980	(1,768)
Supplies and services	156,573	112,605	43,968
Utilities	18,700	16,324	2,376
Maintenance	5,811	6,644	(833)
Total tourism contingency	246,296	202,553	43,743

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CULTURE AND RECREATION (cont'd)			
MAIN STREET:			
Salaries and benefits	\$ 117,804	\$ 96,865	\$ 20,939
Supplies and services	116,003	133,558	(17,555)
Utilities	7,250	6,910	340
Total main street	<u>241,057</u>	<u>239,106</u>	<u>1,951</u>
Total culture and recreation	<u>6,885,421</u>	<u>6,679,511</u>	<u>205,910</u>
OTHER FINANCING USES			
Transfer to transit system	448,678	448,678	-
Transfer to property and facility	101,305	101,305	-
Transfer to permanent	226,822	226,822	-
Total other financing uses	<u>776,805</u>	<u>776,805</u>	<u>-</u>
CAPITAL OUTLAY	<u>2,287,062</u>	<u>426,746</u>	<u>1,860,316</u>
TOTAL EXPENDITURES	<u>\$ 63,998,215</u>	<u>\$ 61,499,097</u>	<u>\$ 2,499,118</u>

**CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money or property	\$ 132,197	\$ 128,477	\$ (3,720)
Charges for current services	33,855,308	34,128,084	272,776
Miscellaneous income	41,500	529,108	487,608
Sale of assets	-	16,198	16,198
TOTAL REVENUES - BUDGET BASIS	<u>\$ 34,029,005</u>	34,801,867	<u>\$ 772,862</u>
Financial Statement Adjustments:			
Retirement of assets sold		<u>(25,511)</u>	
TOTAL REVENUES GAAP BASIS		<u>\$ 34,776,356</u>	

**CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
WATER ADMINISTRATION AND SUNDRY			
Salaries and benefits	\$ 898,278	\$ 851,805	\$ 46,473
Supplies and services	5,613,516	4,901,532	711,984
Utilities	15,595	13,303	2,292
Maintenance	44,369	145,256	(100,887)
Total water administration and sundry	<u>6,571,758</u>	<u>5,911,896</u>	<u>659,862</u>
WATER OFFICE			
Salaries and benefits	832,991	834,178	(1,187)
Supplies and services	615,372	634,385	(19,013)
Utilities	275	240	35
Maintenance	46,014	39,439	6,575
Total water office	<u>1,494,652</u>	<u>1,508,242</u>	<u>(13,590)</u>
WATER DISTRIBUTION			
Salaries and benefits	1,106,472	1,198,953	(92,481)
Supplies and services	196,580	291,583	(95,003)
Utilities	19,040	13,651	5,389
Maintenance	425,743	329,165	96,578
Total water distribution	<u>1,747,835</u>	<u>1,833,352</u>	<u>(85,517)</u>
WATER PLANT			
Salaries and benefits	1,101,362	1,189,289	(87,927)
Supplies and services	1,437,719	1,233,249	204,470
Utilities	2,069,889	2,424,772	(354,883)
Maintenance	405,947	194,553	211,394
Total water plant	<u>5,014,917</u>	<u>5,041,863</u>	<u>(26,946)</u>
WASTE COLLECTION			
Salaries and benefits	744,544	704,889	39,655
Supplies and services	154,498	275,113	(120,615)
Utilities	585	128	457
Maintenance	587,205	578,037	9,168
Total waste collection	<u>1,486,832</u>	<u>1,558,167</u>	<u>(71,335)</u>
WASTE TREATMENT PLANT			
Salaries and benefits	1,258,845	1,279,676	(20,831)
Supplies and services	1,828,899	1,489,198	339,701
Utilities	959,107	920,410	38,697
Maintenance	276,390	152,424	123,966
Total waste treatment plant	<u>4,323,241</u>	<u>3,841,708</u>	<u>481,533</u>

(Continued)

**CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
LAKE TYLER			
Salaries and benefits	\$ 436,158	\$ 386,385	\$ 49,773
Supplies and services	477,672	230,259	247,413
Utilities	15,902	13,603	2,299
Maintenance	422,543	112,723	309,820
Total Lake Tyler	<u>1,352,275</u>	<u>742,970</u>	<u>609,305</u>
STORM WATER MANAGEMENT			
Salaries and benefits	532,890	455,504	77,386
Supplies and services	89,470	121,151	(31,681)
Maintenance	476,683	480,993	(4,310)
Total Storm Water Management	<u>1,099,043</u>	<u>1,057,648</u>	<u>41,395</u>
GEOGRAPHICAL INFORMATION SYSTEMS			
Salaries and benefits	248,735	230,589	18,146
Supplies and services	141,876	143,271	(1,395)
Total Geographical Information Systems	<u>390,611</u>	<u>373,860</u>	<u>16,751</u>
SLUDGE HAULING			
Salaries and benefits	84,389	23,154	61,235
Supplies and services	212,848	203,525	9,323
Maintenance	95,784	104,305	(8,521)
Utilities	5,233	7,600	(2,367)
Total Sludge Hauling	<u>398,254</u>	<u>338,584</u>	<u>59,670</u>
CAPITAL OUTLAY	<u>10,337,582</u>	<u>7,821,131</u>	<u>2,516,451</u>
PRINCIPAL PAYMENTS ON BONDS	<u>3,245,000</u>	<u>3,245,000</u>	<u>-</u>
INTEREST EXPENSE	<u>2,970,981</u>	<u>3,000,135</u>	<u>(29,154)</u>
TRANSFERS OUT	<u>166,711</u>	<u>169,950</u>	<u>(3,239)</u>
TOTAL EXPENSES BUDGET BASIS	<u>\$ 40,599,692</u>	<u>36,444,506</u>	<u>\$ 4,155,186</u>
Financial statement adjustments:			
Capital outlay items not expensed		(7,821,131)	
Principal payments on bonds		(3,245,000)	
Depreciation expense		6,889,205	
TOTAL EXPENSES - GAAP BASIS		<u>\$ 32,267,580</u>	

**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Franchise fees	\$ 622,950	\$ 580,131	\$ (42,819)
Revenue from use of money or property	45,000	65,839	20,839
Charges for current services	9,894,147	10,426,234	532,087
Miscellaneous revenues	43,436	65,789	22,353
Sale of assets	<u>-</u>	<u>525,870</u>	<u>525,870</u>
TOTAL REVENUES - BUDGET BASIS	<u><u>\$ 10,605,533</u></u>	11,663,863	<u><u>\$ 1,058,330</u></u>
Financial statement adjustments:			
Retirement of assets sold		<u>(262,875)</u>	
TOTAL REVENUES - GAAP BASIS		<u><u>\$ 11,400,988</u></u>	
EXPENSES			
Solid waste administration:			
Salaries and benefits	\$ 560,830	\$ 530,062	\$ 30,768
Supplies and services	871,871	844,683	27,188
Utilities	775	1,205	(430)
Maintenance	<u>4,646</u>	<u>2,763</u>	<u>1,883</u>
Total solid waste administration	<u>1,438,122</u>	<u>1,378,713</u>	<u>59,409</u>
Residential collections:			
Salaries and benefits	1,302,909	1,277,647	25,262
Supplies and services	2,217,882	2,058,056	159,826
Utilities	2,915	2,604	311
Maintenance	<u>1,960,160</u>	<u>2,104,226</u>	<u>(144,066)</u>
Total residential collections	<u>5,483,866</u>	<u>5,442,533</u>	<u>41,333</u>
Commercial collections:			
Salaries and benefits	685,655	734,771	(49,116)
Supplies and services	1,767,523	1,708,621	58,902
Utilities	5,400	2,937	2,463
Maintenance	<u>481,149</u>	<u>526,778</u>	<u>(45,629)</u>
Total commercial collections	<u>2,939,727</u>	<u>2,973,107</u>	<u>(33,380)</u>
Litter control:			
Supplies and services	159,250	119,170	40,080
Utilities	<u>1,000</u>	<u>629</u>	<u>371</u>
Total litter control	<u>160,250</u>	<u>119,799</u>	<u>40,451</u>

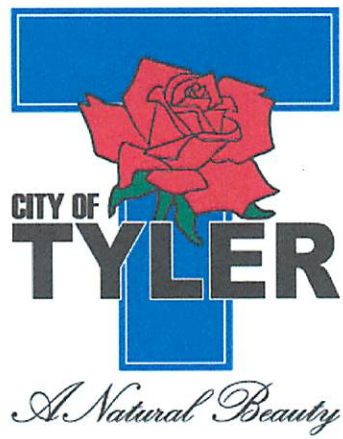
(Continued)

**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Code enforcement:			
Salaries and benefits	\$ 335,062	\$ 337,968	\$ (2,906)
Supplies and services	85,425	76,533	8,892
Utilities	300	95	205
Maintenance	<u>44,156</u>	<u>49,612</u>	<u>(5,456)</u>
 Total residential collections	 464,943	 464,208	 735
 Capital outlay	 512,342	 847,386	 (335,044)
 Transfers out	 <u>116,711</u>	 <u>168,484</u>	 <u>(51,773)</u>
 TOTAL EXPENSES - BUDGET BASIS	 <u><u>\$ 11,115,961</u></u>	 <u>11,394,230</u>	 <u><u>\$ (278,269)</u></u>
 Financial statement adjustments:			
Capital outlay items not expensed		(847,386)	
Depreciation expense		<u>823,684</u>	
 TOTAL EXPENSES - GAAP BASIS		 <u><u>\$ 11,370,528</u></u>	

**CITY OF TYLER, TEXAS
AIRPORT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Airport services	\$ 1,194,927	\$ 1,433,771	\$ 238,844
Revenue from use of money or property	7,000	3,310	(3,690)
Capital contributions	8,303,158	5,998,483	(2,304,675)
Miscellaneous revenues	14,300	24,780	10,480
Total Revenues	9,519,385	7,460,344	(2,059,041)
Transfers in	1,011,287	996,037	(15,250)
TOTAL REVENUES - BUDGET AND GAAP BASIS	\$ 10,530,672	\$ 8,456,381	\$ (2,074,291)
EXPENSES			
Municipal airport operations:			
Salaries and benefits	\$ 508,993	\$ 529,639	\$ (20,646)
Supplies and services	731,102	502,993	228,109
Utilities	233,700	249,150	(15,450)
Maintenance	139,954	96,217	43,737
Total municipal airport operations	1,613,749	1,377,999	235,750
Interest expense	16,936	18,414	(1,478)
Capital Outlay	10,194,466	7,855,306	2,339,160
TOTAL EXPENSES BUDGET BASIS	\$ 11,825,151	9,251,719	\$ 2,573,432
Financial statement adjustments:			
Capital outlay items not expensed		(7,855,306)	
Depreciation expense		1,326,033	
TOTAL EXPENSES - GAAP BASIS		\$ 2,722,446	



STATISTICAL SECTION (UNAUDITED)

**CITY OF TYLER, TEXAS
STATISTICAL SECTION**

This part of the City of Tyler’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City’s overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	118
Revenue Capacity	
These schedules contain information to help the reader assess the City’s most significant local revenue source, property taxes.	124
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	130
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	135
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	137

TABLE 1

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 211,924,238	\$ 208,396,601	\$ 207,182,671	\$ 210,591,077	\$ 227,755,201	\$ 239,906,695	\$ 239,107,580	\$ 239,531,725	\$ 235,722,589	\$ 226,678,557
Restricted	17,722,137	26,062,078	33,345,752	33,847,339	20,472,939	9,219,851	11,517,178	17,671,823	18,144,679	25,006,305
Unrestricted	18,090,555	20,124,780	23,641,384	24,690,983	25,250,120	22,863,133	19,492,047	15,660,827	23,997,766	24,904,041
Total governmental activities net position	\$ 247,736,930	\$ 254,583,459	\$ 264,169,807	\$ 269,129,399	\$ 273,478,260	\$ 271,989,679	\$ 270,116,805	\$ 272,864,375	\$ 277,865,034	\$ 276,588,903
Business-type activities										
Invested in capital assets, net of related debt	\$ 126,955,956	\$ 130,848,615	\$ 132,481,137	\$ 136,990,101	\$ 145,115,746	\$ 146,154,811	\$ 133,928,119	\$ 139,645,933	\$ 146,342,227	\$ 155,451,446
Restricted	6,921,624	6,277,841	5,553,965	10,383,523	7,300,006	9,194,730	20,885,481	15,567,963	14,296,705	21,543,386
Unrestricted	26,619,426	26,279,373	27,994,475	20,912,997	12,746,703	10,186,615	10,328,726	13,559,374	14,488,578	6,834,476
Total business-type activities net position	\$ 160,497,006	\$ 163,405,829	\$ 166,029,577	\$ 168,286,621	\$ 165,162,455	\$ 165,536,156	\$ 165,142,326	\$ 168,773,270	\$ 175,127,510	\$ 183,829,308
Primary government										
Invested in capital assets, net of related debt	\$ 338,880,194	\$ 339,245,216	\$ 339,663,808	\$ 347,581,178	\$ 372,870,947	\$ 386,061,506	\$ 373,035,699	\$ 379,177,658	\$ 382,064,816	\$ 382,130,003
Restricted	24,643,761	32,339,919	38,899,717	44,230,862	27,772,945	18,414,581	32,402,659	33,239,786	32,441,384	46,549,691
Unrestricted	44,709,981	46,404,153	51,635,859	45,603,980	37,996,823	33,049,748	29,820,773	29,220,201	38,486,344	31,738,517
Total primary government net position	\$ 408,233,936	\$ 417,989,288	\$ 430,199,384	\$ 437,416,020	\$ 438,640,715	\$ 437,525,835	\$ 435,259,131	\$ 441,637,645	\$ 452,992,544	\$ 460,418,211

Source: Government-wide Statement of Net Position

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 7,178,812	\$ 7,457,535	\$ 5,573,690	\$ 6,426,203	\$ 7,454,087	\$ 10,320,209	\$ 7,809,290	\$ 9,389,003	\$ 7,699,118	\$ 8,814,941
Public safety	27,952,461	31,757,773	33,029,011	34,702,549	37,491,453	38,280,137	38,769,464	41,169,622	42,534,178	43,594,916
Highways and streets	11,450,585	6,097,617	11,006,417	17,047,887	6,548,649	6,319,359	16,527,248	15,033,649	16,221,560	16,197,280
Public services	14,644,612	18,796,772	16,343,022	13,951,231	25,829,353	27,916,561	14,695,196	14,814,548	13,961,677	14,395,725
Cultures and recreation	4,842,201	5,880,907	5,751,590	5,818,106	6,842,821	6,775,264	8,002,574	8,497,285	8,470,638	8,314,970
Interest on long term debt	335,321	295,946	252,779	260,027	161,066	85,952	102,507	117,564	106,407	74,423
Total governmental activities expenses	66,403,992	70,286,550	71,956,509	78,206,003	84,327,429	89,697,482	85,906,279	89,021,671	88,993,578	91,392,255
Business-type activities:										
Water and sewer	21,249,718	23,933,574	27,076,159	27,457,606	29,223,154	29,488,289	30,851,493	30,449,882	31,109,582	32,097,630
Sanitation	7,190,230	7,349,545	8,162,384	9,371,472	10,645,321	11,254,980	11,023,910	11,324,625	11,327,917	11,202,044
Airport	1,740,939	1,744,009	1,887,221	1,902,590	2,104,355	2,111,713	2,242,547	2,632,814	2,522,166	2,722,446
Total business-type activities expenses	30,180,887	33,027,128	37,125,764	38,731,668	41,972,830	42,854,982	44,117,950	44,407,321	44,959,665	46,022,120
Total primary government expenses	\$ 96,584,879	\$ 103,313,678	\$ 109,082,273	\$ 116,937,671	\$ 126,300,259	\$ 132,552,464	\$ 130,024,229	\$ 133,428,992	\$ 133,953,243	\$ 137,414,375
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 7,097,356	\$ 6,029,023	\$ 2,196,871	\$ 1,367,849	\$ 1,016,572	\$ 1,040,889	\$ 1,661,810	\$ 1,857,150	\$ 2,262,331	\$ 2,242,946
Public safety	4,710,487	4,789,289	5,256,407	5,869,061	6,373,097	6,749,859	6,969,674	7,081,718	8,427,569	7,943,419
Highways and streets	134,221	122,430	108,977	108,658	105,590	103,749	101,961	99,130	95,913	94,981
Public services	875,250	923,159	2,219,649	1,849,755	1,805,204	1,494,735	1,646,938	1,735,565	2,083,303	1,962,945
Cultures and recreation	902,102	848,073	1,755,189	1,670,000	1,756,442	2,064,127	1,967,468	2,007,504	1,149,328	1,027,908
Operating grants and contributions	9,652,510	10,732,572	10,100,985	11,667,106	11,770,402	12,741,193	11,821,887	11,483,945	10,569,298	11,033,709
Capital grants and contributions	702,594	1,025,441	1,038,003	664,756	1,464,546	1,905,580	2,004,617	2,033,980	329,091	774,752
Total governmental activities program revenues	24,074,520	24,469,987	22,676,081	23,197,185	24,291,853	26,100,132	26,174,355	26,298,992	24,916,833	25,080,660
Business-type activities:										
Charges for services:										
Water and sewer	21,193,367	23,474,563	27,510,442	24,220,110	25,251,490	27,177,264	28,988,948	35,349,773	32,493,375	34,680,614
Sanitation	8,171,792	8,784,501	9,196,133	9,478,869	10,208,139	10,191,306	10,396,140	10,231,984	11,250,663	11,502,821
Airport	1,142,029	1,282,408	1,048,121	1,093,674	1,096,372	1,007,417	1,067,734	952,105	1,174,841	1,433,089
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	227,805	1,834,325	1,171,731	4,395,723	1,296,949	4,702,692	3,503,343	1,861,673	5,449,727	5,998,483
Total business-type activities program revenues	30,734,993	35,375,797	38,926,427	39,188,376	37,852,950	43,078,679	43,956,165	48,395,535	50,368,606	53,615,007
Total primary government program revenues	\$ 54,809,513	\$ 59,845,784	\$ 61,602,508	\$ 62,385,561	\$ 62,144,803	\$ 69,178,811	\$ 70,130,520	\$ 74,694,527	\$ 75,285,439	\$ 78,695,667
Net (expense)/revenue										
Governmental activities	\$ (42,329,472)	\$ (45,816,563)	\$ (49,280,428)	\$ (55,008,818)	\$ (60,035,576)	\$ (63,597,350)	\$ (59,731,924)	\$ (62,722,679)	\$ (64,076,745)	\$ (66,311,595)
Business-type activities	554,106	2,348,669	1,800,663	456,708	(4,119,880)	223,697	(161,785)	3,988,214	5,408,941	7,592,887
Total primary government net expense	\$ (41,775,366)	\$ (43,467,894)	\$ (47,479,765)	\$ (54,552,110)	\$ (64,155,456)	\$ (63,373,653)	\$ (59,893,709)	\$ (58,734,465)	\$ (58,667,804)	\$ (58,718,708)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 11,260,696	\$ 12,011,517	\$ 12,314,640	\$ 12,622,887	\$ 12,460,794	\$ 13,525,006	\$ 13,798,294	\$ 14,037,311	\$ 14,155,402	\$ 14,333,678
Franchise taxes	8,361,246	6,928,917	8,676,103	8,283,477	9,202,397	9,121,057	9,215,625	10,010,620	9,882,588	10,186,300
Sales and use taxes	28,398,933	32,235,770	35,094,518	36,972,343	39,718,617	37,618,275	35,831,538	36,902,058	38,362,310	40,582,134
Unrestricted investment earnings and use of money and property	544,607	1,181,976	2,540,255	3,218,698	2,182,350	793,536	292,013	249,064	226,322	191,907
Gain (loss) on sale of assets	182,141	216,729	51,294	(389,284)	560,303	556,151	(2,010,976)	244,895	550,466	224,224
Miscellaneous	-	-	-	-	580,227	328,047	181,771	3,352,240	328,963	148,120
Donations	-	-	-	-	-	-	-	-	-	26,704
Equity in earnings of joint venture	-	-	66,000	-	(3,000)	-	-	-	-	-
Transfers	(108,944)	23,103	123,963	(739,711)	(317,251)	166,697	550,785	674,061	(679,152)	(657,603)
Total governmental activities	48,638,679	52,598,012	58,866,773	59,968,410	64,384,437	62,108,769	57,859,050	65,470,249	62,826,899	65,035,464
Business-type activities:										
Unrestricted investment earnings and use of money and property	396,603	564,244	816,200	1,000,842	660,160	307,280	311,351	305,330	266,145	197,626
Gain (loss) on sale of assets	(553,731)	19,013	130,848	59,783	18,303	9,421	7,389	11,461	-	253,682
Transfers	108,944	(23,103)	(123,963)	739,711	317,251	(166,697)	(550,785)	(674,061)	679,152	657,603
Total business-type activities	(48,184)	560,154	823,085	1,800,336	995,714	150,004	(232,045)	(357,270)	945,297	1,108,911
Total primary government	\$ 48,590,495	\$ 53,158,166	\$ 59,689,858	\$ 61,768,746	\$ 65,380,151	\$ 62,258,773	\$ 57,627,005	\$ 65,112,979	\$ 63,772,196	\$ 66,144,375
Change in Net Position										
Governmental activities	\$ 6,309,207	\$ 6,781,449	\$ 9,586,345	\$ (67,166)	\$ 4,348,861	\$ (1,488,581)	\$ (1,872,874)	\$ 2,747,570	\$ (1,249,846)	\$ (1,276,131)
Business-type activities	505,922	2,908,823	2,623,748	(2,319,544)	(3,124,166)	373,701	(393,830)	3,630,944	6,354,238	8,701,798
Total primary government	\$ 6,815,129	\$ 9,690,272	\$ 12,210,093	\$ 7,216,636	\$ 1,224,695	\$ (1,114,880)	\$ (2,266,704)	\$ 6,378,514	\$ 5,104,392	\$ 7,425,667

Source: Government-wide Statement of Activities

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

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax (1)	Total
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
2010	13,798,294	9,215,625	35,831,538	58,845,457
2011	14,037,311	10,010,620	36,902,058	60,949,989
2012	14,155,402	9,882,588	38,362,310	62,400,300
2013	14,333,678	10,186,300	40,582,134	65,102,112

Source: Government-wide Statement of Activities
(1) 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved For:										
Reserved	\$ 372,255	\$ 495,052	\$ 630,941	\$ 970,985	\$ 710,167	\$ 841,201	\$ 61,493	\$ -	\$ -	\$ -
Unreserved	7,266,322	10,236,849	9,367,769	9,781,276	10,395,564	9,293,115	8,712,233	-	-	-
Nonspendable	-	-	-	-	-	-	-	111,596	49,767	48,565
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	361,785	365,140
Unassigned	-	-	-	-	-	-	-	12,121,180	11,856,089	12,198,776
Total General Fund	<u>\$ 7,638,577</u>	<u>\$ 10,731,901</u>	<u>\$ 9,998,710</u>	<u>\$ 10,752,261</u>	<u>\$ 11,105,731</u>	<u>\$ 10,134,316</u>	<u>\$ 8,773,726</u>	<u>\$ 12,232,776</u>	<u>\$ 12,267,641</u>	<u>\$ 12,612,481</u>
One-Half Cent Sales Tax fund										
Reserved	\$ 12,418,065	\$ 18,375,571	\$ 23,194,704	\$ 23,263,920	\$ 14,205,050	\$ 3,909,296	\$ 5,649,324	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	8,151,725	10,760,784	17,534,474
Total One-Half Cent Sales Tax fund	<u>\$ 12,418,065</u>	<u>\$ 18,375,571</u>	<u>\$ 23,194,704</u>	<u>\$ 23,263,920</u>	<u>\$ 14,205,050</u>	<u>\$ 3,909,296</u>	<u>\$ 5,649,324</u>	<u>\$ 8,151,725</u>	<u>\$ 10,760,784</u>	<u>\$ 17,534,474</u>
All Other Governmental Funds										
Reserved For:										
Reserved	\$ 4,988,818	\$ 7,602,721	\$ 10,360,927	\$ 10,819,001	\$ 6,132,548	\$ 5,246,366	\$ 5,973,754	\$ -	\$ -	\$ -
Unreserved	2,648,253	4,070,662	5,782,970	6,281,827	5,288,898	4,902,631	5,138,817	-	-	-
Nonspendable	-	-	-	-	-	-	-	2,537,012	2,618,800	2,681,379
Restricted	-	-	-	-	-	-	-	6,989,485	4,769,545	4,795,421
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	2,304,944	1,008,898
Unassigned	-	-	-	-	-	-	-	(2,626)	-	-
Total All Other Governmental Funds	<u>\$ 7,637,071</u>	<u>\$ 11,673,383</u>	<u>\$ 16,143,897</u>	<u>\$ 17,100,828</u>	<u>\$ 11,421,446</u>	<u>\$ 10,148,997</u>	<u>\$ 11,112,571</u>	<u>\$ 9,523,871</u>	<u>\$ 9,693,289</u>	<u>\$ 8,485,698</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 47,846,213	\$ 51,246,422	\$ 56,049,187	\$ 57,895,447	\$ 61,346,899	\$ 60,296,164	\$ 58,821,522	\$ 60,950,034	\$ 62,458,006	\$ 65,100,567
Licenses and permits	882,812	805,151	876,289	1,277,127	1,313,566	1,069,993	942,228	1,134,112	986,939	1,251,436
Fines, forfeitures, and penalties	4,710,487	4,789,289	5,256,407	5,869,061	6,353,098	6,749,859	6,969,674	7,081,718	7,213,751	6,747,247
Revenues from use of money or property	713,117	1,225,894	2,238,479	2,716,977	1,881,323	825,692	505,666	769,565	890,955	790,478
Charges for current services	2,744,510	2,494,849	2,499,369	2,588,688	2,691,910	3,014,543	3,034,416	3,360,649	2,669,475	2,630,074
Revenues from other agencies	10,374,859	11,020,639	11,357,757	11,083,735	12,440,981	13,623,265	12,232,230	13,041,163	10,608,019	11,190,288
Donations	62,986	184,723	229,307	731,232	413,144	403,659	847,951	312,271	181,932	402,064
Miscellaneous	2,562,170	1,999,614	2,110,524	1,258,817	1,086,713	1,304,380	1,547,892	1,097,574	1,229,190	714,585
Total revenues	69,897,154	73,766,581	80,617,319	83,421,084	87,527,634	87,287,555	84,901,579	87,747,086	86,238,267	88,826,739
Expenditures										
General government	6,114,458	6,529,834	7,126,409	6,911,903	6,733,947	7,429,667	6,704,650	7,070,867	6,887,278	7,249,762
Public safety	27,221,728	28,590,020	30,165,850	31,814,585	34,456,024	36,927,994	37,193,941	37,976,171	39,724,861	41,169,936
Public services	11,491,711	11,533,500	13,552,815	15,221,282	16,468,571	15,948,148	13,830,744	13,507,358	12,652,458	12,850,038
Highways and streets	6,183,028	5,863,568	5,197,445	4,774,083	5,683,413	5,436,862	5,464,426	3,667,305	4,813,390	4,914,648
Culture and recreation	3,406,621	5,123,588	4,836,104	4,812,659	5,101,737	6,329,960	6,328,027	6,692,554	6,902,974	7,021,610
Capital outlay	7,476,587	8,283,861	9,756,670	16,283,239	29,400,401	28,292,242	14,281,326	14,011,314	12,358,611	8,196,820
Debt service										
Principal	880,000	960,000	1,000,000	1,030,000	3,310,000	-	-	-	97,331	316,927
Interest	340,617	301,466	258,030	211,733	91,805	277	1,091	1,045	13,363	10,718
Total expenditures	63,114,750	67,185,837	71,893,323	81,059,484	101,245,898	100,365,150	83,804,205	82,926,614	83,450,266	81,730,459
Excess of revenues over (under) expenditures	6,782,404	6,580,744	8,723,996	2,361,600	(13,718,264)	(13,077,595)	1,097,374	4,820,472	2,788,001	7,096,280
Other financing sources (uses)										
Refunding bond proceeds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	1,029,095	-
Transfers in	227,669	3,038,989	3,915,226	2,571,195	3,236,749	2,624,512	3,523,779	2,820,585	2,690,528	2,233,311
Transfers out	(712,169)	(3,009,013)	(4,086,833)	(3,161,071)	(3,893,979)	(2,616,280)	(3,355,876)	(3,269,959)	(3,694,280)	(3,418,652)
Sale of capital assets	30,746	4,106	4,067	7,975	10,712	348,691	77,738	1,652	-	-
Total other financing sources (uses)	(453,754)	34,082	(167,540)	(581,901)	(646,518)	356,923	245,641	(447,722)	25,343	(1,185,341)
Net Change in fund balances	\$ 6,328,650	\$ 6,614,826	\$ 8,556,456	\$ 1,779,699	\$ (14,364,782)	\$ (12,720,672)	\$ 1,343,015	\$ 4,372,750	\$ 2,813,344	\$ 5,910,939
Debt service as a percentage of noncapital expenditures	2.22%	2.14%	2.00%	1.92%	4.73%	0.0004%	0.0016%	0.0015%	0.1557%	0.4456%

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)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Sales and Use Tax (1)</u>	<u>Total</u>
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
2010	13,774,359	9,215,625	35,831,538	58,821,522
2011	14,037,356	10,010,620	36,902,058	60,950,034
2012	14,213,108	9,882,588	38,362,310	62,458,006
2013	14,332,133	10,186,300	40,582,134	65,100,567

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
RETAIL SALES AND SALES TAX REVENUE ALLOCATION
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Retail Sales Tax Revenue (Fiscal Year) ¹		
	General Fund	Capital Projects	Total
	Revenue - 1.0%	Special Revenue - 0.5%	Revenue ²
2004	\$ 18,560,375	\$ 9,280,187	\$ 27,840,562
2005	20,263,478	10,131,739	30,395,217
2006	22,006,576	11,003,288	33,009,864
2007	23,154,848	11,577,424	34,732,272
2008	24,858,943	12,429,471	37,288,414
2009	23,471,623	11,737,812	35,209,435
2010	22,314,720	11,157,410	33,472,130
2011	22,849,738	11,424,869	34,274,608
2012	23,390,802	11,695,401	35,086,203
2013	24,708,985	12,354,493	37,063,478

¹ Source: Texas Comptroller of Public Accounts

² Does not include Hotel / Motel Taxes, Mixed Beverage Taxes or Bingo Taxes.

Note: In accordance with Title 3, Subtitle C, Chapter 321 of the Texas Tax Code, the City of Tyler impose a sales and Use Tax of 1.5 %.

Note: The Retail Sales Tax Rate in the City of Tyler is 8.25 %. Of this 6.25% is State Tax, 0.5 % is Smith County Tax, 1.0% is City Tax available for General Government Services and 0.5 % is City Tax available only for Capital Projects.

TABLE 8

**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					
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
2010	5,691,854,590	N/A	1,009,462,843	N/A	N/A	6,701,317,433	0.204000
2011	5,759,889,140	N/A	970,691,666	N/A	N/A	6,730,580,806	0.208865
2012	5,859,969,154	N/A	984,818,840	N/A	N/A	6,844,787,994	0.207708
2013	6,005,291,458	N/A	995,470,019	N/A	N/A	7,000,761,477	0.207710

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 9

**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**						
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
2010	0.204000	-	0.204000	0.31394	1.37500	0.13695	1.27000	1.19300	4.49289
2011	0.208865	-	0.208865	0.32390	1.37500	0.18218	1.26000	1.19300	4.54294
2012	0.207708	-	0.207708	0.32356	1.37500	0.19993	1.24500	1.19300	4.54420
2013	0.220000	-	0.220000	0.32356	1.37500	0.19993	1.25300	1.19300	4.56449

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 10

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

Taxpayer	2013			2004		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value *	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value ^b
	Value			Value		
Delek Refining (La Gloria)	\$ 251,705,756	1	3.59%	\$ 37,968,616	7	0.85%
Brookshire Grocery Company	119,155,759	2	1.70%	85,696,206	2	1.93%
Trane / American Standard	95,573,046	3	1.36%	108,772,063	1	2.45%
Genecov Investment	83,804,665	4	1.19%	30,262,179	9	0.68%
Walmart / Sam's East Inc	70,147,894	5	1.00%	47,172,789	3	1.06%
Oncor Electric	60,426,017	6	0.86%	41,243,460	5	0.93%
Simon Property Group	42,815,000	7	0.61%	42,528,468	4	0.96%
Carrier / United Technologies	33,884,551	8	0.46%	39,174,199	6	0.88%
Western Rim Investors	31,785,000	9	0.45%			
Cebridge Acquisitions LP	31,383,350	10	0.45%			
Roosth Steven C Trustee						
AT&T / South Western Bell				34,169,257	8	0.77%
Hood Packaging				15,978,289	10	0.36%
Total	\$ 820,681,038		11.72%	\$ 482,965,526		10.87%

Source: Smith County Appraisal District

Note:

* Total taxable value including real and personal property for tax year 2012 (fiscal year 2013) is--

\$ 7,000,761,477

^b Total taxable value including real and personal property for tax year 2003 (fiscal year 2004) is --

4,443,904,967

TABLE 11

**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
2004	\$ 11,058,880	\$ 10,924,880	98.8%	\$ 120,206	\$ 11,045,086	99.9%
2005	11,838,625	11,698,410	98.8%	123,974	11,822,384	99.9%
2006	12,126,834	11,909,913	98.2%	195,668	12,105,581	99.8%
2007	12,461,722	12,228,627	98.1%	232,547	12,461,174	100.0%
2008	12,091,624	11,876,112	98.2%	188,528	12,064,640	99.8%
2009	13,369,180	13,177,721	98.6%	155,046	13,332,767	99.7%
2010	13,617,164	13,377,811	98.2%	136,880	13,514,691	99.2%
2011	13,848,376	13,629,528	98.4%	118,802	13,748,330	99.3%
2012	13,989,361	13,799,246	98.6%	-	13,799,246	98.6%
2013	14,159,255	13,990,275	98.8%	-	13,990,275	98.8%

Source: Smith County Tax Assessor/Collector

TABLE 12

**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	Other Obligations***	Water and Sewer Revenue Bonds**	Other Obligations***			
2004	6,300,000	-	59,990,000	-	66,290,000	3.07%	656
2005	5,340,000	-	58,113,500	-	63,453,500	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
2010	-	-	72,849,825	-	72,849,825	2.82%	664
2011	-	-	70,270,000	-	70,270,000	2.57%	675.13
2012	-	-	68,125,000	-	68,125,000	2.56%	602.95
2013	-	5,372,972	64,864,840	-	70,237,812	2.49%	672.61

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

* See Table 17 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 20).

*** In 2013, the City started including Capital Leases in Other Obligations.

TABLE 13

**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 ^a	Per Capita ^b
	General Obligation Bonds	Debt Service Fund Balance	Total		
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	-
2010	-	-	-	n/a	-
2011	-	-	-	n/a	-
2012	-	-	-	n/a	-
2013	-	-	-	n/a	-

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

^aSee Table 8 for property value data.

^bSee Table 17 for population data.

TABLE 14

**CITY OF TYLER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013**

<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	\$ 33,585,000	50.08%	\$ 16,819,368.00
Tyler Independent School District	79,084,000	71.04%	56,181,273.60
Tyler Junior College	59,521,212	65.00%	38,688,787.80
Chapel Hill Independent School District	20,365,000	19.15%	3,899,897.50
Whitehouse Independent School District	31,525,076	27.37%	8,628,413.30
Subtotal, overlapping debt			<u>124,217,740.20</u>
City of Tyler (direct debt)**	5,372,972	100%	5,372,972.00
Total direct and overlapping debt			<u><u>\$ 129,590,712.20</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.

** The City of Tyler does not have any general obligation debt. Direct debt includes capital leases for governmental activities.

TABLE 15

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 444,390,497	\$ 475,723,700	\$ 508,729,254	\$ 556,980,133	\$ 614,230,903	\$ 657,487,241	\$ 670,131,743	\$ 673,058,081	\$ 684,478,799	\$ 700,076,148
Total net debt applicable to limit	3,837,404	2,727,831	1,402,290	(1,936)	-	-	-	-	-	-
Legal debt margin	\$ 440,553,093	\$ 472,995,869	\$ 507,326,964	\$ 556,982,069	\$ 614,230,903	\$ 657,487,241	\$ 670,131,743	\$ 673,058,081	\$ 684,478,799	\$ 700,076,148
Total net debt applicable to limit as a percentage of debt limit	0.86%	0.57%	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 7,000,761,477
Add back: exempt real property	-
Total assessed value	<u>7,000,761,477</u>
Debt limit (10% of total assessed value)	<u>700,076,148</u>
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>\$ 700,076,148</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 16

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

Fiscal Year	Water and Sewer Revenue Bonds				
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Annual Debt Service Requirement	Times Coverage
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	18,729,094	6,593,542	5,375,972	1.226
2010	29,256,165	20,380,883	8,875,282	6,189,701	1.434
2011	35,659,701	20,253,413	15,406,288	6,167,128	2.498
2012	32,316,843	21,214,236	11,102,607	6,158,805	1.803
2013	34,657,192	22,038,340	12,618,852	5,439,152	2.320

Note: ^aIncludes operating and non-operating revenues.

In 2010 new bond covenants were amended to include only operating revenues in determining Net Available Revenue.

^bIncludes operating expenses (including capital activity) minus depreciation plus net transfers out.

Source: Comprehensive Annual Financial Report

TABLE 17

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

<u>Fiscal Year</u>	<u>Estimated Population¹</u>	<u>Estimated Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age²</u>	<u>Education Level in Years of Formal Schooling²</u>	<u>School Enrollment³</u>	<u>Unemployment Rate²</u>
2004	101,106	\$ 2,159,927	\$ 21,363	34.1	n/a	17,394	5.8%
2005	102,001	2,224,725	21,811	34.1	n/a	17,489	5.1%
2006	105,873	2,291,467	21,643	34.1	13.6	17,548	5.0%
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	4.7%
2010	109,748	2,579,066	23,500	34.1	13.6	18,344	7.2%
2011	112,986	2,656,438	23,511	34.1	13.6	18,480	7.7%
2012	104,083	2,736,131	26,288	34.1	13.6	18,336	7.8%
2013	104,426	2,818,215	26,988	32.8	13.6	18,403	6.9%

Data sources:

¹Bureau of Census/Population Study

²Tyler Economic Development Council

³Tyler 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 18

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
Trinity Mother Frances *	3,775	1	7.8%	3,384	1	7.0%
East Texas Medical Center *	3,153	2	6.5%	3,214	2	6.6%
Brookshire Grocery Company *	2,599	3	5.4%	2,576	3	5.3%
Tyler Independent School District	2,468	4	5.1%	2,228	4	4.6%
Trane Company *	1,500	5	3.1%	2,000	5	4.1%
SuddenLink*	1,500	6	3.1%			0.0%
Wal-Mart	1,311	7	2.7%			0.0%
The University of Texas at Tyler	1,121	8	2.3%			0.0%
UT Health Center At Tyler	925	9	1.9%	1,247	6	2.6%
Tyler Junior College	862	10	1.8%			0.0%
Smith County	773	11	1.6%			0.0%
City of Tyler	765	12	1.6%			0.0%
Target Distribution Center	650	13	1.3%	929	7	1.9%
Southside Bank*	614	14	1.3%	565	8	1.2%
Total	22,016		45.5%	16,143		33.2%

Source: Tyler Economic Development Council

* Headquarters located in Tyler.

(1) total city employment of 48,349

(2) total city employment of 48,640

TABLE 19

**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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	69	68	69	63	62	67	55	55	60	63
Public safety	400	392	395	373	375	387	431	434	436	437
Highways and streets	72	68	61	73	76	61	54	54	53	52
Public Services	22	24	27	55	54	30	40	42	37	33
Culture and Recreation	76	79	86	83	82	79	73	72	66	75
Water & sewer	91	89	96	88	90	89	89	102	101	106
Sanitation	38	40	41	36	33	40	39	38	39	41
Airport	10	10	9	10	10	10	10	9	10	9
All Others							33	31	29	30
Total	778	770	784	781	782	763	824	837	831	846

Source: City of Tyler Finance Department

TABLE 20

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Accounting										
Dollar value of accounts payable	\$ 63,628,562	\$ 61,345,219	\$ 64,263,337	\$ 73,895,738	\$ 85,585,415	\$ 95,605,330	\$ 84,632,623	\$ 72,211,330	\$ 77,395,157	\$ 76,966,097
Legal										
Number of ordinances prepared and adopted	96	80	103	130	155	127	126	110	104	121
Number of resolutions prepared and adopted	27	26	31	36	29	38	32	29	34	31
Public Safety										
Police										
Number of sworn officers	182	182	182	182	187	187	185	191	191	193
Fire										
Number of structure fires	140	185	171	180	160	125	157	135	114	105
Highways and Streets										
Streets										
Percentage of city streets graded A condition	58.4%	59.5%	61.3%	61.0%	60.8%	61.0%	61.9%	72.3%	78.0%	**
Traffic										
Number of traffic signals maintained	129	130	133	133	133	135	138	145	147	153
Public Services										
Planning										
Number of historic building designations awarded	4	4	7	5	2	1	1	6	17	95
Culture and Recreation										
Parks										
Amount of park acreage (maintained from 2008)	1113.4	1113.4	1113.4	1113.4	856.35	856.35	856.35	856.35	757.99	757.99
Number of rose bushes planted	1500	1500	1765	1829	1500	2077	1776	1056	536	2563
Library *										
Total number of volumes owned	170,251	201,822	n/a	233,966	241,164	250,137	229,610	200,257	188,856	175,402
Water & sewer										
Average volume of wastewater treated daily (gallons)	12.8 million	12.5 million	11.7 million	14.2 million	11.4 million	11.3 million	12.8 million	14.03 million	14.03 million	14.27 million
Average monthly volume of water production (gallons)	611.5 million	732.3 million	771.8 million	585.5 million	692.2 million	650.98 million	725.48 million	844.70 million	768.76 million	746.22 million
Water production capability (gallons per day)	70 million	70 million	70 million	70 million	70 million	70 million	74.7 million	74.7 million	74.7 million	74.7 million
Average monthly revenue billed	\$ 1,766,114	\$ 1,929,895	\$ 2,226,541	\$ 1,977,370	\$ 2,030,821	\$ 2,169,007	\$ 2,325,159	\$ 2,926,751	\$ 2,701,842	\$ 2,844,007
Sanitation										
Number of residential customers	26,572	26,783	27,351	27,658	27,881	28,467	28,151	28,441	28,743	27,399
Number of curbside garbage carts in use	8,831	10,592	14,773	23,572	27,280	27,924	27,699	28,357	29,067	28,374
Airport										
Annual gallons of fuel flowage	1,076,289	1,053,211	1,000,090	1,056,595	1,004,469	921,634	984,181	978,831	1,029,059	1,370,092
Number of annual enplanements	70,549	85,681	78,971	78,416	77,942	73,989	73,114	72,509	73,343	85,069

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 21

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007*	2008	2009	2010	2011	2012	2013
Public Safety										
Police Stations	3	3	3	4	2	2	2	2	2	2
Police Patrol Units	n/a	44	51	61	63	60	62	62	61	80
Police Motorcycle Units	11	11	11	11	11	16	16	16	16	17
Fire Stations	9	9	9	9	10	10	10	10	10	10
Highways and Streets										
City Maintained Paved Streets- (miles)***	452	452	462	468	474	474	476	476	570	1120
Annual Street Overlays- (miles)***	4	5	4	2	5	5	10	45	16	27
Public Services										
Transit Buses	15	15	15	17	17	17	17	20	20	14
Culture and Recreation										
Parks (acres)	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4	1207.4	1207.4
Playgrounds	17	17	23	21	21	21	21	22	22	22
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	3	3	3	2	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Public Library	1	1	1	1	1	1	1	1	1	1
Water & Sewer										
Water mains (miles)	582	582	582	590	595	625	654	660	693	693
Fire Hydrants	2403	2403	2403	3450	3545	3596	3703	3868	4220	4219
Water Plants	2	2	2	2	2	2	2	2	2	2
Sanitary Sewers (miles)	508	508	508	519	567	590	597	608	621	631
Sanitation										
Garbage Trucks	n/a	39	39	40	43	40	41	41	45	36
Airport										
Airport Terminal	1	1	1	1	1	1	2	2	1**	1**
Airport Runways	3	3	3	3	3	3	3	3	3	3

Source: City Departments

n/a - Data not available.

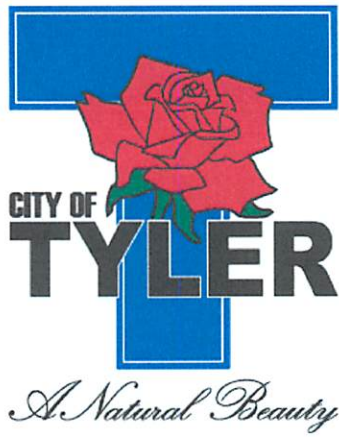
* In FY 2007

A complete inventory of fire hydrants 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.

** As of FY 2012, the old airport terminal is now used by the Historic Aviation Memorial Museum and Skyline Café.

*** As of FY 2013 streets converted over to PCI, streets maintained and overlays are now calculated by lane miles.



GOVERNMENTAL COMPLIANCE SECTION

HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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
Tyler, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas as of and for the year ended September 30, 2013, which collectively comprise City of Tyler, Texas' basic financial statements and have issued our report thereon dated March 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tyler, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Tyler, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tyler, Texas' internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tyler, Texas' 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 matters that we reported to management of City of Tyler, Texas, in a separate letter dated March 17, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry + Peters, P.C.

Tyler, Texas
March 17, 2014

HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE
STATE OF TEXAS SINGLE AUDIT CIRCULAR**

The Honorable City Council and Audit Committee
City of Tyler, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Tyler, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the State of Texas Single Audit Circular that could have a direct and material effect on each of the City of Tyler's major federal and state programs for the year ended September 30, 2013. The City of Tyler, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Tyler, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas Single Audit Circular. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Tyler, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Tyler, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Tyler, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Tyler, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Henry + Peters, P.C.

Tyler, Texas
March 17, 2014

CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>CDBG - Entitlement Grants Cluster</u>			
Community Development Block Grant Entitlement Grants	14.218*		\$ 892,680
HOME Investment Partnerships Program	14.239		314,947
<u>Housing Voucher Cluster</u>			
Section 8 Housing Choice Voucher Program	14.871		7,262,036
Family Self Sufficiency Coordinator Grant	14.871		48,877
Total Housing Voucher Program			<u>7,310,913</u>
Total U.S. Department of Housing and Urban Development			<u>8,518,540</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Edward Byrne Memorial Formula Grant	16.579		55,426
Bulletproof Vest Partnership	16.607		27,570
COPS Hiring Program Grant	16.710		302,730
Passed through Smith County:			
<u>JAG Program Cluster</u>			
Edward Bryne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-2236	33,372
Total U.S. Department of Justice			<u>419,098</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Federal Aviation Administration:			
Airport Improvement Program	20.106	3(48-0215-31)10	11,726
Airport Improvement Program	20.106	3(48-0215-32)11	434,282
Airport Improvement Program	20.106	3(48-0215-33)12	6,241,141
Total Airport Improvement Program			<u>6,687,149 +</u>
Passed Through Federal Transit Administration:			
Federal Transit Capital and Operating Assistance Formula	20.507**	TX90995	1,353,003
Federal Transit Capital and Operating Assistance Formula	20.507**	TX90997	723,236
Federal Transit Capital and Operating Assistance Formula	20.507**	TX90041	29,808
Federal Transit Capital and Operating Assistance Formula	ARRA - 20.507**	TX960025	430,135
Total Federal Transit Capital and Operating:			<u>2,536,182</u>

**CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF TRANSPORTATION - CONTINUED			
Passed Through Texas Department of Highways and Public Transportation:			
Section 104F Grant MPO	20.505	10XF0016	\$ 303,753
Quiet Zone Crossing Consolidation	20.505	2011(375)FRS	143,420
Total Metropolitan Transportation Planning			<u>447,173</u>
<u>Transit Services Programs Cluster</u>			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51510F7215	108,591
<u>Highway Safety Cluster</u>			
Selective Traffic Enforcement Program	20.600	586XXF6185	5,513
Selective Traffic Enforcement Program	20.600	585XX6017S	98,841
Total Selective Traffic Enforcement Program			<u>104,354</u>
Total U.S. Department of Transportation			<u><u>9,883,449</u></u>
U.S. DEPARTMENT OF ENERGY			
Passed through State Energy Conservation Office:			
State Energy Program Grant	81.041	CM1213	142,761
Total U.S. Department of Energy			<u>142,761</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed Through Transportation Security Administration:			
Law Enforcement Officer Reimbursement Agreement	97.090	DTSA20-03-P-01627	56,851
Total U.S. Department of Homeland Security			<u>56,851</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 19,020,699</u></u>

- + Denotes Major Program
- * Denotes CDBG - Entitlement Grants Cluster
- ** Denotes Federal Transit Cluster

**CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>STATE GRANTOR</u>	<u>STATE NUMBER</u>	<u>STATE EXPENDITURES</u>
<u>TEXAS DEPARTMENT OF TRANSPORTATION</u>		
Routine Airport Maintenance Grant	M2013TYLER	\$ 66,999
Quiet Zone Crossing Consolidation	2011(375)FRS	15,936
Public Transportation Grant	512XXF7139	307,358 +
Total Texas Department of Transportation		<u>390,293</u>
<u>TEXAS CRIMINAL JUSTICE DIVISION</u>		
East Texas Auto Theft Task Force	-	110,120
Total Texas Criminal Justice Division		<u>110,120</u>
<u>TEXAS PARKS AND WILDLIFE</u>		
East Texas Communities Foundation - Faulkner Park	-	6,940
Total Texas Commission on Environmental Quality		<u>6,940</u>
TOTAL STATE ASSISTANCE		<u>\$ 507,353</u>

+ Denotes Major Program

**CITY OF TYLER, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

NOTE A – BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards includes the federal grant activity and state grant activity of the City of Tyler, Texas and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Uniform Grants Management Standards Chapter IV “Texas State Single Audit Circular.” Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B – NON-CASH ASSISTANCE, INSURANCE, AND LOANS

The City of Tyler did not receive any non-cash assistance through federal or state awards during the year ended September 30, 2013. There were no federal or state loans or loan guarantees outstanding at year end.

Certain federal and state awards require the City of Tyler to maintain adequate insurance coverage. Following is a summary of the City of Tyler’s insurance policies and the liability limits:

Type of Coverage	Liability Limit
Property	\$ 252,709,441
Inland Marine	6,229,453
General Liability	2,000,000
Law Enforcement Liability	2,000,000
Management Liability	2,000,000
Employment Practices Liability	4,000,000
Automobile Liability	1,000,000
Crime	500,000
Airport Liability	5,000,000
Pollution Liability	2,000,000

**CITY OF TYLER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<i>Unmodified</i>
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:	<i>Unmodified</i>
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:

FEDERAL	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>570,621</u>
--	-------------------

City of Tyler was classified as a low-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, 2013**

Section I – Summary of Auditor’s Results - Continued

State 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:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the State of Texas Single Audit Circular?

No

Identification of major programs:

STATE

<u>Grant Number</u>	<u>Name of State Grant or Program</u>
512XXF7139	Public Transportation Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

City of Tyler was not classified as a low-risk auditee.

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

**CITY OF TYLER, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2013**

None.

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