

CENTENE STAGE



2018-19

Comprehensive Annual Financial Report
For the Fiscal Year Ending September 30, 2019



CITY OF TYLER, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY SECTION





March 6, 2020

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, 2019.

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, we have implemented a fraud hotline.

Gollob Morgan Peddy PC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Tyler's financial statements for the year ended September 30, 2019. 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 Uniform Guidance. 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 2010 census population of 96,900, which is a 15.84% increase from the 2000 census population of 83,650. Currently, the City's population is estimated to be 105,729. 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 Charter was adopted on February 9, 1937. The home rule corporation status is granted under the Constitution and Laws of the State of Texas. 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 key leaders and department heads. The Mayor and Council members serve two-year terms, with general Council elections occurring each year based on district. The mayor is elected at large; the remaining Council members are elected by district.

The City is a full service municipality. Major services provided under general government and enterprise functions are: police and fire protection, water and sewer services, sanitation services, parks and recreational facilities, library services, street improvements, capital projects administration, municipal court, animal services, code enforcement, development and planning services and general administrative services. The City also offers an airport and a convention center. Internal services of the City, accounted for on a cost reimbursement basis, are the fleet services operations; technology services;

property and facility management services; productivity pool; risk management services and the active and 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 by ordinance an annual budget prepared by the City Manager. This budget is presented to the City Council and opportunities are provided for public comment during a series of public hearings before adoption. 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 budget document 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 2.79% 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 ten private / parochial schools in the Tyler area.

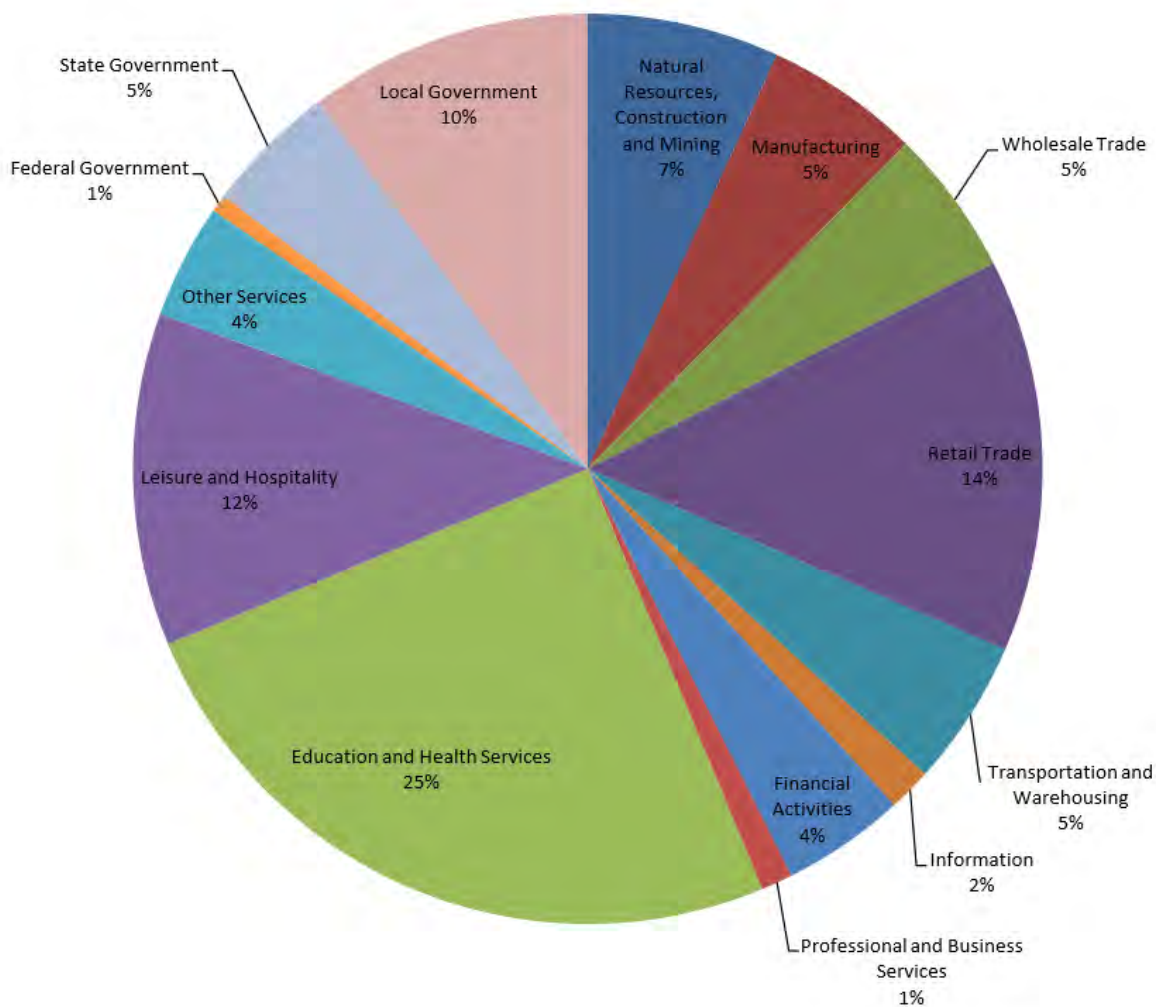
Tyler is also the medical center of East Texas with three hospitals and numerous other supporting clinics, practices and specialty hospitals. Additionally, Tyler has many tourist attractions. The Texas Rose Festival includes the crowning of the Rose Queen attracting a large number of visitors each year. 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. In fiscal year 2016, the downtown TIF/TIRZ was dissolved due to value falling below the initial baseline. This was due to governmental agencies purchasing of properties and housing units receiving favorable tax exemptions. In October 2016, the city began the process for creating the new downtown TIRZ. In February 2018, the interlocal agreements were approved by City Council creating zone 4. Land is available for development; the area has an abundant water supply and typically mild weather. The Tyler area cost of living index has consistently been 90-96% of the national average for the past five years. Economic incentives as well as historic preservation incentives are available to facilitate business expansions or relocations.

Because of its location in a region with a varied economic base, unemployment is relatively stable, and in the last five years while trending with the State of Texas has remained consistently below the national average. During the past ten years, the unemployment rate has ranged from a low of 3.2 percent (2019) to a previous decade high of 7.8 percent (2012), only to end at the current rate of 3.2 percent. This figure indicates a decrease of .1 % under the prior year while remaining in line with the State and National trends. The total workforce for the Tyler region has increased from 47,169 in 2007 to 51,061 in 2018.

Workforce Breakdown

Smith County/Tyler MSA

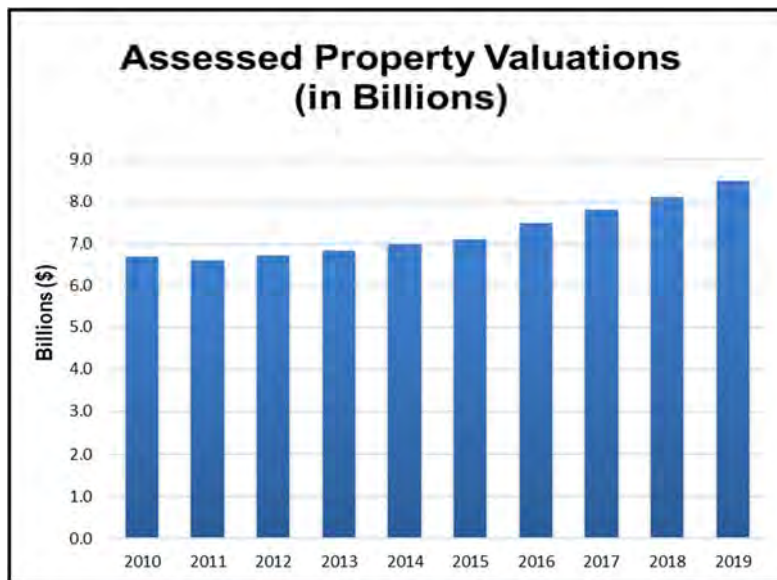
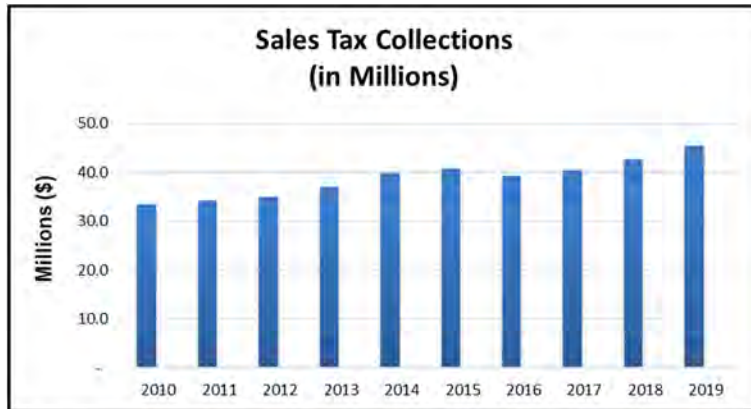


Population growth in the last five years has outpaced previous periods. The population grew 10 percent from 1990 to the year 2000. From the year 2000 to 2010 the population grew 16 percent. From 2010 to the current year, the growth has been an astounding 7 percent. Market and economic analysts estimate that as many as 270,000 people come to Tyler each day to work, attend school, seek medical services, or shop. Loop 49 Toll Project is complete from State Highway 110 to I-20 to the west of Tyler. Loop 49 Toll will create a horseshoe loop around Tyler connecting the City's southern regions to I-20. The loop allows for increased traffic from I-20 into the City of Tyler for shopping and economic development purposes.

Along with the Loop 49 project, the Northeast Texas Regional Mobility Authority was authorized in 2004 to construct, operate and maintain turnpike projects in the state which includes the Tyler area. Including various other means of interstate access, the Tyler Pounds Regional Airport allows for secure and efficient air travel in and out of the region. Total flight enplanements have declined slightly due to the general economic climate nationwide from 73,989 in 2009 to a current level of 60,038 in 2019. Tyler is the first Certified Retirement City in Texas. Tyler meets high standards for retiree living such as low cost of living, low crime rate, quality health care, abundant recreation and educational opportunities. Tyler is 16th in the nation for cost of living in Retirement Places Rated: Special Millennium Edition.

The economic outlook for Tyler is encouraging with an increase in sales tax collections by 6.32%. According to economist Dr. Ray Perryman, Tyler should see job growth over the next five years. Growth in Tyler is expected to occur at a pace faster than the nationwide rate. Assessed values have increased by 4.97% in 2019. The potential for sustained development is present, and many governmental and business leaders are working to ensure the City is poised for economic growth.

Economic Signs:



Long-term Financial Planning

Within the policy guidelines set by the Council for budgetary and planning purposes, the City of Tyler maintains 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

2.66 percent. However, such a large dependence has caused budgeting constraints and all other sources of revenues will need to be reviewed in order to stabilize the cities revenue stream in the future. 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 seven 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 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, 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.

Upgraded Bond Rating

The City of Tyler received an upgrade to AAA for general obligation indebtedness by Standard and Poor 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. This rating was reaffirmed in 2014.

Industry Growth Initiative

In May 2010 an unprecedented joint meeting was held between the Tyler City Council and several community boards, the Tyler Industry Growth Initiative (IGI) was formally adopted as a shared vision for Tyler's strategic economic growth in the next 20 years.

Boards represented include the Tyler City Council, Smith County Commissioner's Court, Tyler Independent School District Board of Trustees, Tyler Junior College Board of Trustees, the Tyler Metro Chamber of Commerce and the Tyler Area Chamber of Commerce. Also represented at the meeting were members of the Leadership Roundtable, including the University of Texas – Tyler, UT Health Science Center, Texas College, East Texas Medical Center Regional Healthcare System, the Tyler Economic Development Council, Trinity Mother Frances Hospitals and Clinics, and others.

In early 2009, Mayor Barbara Bass and Senator Kevin Eltife brought together a group of community leaders to discuss shared issues facing the city and region. The first item addressed by the Leadership Roundtable was the need to market Tyler and to determine the industries that made the most sense for Tyler to pursue given our unique characteristics.

Consequently, the Leadership Roundtable began the development of the Industry Growth Initiative in mid-2009. The report recommends 10 primary building blocks that Tyler should develop to foster an Innovation Economy and take the Tyler region into the next 20 years of economic prosperity and growth. The 84 page report, which was commissioned and funded by members of the Leadership Roundtable, contains strategic tactics focused on achieving an Innovation Economy which brings higher paying jobs, economic growth, job creation and a higher standard of living.

The plan calls for the launch of a public private partnership that evolves from the Leadership Roundtable that will oversee the implementation of the strategies. Building blocks toward the Innovation Economy include strategies focused on Higher Education, Healthcare and Bio-Med, Tourism, Arts and Entertainment, 21st Century Energy, Retiree, Infrastructure, Graduate Education and 21st Century Transportation.

The draft plan was completed in December 2009 and vetted with community stakeholders. The plan was amended based upon that feedback adopted in May 2010 by boards representing the entire community. The City plans to update this plan in the upcoming fiscal year of 2021.

Veteran and Military Growth Initiative

Tyler has a long history of strong support for our nation's veterans. In 2011, to continue to grow this tradition and to serve as a model to other communities, the City appointed a Mayor's Veterans' Roundtable. The intent of the Roundtable was to develop and implement a Community Blueprint for supporting and enhancing veterans' services in our community as well as positively impacting the local economy. The Roundtable focuses on employment, education, housing, medical care and mental health.

There is universal support for our warriors and families, and nonprofit services have grown and improved in Tyler and in communities across America. Still, there remain significant gaps that can only be filled by more focused planning and coordination. The Blueprint created by the Veterans' Roundtable works to address these gaps in a way that is specific to the Tyler community. The goal is to provide a forum to learn and share best practices and to bring key stakeholders together to collaborate in assisting those who have served our country.

One of the outcomes of the Veterans' Roundtable is the Veteran and Military Growth Initiative (VMGI). The VMGI outlines more than 40 strategies and tactics for veteran-focused community growth, making a strong case for how implementation will bring fresh dollars into Tyler/Smith County and cement Tyler's reputation as the "capital of East Texas," but, most importantly, to demonstrate our never-ending support of our veterans and our respect for the sacrifices they have made to serve this country.

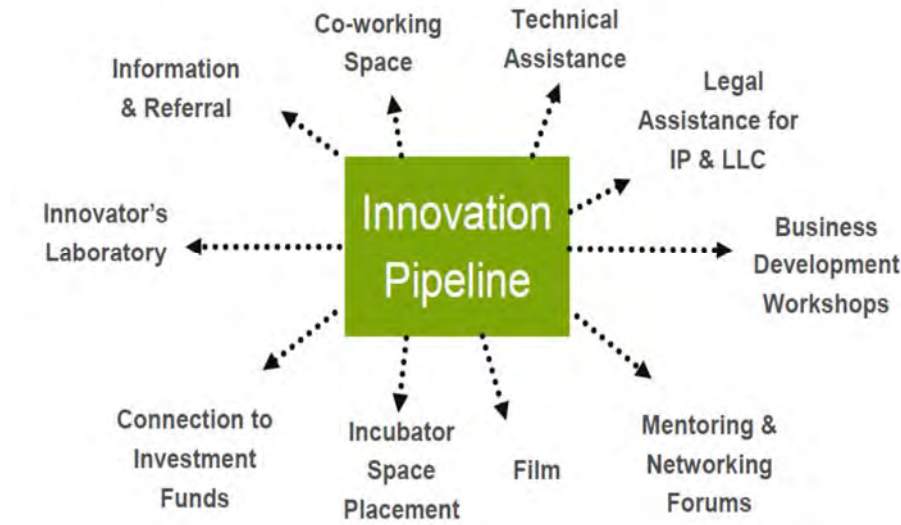
We are proclaiming Tyler a Purple Heart City and honoring those who have been so brave in defending our freedoms.

Mayor's Innovation Pipeline

The Innovation Pipeline is both a place and a network that brings together those doing tremendous work in Tyler to foster innovation and entrepreneurship. Numerous organizations have already established a solid foundation for business recruitment and development in the Tyler region. The Pipeline will leverage the synergies of this network to create a place where innovation happens intentionally.

The Network:

The Innovation Pipeline Network will provide direct services that supercharge entrepreneurship and small business development, including:



The Place: Innovator’s Laboratory

The Innovator’s Lab will provide the place where innovation happens.

The Innovator’s Lab is a 3,000+ square foot laboratory (Makerspace) that provides the electronics and equipment to foster innovation and ingenuity. The space is where invention intersects with robotics, hackers and computers, engineering, electronics and art.

Joint Financial Task Force

Smith County Judge Nathaniel Moran and Tyler Mayor Martin Heines proposed a task force that would meet quarterly to discuss ways that the county and city can work together to save money. That would mean looking critically at places where both governments are providing services to the same people. The county and city would each appoint three people to the task force. The members include Mayor Martin Heines, City Manager Ed Broussard, and Chief Financial Officer Keidric Trimble for the city. Judge Nathaniel Moran, County Auditor Ann Wilson, and County Administrator Leonardo Brown will represent the county.

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, 2018. This is the thirty-third consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

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 five 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 thirteen 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.

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,



Edward Broussard
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, 2018

Christopher P. Morill

Executive Director/CEO



City Council

Boards & Commissions

Committees, Roundtables & Task Forces

City Manager

City Attorney

Municipal Judges

Executive Team

Managing Directors

ReNissa Wade,
Managing Director

- Human Resources
- Safety/Loss Prevention
- Benefits Admin.
- Neighborhood Services
- Contract Management
- Volunteer Services
- Fit City Liaison
- TAP4E/Collective Impact

Interim Managing Director

- Utilities
- Public Works
- Engineering
- Traffic Eng./Operations
- Airport
- Streets & Storm Water
- Engineering Plan Review

Heather Nick,
Managing Director

- Planning
- MPO
- Historic Preservation
- GIS
- Permit Center
- Economic Development (TIRZ Liaison, Prospects)
- Industry Growth Initiative
- Tyler 1st Comprehensive Plan
- Leadership Roundtable

David Coble,
Fire Chief

- Fire
- Emergency Mgmt.
- EMS Liaison
- Veterans RT Liaison
- CAT 100 Exec Committee

Jimmy Toler,
Police Chief

- Police
- Centralized Dispatch
- 911 Liaison
- Code Enforcement
- Animal Care Services
- Human Needs Network Liaison

Stephanie Franklin,
Managing Director

- Communications
- Performance Excellence
- City U
- Innovation Pipeline
- Conv. Facilities (hotel/ conference center, Harvey, Rose Center)
- Library
- Keep Tyler Beautiful
- CVB Liaison
- Main St. & Liberty Hall
- Cultural Affairs Board
- Building Inspections/Plan Review
- Property/Facility Management

Key Leaders

Keidric Trimble,
Chief Financial Officer (CFO)

- Finance
- Budget
- Purchasing
- Internal Audit Services
- Utility Billing
- Municipal Court

Benny Yazdanpanahi
Chief Information Officer (CIO)

- Information Technology

Russ Jackson,
Director

- Solid Waste
- Vehicle/Equip. Services
- Transit
- Parks & Recreation
- Cemeteries

**CITY OF TYLER, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2019**

MAYOR – MARTIN HEINES

Members of City Council:

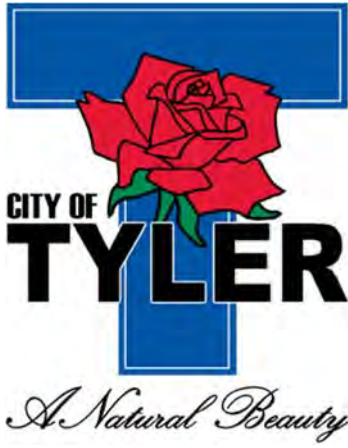
Linda Sellers, District 1
Broderick McGee, District 2
Shirley McKellar, District 3
Donald Warren, District 4
Bob Westbrook, District 5
Chris Sudduth, District 6

City Manager – Edward Broussard

Chief Financial Officer – Keidric Trimble

City Attorney – Deborah Pullum

FINANCIAL SECTION



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 the City of Tyler, Texas (City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these 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 the City of Tyler, Texas, as of September 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in 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 changes in pension/OPEB liabilities on pages 4-12 and 70-76 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The additional supplemental information and the schedule of expenditures of federal 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 schedule of expenditures of federal 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.

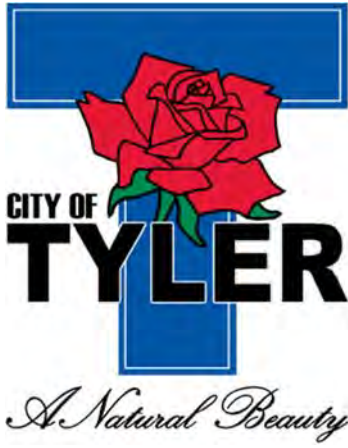
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standard*, we have also issued our report dated March 6, 2020, 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 result of the 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.



Certified Public Accountants

Tyler, Texas
March 6, 2020



CITY OF TYLER, TEXAS

Management's Discussion and Analysis
For Year Ended September 30, 2019
(Unaudited)

As management of the City of Tyler, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2019. 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-viii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Tyler exceeded its liabilities and deferred inflows of resources at September 30, 2019 by \$487,999,107 (net position).
- The City's total net position increased by \$23,862,151 for the current year.
- As of the close of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$56,792,491. \$18,542,856 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 \$18,559,488. The general fund operating reserve targeted amount was \$10,536,562 (15% of general fund expenditures).
- The City's revenue bond payable had a net decrease of \$3,540,000. 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 25 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 Half Cent Sales Tax Fund, both of which are considered to be major funds. Data from the other 23 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 60-64. 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 55-58.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-69.

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 72-78 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 80-117 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of governments' financial position. In the case of the City of Tyler, assets exceeded liabilities by \$487,999,107 as of September 30, 2019.

The largest portion of the City's net position, 97.9%, or \$477,976,533, 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 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 2019

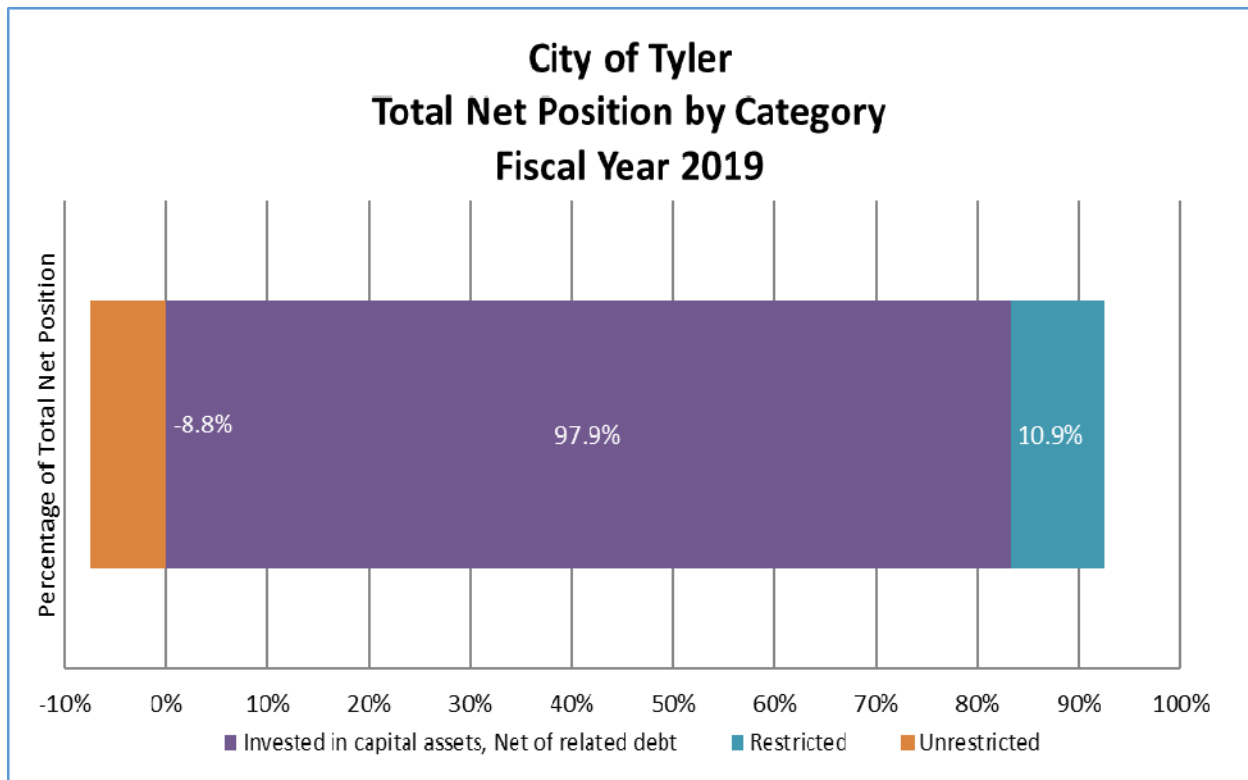
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$94,688,568	\$85,045,157	\$41,509,602	\$40,132,359	\$136,198,170	\$125,177,516
Capital assets	259,297,768	252,929,653	281,613,229	272,213,647	540,910,997	525,143,300
Total Assets	353,986,336	337,974,810	323,122,831	312,346,006	677,109,167	650,320,816
Deferred Outflow of Resources	21,827,641	14,756,480	4,580,002	3,121,375	26,407,643	17,877,855
Non-current liabilities	114,520,897	92,899,763	84,416,666	84,067,874	198,937,563	176,967,637
Other liabilities	7,911,678	5,938,011	5,747,792	4,274,052	13,659,470	10,212,063
Total Liabilities	122,432,575	98,837,774	90,164,458	88,341,926	212,597,033	187,179,700
Deferred Inflows of Resources	2,324,782	13,654,956	595,888	3,227,059	2,920,670	16,882,015
Net Position:						
Net Investment in Capital Assets	257,564,279	250,403,768	220,412,254	207,347,257	477,976,533	457,751,025
Restricted	36,220,286	34,538,182	16,738,113	17,540,832	52,958,399	52,079,014
Unrestricted	(42,727,945)	(44,703,390)	(207,880)	(989,693)	(42,935,825)	(45,693,083)
Total Net Position	\$251,056,620	\$240,238,560	\$236,942,487	\$223,898,396	\$487,999,107	\$464,136,956

An additional portion of the City's net position 10.9% or \$52,958,399 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (8.8%) at \$(42,935,825).

The negative remaining balance in unrestricted net position is related to the implementation of GASB 68, 71, and 75 in prior years requiring the recording of all pension and Other Post-Employment Benefits (OPEB) related assets and liabilities in the financial statements. Currently Pension and OPEB liabilities exceed pension assets. The City of Tyler has two pension plans on its books: Texas Municipal Retirement System (TMRS) and Tyler Firemen’s Relief and Retirement Fund (TFDRRF). Texas Municipal Retirement plan has a thirty year closed amortization period. It is estimated that TMRS pension plan will be 100% funded in 2036. 100% funding will mean that pension and OPEB assets will be equal to liabilities. Once that has been achieved it is expected that the City’s contribution rate (TMRS) and actuarial determine contribution (ADC) will be reduced. Tyler Firemen’s Relief and Retirement Fund is an open amortization plan and targets to amortize its unfunded actuarial accrued liability over a fifteen to twenty-five year period.

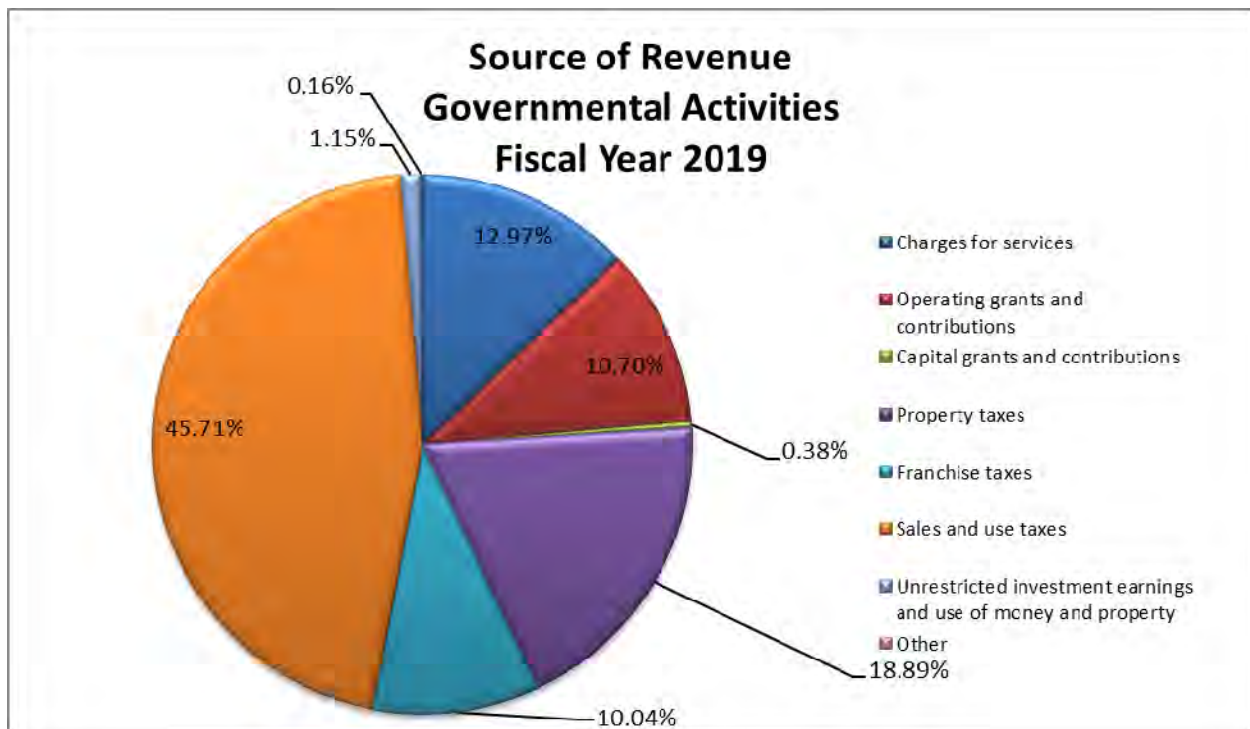
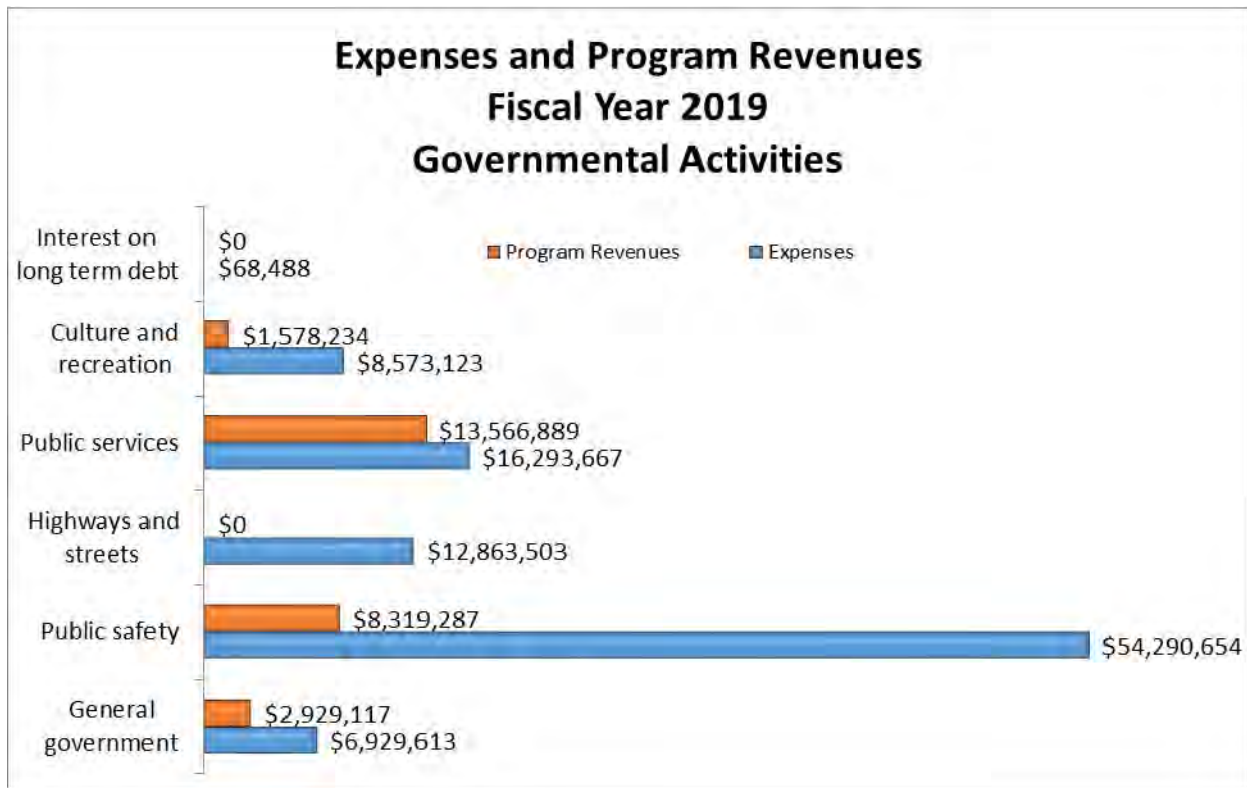
This negative impact on the City’s net position is not unique to the City of Tyler. Many organizations across the country are experiencing similar scenarios with the implementation of this new accounting standard. This new standard has been discussed for some time and organizations have been preparing for this implementation. Pension plans like TMRS have worked with us and made changes to make sure that we are properly setting aside the appropriate dollars for future benefits. The City has implemented reduction in retiree Medicare RX and Medicare supplemental insurance contributions and increased its ADC to begin work toward reducing its OPEB liability.

As of September 30, 2019 the City is able to report positive balances in two of the three categories of net position. The prior fiscal year also had positive balances in two of the three categories. The following chart illustrates for the current fiscal year the percentage of total net position each category encompasses.

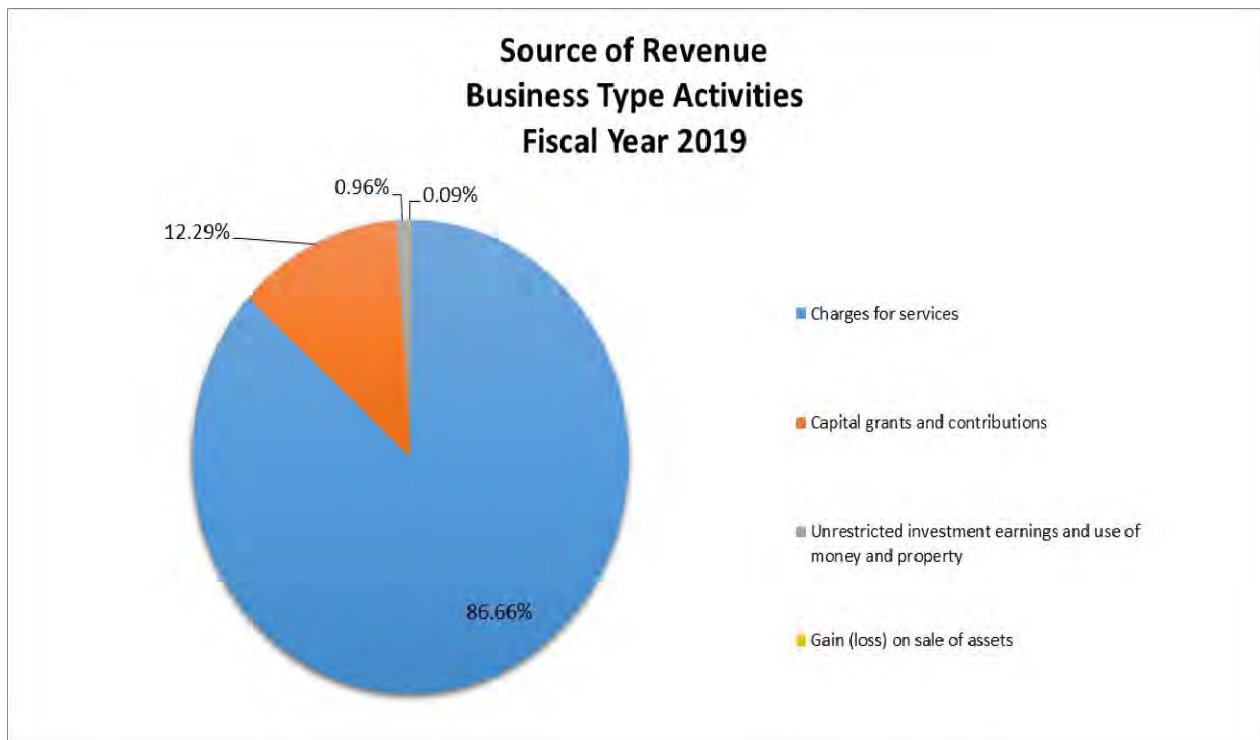
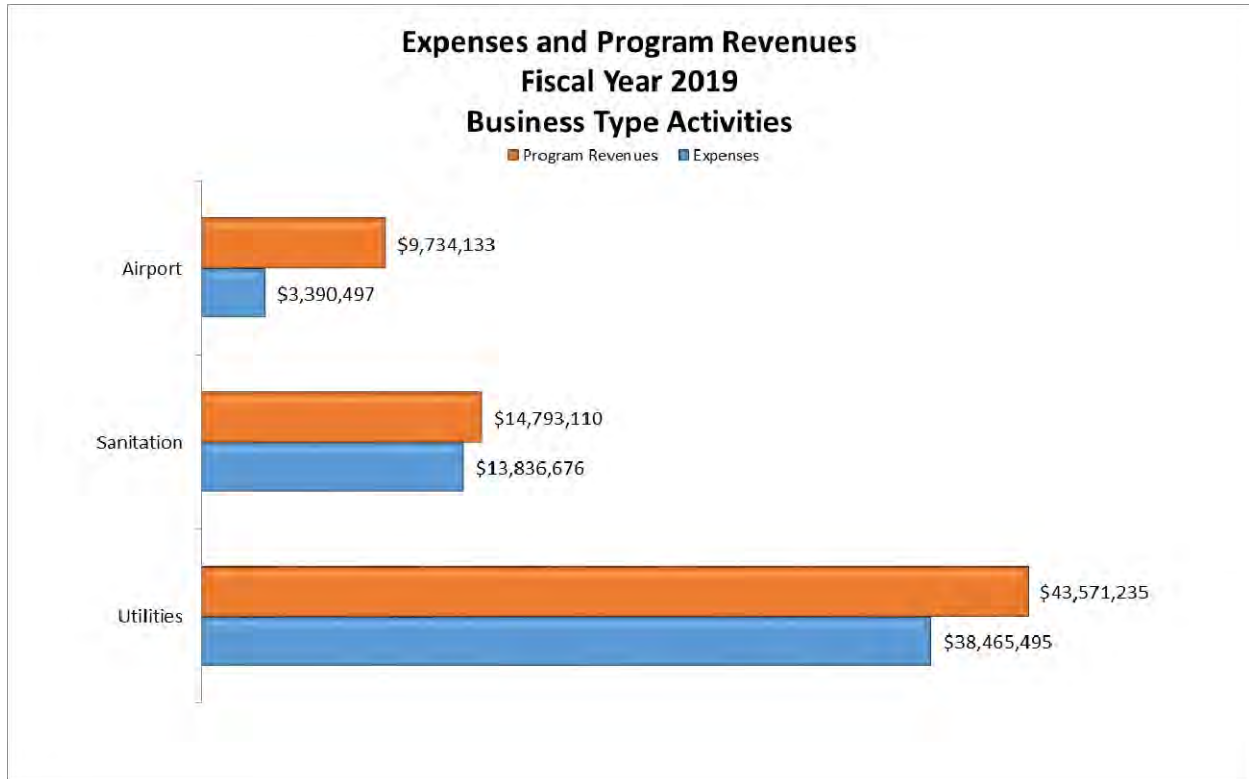


Analysis of the City’s Operations – Overall, the City’s total net position increased by \$23,862,151 for the current year.

Governmental Activities: Governmental activities increased total net position by \$10,818,060. Net position invested in capital assets, net of related debt increased by \$7,160,511 addition of assets. Restricted net position increased by \$1,682,104 primarily due in liabilities and an increase in assets.



Business-type Activities: Net Position from business-type activities increased by \$13,044,091. This increase was primarily due to an increase in capital assets related to the Airport and Water Utilities Fund.



The following table provides a summary of the City's operations for the year ended September 30, 2019 with comparative totals for the year ended September 30, 2018.

CITY OF TYLER'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$14,237,454	\$15,370,686	\$59,639,150	\$59,833,182	\$73,876,604	\$75,203,868
Operating grants and contributions	11,744,468	12,456,026	-	-	11,744,468	12,456,026
Capital grants and contributions	411,605	454,666	8,459,328	10,402,222	8,870,933	10,856,888
General revenues:						
Property taxes	20,736,120	19,125,723	-	-	20,736,120	19,125,723
Franchise taxes	11,019,217	11,187,605	-	-	11,019,217	11,187,605
Sales and use taxes	50,168,540	47,178,374	-	-	50,168,540	47,178,374
Investment earnings and use of money and property	1,264,860	434,301	661,536	469,638	1,926,396	903,939
Gain on sale of assets	170,908	191,946	60,681	342,894	231,589	534,840
Donations	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	109,753,172	106,399,327	68,820,695	71,047,936	178,573,867	177,447,263
Expenses:						
General government	6,929,613	7,135,438	-	-	6,929,613	7,135,438
Public safety	54,290,654	49,127,207	-	-	54,290,654	49,127,207
Streets	12,863,503	12,904,261	-	-	12,863,503	12,904,261
Public services	16,293,667	16,243,252	-	-	16,293,667	16,243,252
Culture and recreation	8,573,123	8,284,920	-	-	8,573,123	8,284,920
Interest on long-term debt	68,488	31,629	-	-	68,488	31,629
Water and sewer	-	-	38,465,495	37,299,452	38,465,495	37,299,452
Sanitation	-	-	13,836,676	13,182,876	13,836,676	13,182,876
Airport	-	-	3,390,497	3,057,006	3,390,497	3,057,006
Total Expenses	99,019,048	93,726,707	55,692,668	53,539,334	154,711,716	147,266,041
Increases (decreases) in net position before transfers	10,734,124	12,672,620	13,128,027	17,508,602	23,862,151	30,181,222
Transfers	83,936	(1,168,328)	(83,936)	1,168,328	-	-
Change in net position	10,818,060	11,504,292	13,044,091	18,676,930	23,862,151	30,181,222
Net position – October 1	240,238,560	249,472,600	223,898,396	212,405,044	464,136,956	461,877,644
Prior Period Adjustment	-	(20,738,332)	-	(7,183,578)	-	(27,921,910)
Net position – September 30	\$ 251,056,620	\$ 240,238,560	\$ 236,942,487	\$ 223,898,396	\$ 487,999,107	\$ 492,058,866

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 \$56,792,491. Approximately 33% of this total amount, \$18,542,856, 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 for the following: 1) to pay for capital projects, \$24,117,502; 2) to pay for the perpetual care of city cemeteries, \$3,208,309; 3) to purchase items restricted under grant and donation terms, \$1,272,251; 4) to purchase items restricted under tourism and conventions, \$7,147,876 and 5) to pay for other

miscellaneous restrictions, \$2,503,697. The City of Tyler also self imposes an operating designation in the general fund equivalent to approximately 15 percent of total expenditures, \$10,536,562.

In the general fund, the City’s original budget planned to increase the fund balance on a budget basis by \$373,652. Additional amendments were made to fund various expenses required for operations for a net budgeted decrease in fund balance of \$1,179,983. Due to both revenue and expenditure budget variances the actual net increase in fund balance for fiscal year 2019 was \$1,600,518. Capital Projects Half Cent Sales Tax Fund balance increased in 2019 by \$193,908. Other non-major governmental fund balances increased in 2019 by \$1,479,357, from \$12,099,954 to \$13,579,311.

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 are Utilities - \$798,552, Sanitation – \$(3,144,138) and Airport – \$(581,976). The following funds had a net position increase/(decrease) in 2019 as follows: Utilities \$4,225,566, Sanitation \$(311,161), and Airport- \$7,529,254.

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 appropriations of \$1,553,635.

Actual revenues were above the final budgeted amounts by a total of \$1,554,740. Actual expenditures including transfers were below final budgeted amounts by a total of \$1,225,761.

CAPITAL ASSETS

The City of Tyler’s investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounts to \$540,910,997, (net of accumulated depreciation). This investment in capital assets includes land, water rights, building, equipment, improvements, infrastructure and construction in progress. The total net increase in capital assets for the current fiscal year was \$15,767,697.

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

- \$ 4,001,096 Roadway improvement projects
- \$ 9,411,076 Airport capital projects
- \$ 7,900,292 Water and Sewer capital projects
- \$ 5,282,899 Public Safety
- \$ 4,339,581 Drainage Capital Projects

	Capital Assets at Year End Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$18,243,886	\$18,243,886	\$11,412,159	\$11,094,692	\$29,656,045	\$29,338,578
Water rights	-	-	12,526,700	12,526,700	12,526,700	12,526,700
Building	35,981,215	37,431,284	29,082,014	30,573,572	65,063,229	68,004,856
Improvements	33,052,512	17,367,670	178,790,611	145,835,332	211,843,123	163,203,002
Machinery & equipment	19,691,904	19,510,103	5,583,937	5,116,519	25,275,841	24,626,622
Infrastructure	135,244,307	143,607,903	17,371,248	17,859,874	152,615,555	161,467,777
Construction in progress	17,083,944	16,768,807	26,846,560	49,206,958	43,930,504	65,975,765
Total	\$259,297,768	\$252,929,653	\$281,613,229	\$272,213,647	\$540,910,997	\$525,143,300

Additional information on the City of Tyler’s capital assets can be found in note 4 on page 43-45 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Tyler had a total bonded debt of \$58,230,000 comprised of bonds secured by water and sewer revenues \$57,445,000 and airport customer facility revenue \$785,000.

	Outstanding Debt at Year End					
	Bonds and Notes Payable					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital leases	\$ 1,753,490	\$ 2,525,885	\$ 102,423	\$ 152,215	\$ 1,855,913	\$ 2,678,100
Revenue bonds payable	-	-	58,230,000	61,770,000	58,230,000	61,770,000
Total	\$ 1,753,490	\$ 2,525,885	\$ 58,332,423	\$ 61,922,215	\$ 60,085,913	\$ 64,448,100

During the fiscal year, the City's revenue bond debt decreased by \$3,540,000 or -5.7%.

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

	<u>Moody's</u> <u>Investors Service</u>	<u>Standard</u> <u>& Poor's</u>
General Obligation Bonds	Aa2	AAA
Revenue Bonds	Aa2	AA+
Revenue Bonds (Senior Lien Debt)	Aa2	AAA

Please see note 4 on page 47 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 \$852,123,086. 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 46-48 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the City of Tyler is currently 3.2%, which is a decrease from 3.3% a year ago. This compares to the state's average unemployment rate of 3.4% and the national average rate of 3.6%.
- The office space occupancy rate for the City of Tyler increased slightly in 2019 to 82.58% from 78.61% occupancy in 2018.
- Sales tax receipt growth over a ten year average increased slightly to 2.64%. Property values have grown at an average of 2.64% over the last ten years. Growth in values include new and existing values.

All of these factors were considered in preparing the budget for the fiscal year 2019-2020 and the City of Tyler anticipates that total net position will remain at similar levels by September 30, 2020.

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 cfo@tylertexas.com.



BASIC FINANCIAL STATEMENTS

**CITY OF TYLER, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

EXHIBIT 1

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 39,602,913	\$ 10,052,499	\$ 49,655,412
Receivables (net of allowance for doubtful accounts)	26,223,246	12,387,277	38,610,523
Internal balances	(1,391,603)	1,391,603	-
Inventories	350,223	658,707	1,008,930
Prepaid items	173,547	41,120	214,667
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	23,852,909	16,978,396	40,831,305
Permanently restricted			
Cash and cash equivalents	3,095,532	-	3,095,532
Other post employment benefits asset	1,735	-	1,735
Investment in joint venture	2,780,066	-	2,780,066
Capital assets not being depreciated:			
Land	18,243,886	11,412,159	29,656,045
Water rights	-	12,526,700	12,526,700
Construction in progress	17,083,944	26,846,560	43,930,504
Capital Assets net of accumulated depreciation:			
Buildings	35,981,215	29,082,014	65,063,229
Improvements, other than buildings	33,052,512	178,790,611	211,843,123
Machinery and equipment	19,691,904	5,583,937	25,275,841
Infrastructure	135,244,307	17,371,248	152,615,555
Total assets	<u>353,986,336</u>	<u>323,122,831</u>	<u>677,109,167</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	21,609,355	3,900,407	25,509,762
Deferred outflows related to OPEB	218,286	71,904	290,190
Deferred charge on refunding (net of amortization)	-	607,691	607,691
Total deferred outflows of resources	<u>21,827,641</u>	<u>4,580,002</u>	<u>26,407,643</u>
LIABILITIES			
Accounts payable	5,597,871	5,452,309	11,050,180
Deposits and other refundable balances	1,172,690	55,200	1,227,890
Insurance claims payable	1,101,375	-	1,101,375
Accrued interest payable	18,013	240,283	258,296
Unearned revenues	21,729	-	21,729
Non-current liabilities:			
Due within one year	1,205,331	3,754,178	4,959,509
Due in more than one year	113,315,566	80,662,488	193,978,054
Total liabilities	<u>122,432,575</u>	<u>90,164,458</u>	<u>212,597,033</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	485,633	183,074	668,707
Deferred inflows related to pensions	1,839,149	412,814	2,251,963
Total deferred inflows of resources	<u>2,324,782</u>	<u>595,888</u>	<u>2,920,670</u>
NET POSITION			
Net investment in capital assets	257,564,279	220,412,254	477,976,533
Restricted for:			
Perpetual care - nonexpendable	3,208,309	-	3,208,309
Storm water management	-	1,637,268	1,637,268
Public Safety	638,626	-	638,626
Capital improvements	425,153	-	425,153
Tourism and convention	6,557,377	-	6,557,377
Donor restrictions	409,299	-	409,299
Capital projects	23,136,162	13,800,913	36,937,075
Airport improvements	44,512	-	44,512
Communications	937,896	-	937,896
Housing assistance	485,628	-	485,628
Grant restrictions	377,324	-	377,324
Debt service	-	1,299,932	1,299,932
Unrestricted	(42,727,945)	(207,880)	(42,935,825)
Total net position	<u>\$ 251,056,620</u>	<u>\$ 236,942,487</u>	<u>\$ 487,999,107</u>

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

**CITY OF TYLER, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 6,929,613	\$ 2,919,670	\$ 9,447	\$ -	\$ (4,000,496)	\$ -	\$ (4,000,496)
Public safety	54,290,654	7,411,401	496,281	411,605	(45,971,367)	-	(45,971,367)
Highways and streets	12,863,503	-	-	-	(12,863,503)	-	(12,863,503)
Public services	16,293,667	2,328,149	11,238,740	-	(2,726,778)	-	(2,726,778)
Culture and recreation	8,573,123	1,578,234	-	-	(6,994,889)	-	(6,994,889)
Interest on long term debt	68,488	-	-	-	(68,488)	-	(68,488)
Total governmental activities	<u>99,019,048</u>	<u>14,237,454</u>	<u>11,744,468</u>	<u>411,605</u>	<u>(72,625,521)</u>	<u>-</u>	<u>(72,625,521)</u>
Business-type activities:							
Utilities	38,465,495	43,571,235	-	-	-	5,105,740	5,105,740
Sanitation	13,836,676	14,793,110	-	-	-	956,434	956,434
Airport	3,390,497	1,274,805	-	8,459,328	-	6,343,636	6,343,636
Total business-type activities	<u>55,692,668</u>	<u>59,639,150</u>	<u>-</u>	<u>8,459,328</u>	<u>-</u>	<u>12,405,810</u>	<u>12,405,810</u>
Total primary government	<u>\$ 154,711,716</u>	<u>\$ 73,876,604</u>	<u>\$ 11,744,468</u>	<u>\$ 8,870,933</u>	<u>(72,625,521)</u>	<u>12,405,810</u>	<u>(60,219,711)</u>
General revenues:							
Property taxes					20,736,120	-	20,736,120
Franchise taxes					11,019,217	-	11,019,217
Sales and use taxes					50,168,540	-	50,168,540
Unrestricted investment earnings and use of money and property					1,264,860	661,536	1,926,396
Gain (loss) on sale of assets					170,908	60,681	231,589
Transfers					83,936	(83,936)	-
Total general revenues and transfers					<u>83,443,581</u>	<u>638,281</u>	<u>84,081,862</u>
Change in net position					10,818,060	13,044,091	23,862,151
Net position - beginning of year					<u>240,238,560</u>	<u>223,898,396</u>	<u>464,136,956</u>
Net position - end of year					<u>\$ 251,056,620</u>	<u>\$ 236,942,487</u>	<u>\$ 487,999,107</u>

**CITY OF TYLER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	MAJOR FUNDS		OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX		
ASSETS				
Cash and cash equivalents	\$ 13,527,686	\$ -	\$ 8,567,567	\$ 22,095,253
Receivables (net of allowance for doubtful accounts) :				
Property taxes	588,086	-	-	588,086
Other	21,398,441	2,647,479	1,475,641	25,521,561
Due from other funds	1,951,612	-	-	1,951,612
Inventories	26,282	-	4,451	30,733
Prepaid items	102,097	-	2,804	104,901
Cash - restricted	-	21,975,725	4,972,716	26,948,441
Total assets	\$ 37,594,204	\$ 24,623,204	\$ 15,023,179	\$ 77,240,587
LIABILITIES				
Accounts payable	\$ 2,504,319	\$ 1,486,912	\$ 606,404	\$ 4,597,635
Deposits and other refundable balances	959,458	-	213,102	1,172,560
Other liabilities	-	130	-	130
Due to other funds	-	-	623,533	623,533
Unearned Revenues	20,900	-	829	21,729
Total liabilities	3,484,677	1,487,042	1,443,868	6,415,587
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	576,082	-	-	576,082
Unavailable revenue-fines	13,416,314	-	-	13,416,314
Unavailable revenue-permits	40,113	-	-	40,113
Total deferred inflows of resources	14,032,509	-	-	14,032,509
FUND BALANCES				
Nonspendable:				
Inventory	26,282	-	4,451	30,733
Prepaid items	102,097	-	307	102,404
Permanent fund principal	-	-	3,208,309	3,208,309
Restricted for:				
Public Safety	-	-	638,626	638,626
Capital improvements	-	-	425,153	425,153
Tourism and convention	-	-	6,557,377	6,557,377
Donor restrictions	-	-	409,299	409,299
Capital projects	-	23,136,162	-	23,136,162
Airport improvements	-	-	44,512	44,512
Communications	-	-	937,896	937,896
Housing assistance	-	-	485,628	485,628
Grant restrictions	-	-	377,324	377,324
Assigned to:				
Development services	794,038	-	-	794,038
Capital improvements	4,614	-	-	4,614
Capital projects	-	-	507,061	507,061
Tourism and convention	590,499	-	-	590,499
Unassigned	18,559,488	-	(16,632)	18,542,856
Total fund balances	20,077,018	23,136,162	13,579,311	56,792,491
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,594,204	\$ 24,623,204	\$ 15,023,179	\$ 77,240,587

**CITY OF TYLER, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Total fund balances governmental funds (Exhibit 3)	\$ 56,792,491
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)	1,735
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	241,268,557
Equity in an affiliated joint venture is included in governmental activities in the statement of net assets.	2,780,066
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	14,032,509
Deferred outflows of funds related to pension and OPEB activities	20,994,044
Deferred inflows of funds related to pension and OPEB activities	(2,210,189)
Net pension and OPEB liabilities reflected under GASB 68 and 75 at year end	(96,972,270)
Internal service funds are used by management to charge the costs of various goods or services provided to other departments or agencies of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets (Net of the amount allocated to business-type activities - \$2,719,682)	26,277,116
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(11,907,439)</u>
Net position of governmental activities (Exhibit 1)	<u><u>\$ 251,056,620</u></u>

CITY OF TYLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	MAJOR FUNDS		OTHER NON-MAJOR GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX			
REVENUES					
Taxes:					
Property	\$ 20,625,073	\$ -	\$ 92,093	\$ -	\$ 20,717,166
Franchise	10,765,775	-	253,442	-	11,019,217
Sales and use	31,020,004	15,228,935	3,919,601	-	50,168,540
Licenses and permits	1,765,235	-	4,125	-	1,769,360
Fines, forfeitures, and penalties	4,065,150	-	932,121	-	4,997,271
Revenues from use of money or property	886,418	540,213	270,049	-	1,696,680
Charges for current services	2,601,385	-	522,070	-	3,123,455
Revenues from other agencies	586,403	217,164	11,352,506	-	12,156,073
Donations	-	-	682,566	-	682,566
Miscellaneous	674,247	-	59,673	-	733,920
Total revenues	<u>72,989,690</u>	<u>15,986,312</u>	<u>18,088,246</u>	<u>-</u>	<u>107,064,248</u>
EXPENDITURES					
Current:					
General government	7,344,664	243,816	137,647	-	7,726,127
Public safety	47,413,146	(171,393)	776,211	-	48,017,964
Public services	2,755,944	-	12,973,303	-	15,729,247
Highways and streets	4,737,959	(844,200)	-	-	3,893,759
Culture and recreation	7,602,360	(108,883)	419,074	-	7,912,551
Capital outlay	389,673	15,797,540	2,307,162	-	18,494,375
Debt service:					
Principal retirement	-	-	270,211	-	270,211
Interest and fiscal charges	-	-	23,003	-	23,003
Total expenditures	<u>70,243,746</u>	<u>14,916,880</u>	<u>16,906,611</u>	<u>-</u>	<u>102,067,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,745,944</u>	<u>1,069,432</u>	<u>1,181,635</u>	<u>-</u>	<u>4,997,011</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,800,000	50,000	2,444,400	(63,334)	4,231,066
Transfers out	<u>(2,945,426)</u>	<u>(925,524)</u>	<u>(2,146,678)</u>	<u>63,334</u>	<u>(5,954,294)</u>
Total other financing sources (uses)	<u>(1,145,426)</u>	<u>(875,524)</u>	<u>297,722</u>	<u>-</u>	<u>(1,723,228)</u>
Net change in fund balances	1,600,518	193,908	1,479,357	-	3,273,783
Fund balances - beginning of year	<u>18,476,500</u>	<u>22,942,254</u>	<u>12,099,954</u>	<u>-</u>	<u>53,518,708</u>
Fund balances - end of year	<u>\$ 20,077,018</u>	<u>\$ 23,136,162</u>	<u>\$ 13,579,311</u>	<u>\$ -</u>	<u>\$ 56,792,491</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, 2019

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

Net change in fund balances - total governmental funds	\$ 3,273,783
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	5,045,508
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	199,452
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(36,592)
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.	1,911,752
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.	270,211
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 expense.	(4,003,974)
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 \$1,780,710	<u>4,157,920</u>
Change in net assets of governmental activities	<u><u>\$ 10,818,060</u></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, 2019

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Property tax collections	\$ 20,804,425	\$ 20,804,425	\$ 20,625,073	\$ (179,352)
Franchise fees	10,922,969	10,922,969	10,765,775	(157,194)
Sales and use taxes	29,135,647	29,135,647	31,020,004	1,884,357
Licenses and permits	1,874,760	1,874,760	1,765,235	(109,525)
Fines, forfeitures, and penalties	4,110,400	4,110,400	4,065,150	(45,250)
Revenues from use of money or property	693,808	693,808	886,418	192,610
Charges for current services	2,564,492	2,564,492	2,601,385	36,893
Revenues from other agencies	541,237	541,237	586,403	45,166
Miscellaneous	787,212	787,212	674,247	(112,965)
Total revenues	71,434,950	71,434,950	72,989,690	1,554,740
EXPENDITURES				
GENERAL GOVERNMENT:				
General Government Services	4,269,559	4,419,881	4,314,025	105,856
Communications	180,928	180,928	176,899	4,029
Finance	1,247,951	1,247,951	1,242,646	5,305
Human Resources	549,348	549,348	530,716	18,632
Legal	994,047	1,009,384	955,009	54,375
Parking Garage	47,514	47,514	37,607	9,907
Innovation Pipeline	140,659	121,368	87,762	33,606
Total General Government	7,430,006	7,576,374	7,344,664	231,710
PUBLIC SAFETY				
Police	27,998,612	27,998,612	27,887,208	111,404
Fire	18,041,060	18,041,060	18,184,521	(143,461)
Municipal Court	1,504,448	1,504,448	1,341,417	163,031
Total Public Safety	47,544,120	47,544,120	47,413,146	130,974
PUBLIC SERVICES				
Animal Services	1,082,930	1,082,930	1,044,699	38,231
Planning and Zoning Services	573,809	578,810	542,281	36,529
Building Services	1,151,628	1,151,628	1,168,964	(17,336)
Total Public Services	2,808,367	2,813,368	2,755,944	57,424

(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, 2019**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
EXPENDITURES (continued)				
HIGHWAYS AND STREETS				
Engineering	\$ 402,840	\$ 402,840	\$ 287,744	\$ 115,096
Street administration	2,443,281	2,462,881	2,145,834	317,047
Traffic operations	2,546,777	2,585,232	2,304,381	280,851
Total Highways and Streets	<u>5,392,898</u>	<u>5,450,953</u>	<u>4,737,959</u>	<u>712,994</u>
CULTURE AND RECREATION				
Library	1,505,971	1,505,971	1,500,567	5,404
Parks administration	2,378,111	2,378,111	2,499,167	(121,056)
Indoor recreation	554,308	554,308	563,806	(9,498)
Outdoor recreation	294,044	294,044	206,403	87,641
Median maintenance and arborist	411,605	411,605	384,535	27,070
Rose Garden center	293,034	293,034	284,978	8,056
Rose Garden maintenance	585,360	592,360	621,792	(29,432)
Visitor facilities	916,528	909,528	913,965	(4,437)
Liberty Hall	321,091	321,091	376,574	(55,483)
Main Street	335,967	335,967	250,573	85,394
Total Culture and Recreation	<u>7,596,019</u>	<u>7,596,019</u>	<u>7,602,360</u>	<u>(6,341)</u>
Capital Outlay	<u>178,400</u>	<u>507,443</u>	<u>389,673</u>	<u>117,770</u>
Total expenditures	<u>70,949,810</u>	<u>71,488,277</u>	<u>70,243,746</u>	<u>1,244,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>485,140</u>	<u>(53,327)</u>	<u>2,745,944</u>	<u>2,799,271</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,800,000	1,800,000	1,800,000	-
Transfers out	(1,911,488)	(2,926,656)	(2,945,426)	(18,770)
Total other financing sources (uses)	<u>(111,488)</u>	<u>(1,126,656)</u>	<u>(1,145,426)</u>	<u>(18,770)</u>
Net change in fund balance	373,652	(1,179,983)	1,600,518	2,780,501
Fund balance - beginning of year	<u>15,922,002</u>	<u>15,922,002</u>	<u>18,476,500</u>	<u>2,554,498</u>
Fund balance - end of year	<u>\$ 16,295,654</u>	<u>\$ 14,742,019</u>	<u>\$ 20,077,018</u>	<u>\$ 5,334,999</u>

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

**CITY OF TYLER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019**

EXHIBIT 8

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
ASSETS					
Current assets:					
Unrestricted current assets:					
Cash and cash equivalents	\$ 8,885,122	\$ 747,960	\$ 419,417	\$ 10,052,499	\$ 17,507,660
Prepaid expenses	41,120	-	-	41,120	68,646
Accounts receivable (net of allowance for doubtful accounts)	6,481,013	2,237,673	3,663,355	12,382,041	113,599
Accrued interest receivable	5,236	-	-	5,236	-
Inventories - at average cost	658,707	-	-	658,707	319,490
Total unrestricted current assets	<u>16,071,198</u>	<u>2,985,633</u>	<u>4,082,772</u>	<u>23,139,603</u>	<u>18,009,395</u>
Restricted Current assets:					
Temporarily restricted:					
Cash and cash equivalents for payment of current maturities of revenue bond principal and interest	1,436,035	-	104,180	1,540,215	-
Total restricted current assets	<u>1,436,035</u>	<u>-</u>	<u>104,180</u>	<u>1,540,215</u>	<u>-</u>
Total current assets	<u>17,507,233</u>	<u>2,985,633</u>	<u>4,186,952</u>	<u>24,679,818</u>	<u>18,009,395</u>
Noncurrent assets:					
Restricted assets:					
Temporarily restricted					
Cash and cash equivalents	14,678,909	759,272	-	15,438,181	-
Total restricted assets	<u>14,678,909</u>	<u>759,272</u>	<u>-</u>	<u>15,438,181</u>	<u>-</u>
Other post employment benefits asset	-	-	-	-	1,735
Capital assets:					
Land	6,461,305	3,285,312	1,665,542	11,412,159	93,938
Water rights	12,526,700	-	-	12,526,700	-
Buildings and infrastructure	41,323,639	722,783	42,176,249	84,222,671	1,605,612
Improvements other than buildings	247,896,265	591,665	57,183,711	305,671,641	2,233,569
Machinery and equipment	5,618,332	8,050,792	1,247,335	14,916,459	48,160,654
Construction in progress	8,747,651	54,280	18,044,629	26,846,560	14,500
Less accumulated depreciation	(143,377,986)	(5,631,821)	(24,973,154)	(173,982,961)	(34,079,062)
Total capital assets net of accumulated depreciation	<u>179,195,906</u>	<u>7,073,011</u>	<u>95,344,312</u>	<u>281,613,229</u>	<u>18,029,211</u>
Total noncurrent assets	<u>193,874,815</u>	<u>7,832,283</u>	<u>95,344,312</u>	<u>297,051,410</u>	<u>18,030,946</u>
Total assets	<u>211,382,048</u>	<u>10,817,916</u>	<u>99,531,264</u>	<u>321,731,228</u>	<u>36,040,341</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	2,559,568	1,138,794	202,045	3,900,407	825,041
Deferred outflows related to OPEB	46,244	22,489	3,171	71,904	8,556
Deferred charge on refunding (net of amortization)	607,691	-	-	607,691	-
Total deferred outflows of resources	<u>3,213,503</u>	<u>1,161,283</u>	<u>205,216</u>	<u>4,580,002</u>	<u>833,597</u>
LIABILITIES					
Current liabilities:					
Unrestricted current liabilities:					
Accounts and contracts payable	2,377,782	652,160	2,422,367	5,452,309	1,000,238
Due to other funds	-	-	1,328,079	1,328,079	-
Insurance claims payable	-	-	-	-	1,101,375
Current portion of capital lease payment	-	-	50,732	50,732	525,828
Current portion of compensated absences payable	17,786	9,513	1,147	28,446	8,099
Total unrestricted current liabilities	<u>2,395,568</u>	<u>661,673</u>	<u>3,802,325</u>	<u>6,859,566</u>	<u>2,635,540</u>
Current liabilities payable from restricted assets:					
Revenue bonds payable	3,600,000	-	75,000	3,675,000	-
Customer deposits	55,200	-	-	55,200	-
Accrued interest	240,283	-	-	240,283	18,013
Total current liabilities payable from restricted assets	<u>3,895,483</u>	<u>-</u>	<u>75,000</u>	<u>3,970,483</u>	<u>18,013</u>
Total current liabilities	<u>6,291,051</u>	<u>661,673</u>	<u>3,877,325</u>	<u>10,830,049</u>	<u>2,653,553</u>
Noncurrent liabilities:					
Revenue bonds payable (net)	57,321,243	-	710,000	58,031,243	-
Capital lease payable	-	-	51,691	51,691	523,441
Net pension obligation	9,460,804	4,151,509	752,019	14,364,332	3,048,834
Net OPEB obligation	5,108,779	2,109,944	313,794	7,532,517	1,320,661
Compensated absences	426,860	228,322	27,523	682,705	194,377
Total noncurrent liabilities	<u>72,317,686</u>	<u>6,489,775</u>	<u>1,855,027</u>	<u>80,662,488</u>	<u>5,087,313</u>
Total liabilities	<u>78,608,737</u>	<u>7,151,448</u>	<u>5,732,352</u>	<u>91,492,537</u>	<u>7,740,866</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to OPEB	126,317	49,469	7,288	183,074	27,855
Deferred inflows related to pensions	304,930	90,137	17,747	412,814	106,684
Total deferred inflows of resources	<u>431,247</u>	<u>139,606</u>	<u>25,035</u>	<u>595,888</u>	<u>134,539</u>
NET POSITION					
Net investment in capital assets	118,882,354	7,073,011	94,456,889	220,412,254	16,979,942
Restricted for:					
Debt service	1,195,752	-	104,180	1,299,932	-
Storm water management	1,637,268	-	-	1,637,268	-
Capital projects	13,041,641	759,272	-	13,800,913	-
Unrestricted	<u>798,552</u>	<u>(3,144,138)</u>	<u>(581,976)</u>	<u>(2,927,562)</u>	<u>12,018,591</u>
Total net position	<u>\$ 135,555,567</u>	<u>\$ 4,688,145</u>	<u>\$ 93,979,093</u>	<u>\$ 234,222,805</u>	<u>\$ 28,998,533</u>
Reconciliation to government-wide statements of net assets:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			Prior years Current year	1,119,250 1,600,432	
Net position of business-type activities				<u>\$ 236,942,487</u>	

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

CITY OF TYLER, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	UTILITIES	SANITATION	AIRPORT		
OPERATING REVENUES					
Water and sewer operations	\$ 41,101,206	\$ -	\$ -	\$ 41,101,206	\$ -
Trash and garbage	-	14,129,544	-	14,129,544	-
Airport sales and rentals	-	-	1,233,599	1,233,599	-
Charges for services	-	-	-	-	17,926,780
Contributions	-	-	-	-	11,754,231
Miscellaneous	1,378,456	162,755	33,158	1,574,369	2,700,339
Total operating revenues	42,479,662	14,292,299	1,266,757	58,038,718	32,381,350
OPERATING EXPENSES					
Water and sewer operations	29,453,362	-	-	29,453,362	-
Sanitation operations	-	13,246,065	-	13,246,065	-
Municipal Airport operations	-	-	1,389,106	1,389,106	-
Garage operations	-	-	-	-	5,615,357
Depreciation	7,018,091	590,611	1,967,355	9,576,057	4,204,271
Insurance claims	-	-	-	-	11,929,144
Administrative	-	-	-	-	6,549,730
Special services	-	-	-	-	420,696
Maintenance	-	-	-	-	279,791
Total operating expenses	36,471,453	13,836,676	3,356,461	53,664,590	28,998,989
Operating income (loss)	6,008,209	455,623	(2,089,704)	4,374,128	3,382,361
NON-OPERATING REVENUES (EXPENSES)					
Revenues from use of money and property	580,542	35,674	45,320	661,536	406,812
Gain (loss) on sale of assets	-	60,681	-	60,681	207,500
Interest expense	(1,994,042)	-	(34,036)	(2,028,078)	(45,485)
Total non-operating revenues (expenses)	(1,413,500)	96,355	11,284	(1,305,861)	568,827
Income (loss) before capital contributions and transfers	4,594,709	551,978	(2,078,420)	3,068,267	3,951,188
Capital contributions	-	-	8,459,328	8,459,328	-
Transfers in	-	-	1,148,346	1,148,346	1,807,164
Transfers out	(369,143)	(863,139)	-	(1,232,282)	-
Net transfers and capital contributions	(369,143)	(863,139)	9,607,674	8,375,392	1,807,164
Change in net position	4,225,566	(311,161)	7,529,254	11,443,659	5,758,352
Net position - beginning of year	131,330,001	4,999,306	86,449,839		23,240,181
Net position - end of year	\$ 135,555,567	\$ 4,688,145	\$ 93,979,093		\$ 28,998,533
Reconciliation to government-wide statements of net assets					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				1,600,432	
Change in net position of business-type activities				\$ 13,044,091	

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

CITY OF TYLER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	ENTERPRISE FUNDS				ACTIVITIES
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 41,690,943	\$ 14,228,553	\$ 1,264,027	\$ 57,183,523	\$ 32,485,795
Cash paid to suppliers for goods and services	(19,133,971)	(8,740,378)	(705,051)	(28,579,400)	(9,931,879)
Cash paid to employees for services	(10,339,627)	(4,563,028)	(664,951)	(15,567,606)	(2,497,832)
Insurance claims paid	-	-	-	-	(11,717,612)
Net cash provided by (used in) operating activities	<u>12,217,345</u>	<u>925,147</u>	<u>(105,975)</u>	<u>13,036,517</u>	<u>8,338,472</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Advances from/ (to) other funds	-	-	223,419	223,419	-
Transfers in from other funds	-	-	1,148,346	1,148,346	1,807,164
Transfers out to other funds	(369,143)	(863,139)	-	(1,232,282)	-
Net cash (used in) provided by non-capital financing activities	<u>(369,143)</u>	<u>(863,139)</u>	<u>1,371,765</u>	<u>139,483</u>	<u>1,807,164</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(9,709,278)	(1,305,953)	(7,984,743)	(18,999,974)	(6,787,160)
Proceeds from grants for capital purposes	-	-	6,759,412	6,759,412	-
Proceeds from sale of assets	885,518	658,325	-	1,543,843	1,969,460
Payments on debt	(3,470,000)	-	(70,000)	(3,540,000)	(1,060,455)
Interest paid	(2,221,879)	-	(34,036)	(2,255,915)	(45,485)
Net cash provided by (used in) capital and related financing activities	<u>(14,515,639)</u>	<u>(647,628)</u>	<u>(1,329,367)</u>	<u>(16,492,634)</u>	<u>(5,923,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	580,542	35,674	45,320	661,536	406,812
Net cash (used in) provided by investing activities	<u>580,542</u>	<u>35,674</u>	<u>45,320</u>	<u>661,536</u>	<u>406,812</u>
Net increase (decrease) in cash and cash equivalents	(2,086,895)	(549,946)	(18,257)	(2,655,098)	4,628,808
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>27,086,961</u>	<u>2,057,178</u>	<u>541,854</u>	<u>29,685,993</u>	<u>12,878,852</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 25,000,066</u>	<u>\$ 1,507,232</u>	<u>\$ 523,597</u>	<u>\$ 27,030,895</u>	<u>\$ 17,507,660</u>
Reconciliation to Exhibit 8:					
Unrestricted cash and cash equivalents	\$ 8,885,122	\$ 747,960	\$ 419,417	\$ 10,052,499	\$ 17,507,660
Restricted cash - current asset	1,436,035	-	104,180	1,540,215	-
Restricted cash - noncurrent asset	14,678,909	759,272	-	15,438,181	-
Total Cash and Cash Equivalents at End of Year	<u>\$ 25,000,066</u>	<u>\$ 1,507,232</u>	<u>\$ 523,597</u>	<u>\$ 27,030,895</u>	<u>\$ 17,507,660</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 6,008,209	\$ 455,623	\$ (2,089,704)	\$ 4,374,128	\$ 3,382,361
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	7,018,091	590,611	1,967,355	9,576,057	4,204,271
(Increase) decrease in accounts receivable	(795,455)	(63,746)	(2,730)	(861,931)	104,445
(Increase) decrease in prepaid expenses	(367)	-	-	(367)	(1,541)
(Increase) decrease in inventories	(93,115)	-	-	(93,115)	(12,358)
(Increase) decrease in deferred outflows related to pensions	(937,777)	(432,482)	(62,505)	(1,432,764)	(275,410)
(Increase) decrease in deferred outflows related to OPEB	(46,244)	(22,489)	(3,171)	(71,904)	(8,556)
Increase (decrease) in accounts payable	22,749	(87,873)	73,301	8,177	551,647
Increase (decrease) in claims payable	-	-	-	-	218,167
Increase (decrease) in accrued interest payable	-	-	-	-	(116,739)
Increase (decrease) in customer deposits	6,736	-	-	6,736	-
Increase (decrease) in compensated absences payable	4,431	23,655	(5,378)	22,708	4,942
Increase (decrease) in capital lease payable	-	-	(49,792)	(49,792)	-
Increase (decrease) in post employment benefits liability	(20,984)	(9,186)	(1,332)	(31,502)	(5,227)
Increase (decrease) in deferred inflows related to pensions	(1,708,148)	(773,192)	(111,921)	(2,593,261)	(406,326)
Increase (decrease) in deferred inflows related to OPEB	(52,002)	12,304	1,788	(37,910)	(1,501)
Increase (decrease) in net pension obligation	2,811,221	1,231,922	178,114	4,221,257	700,297
Total adjustments	<u>6,209,136</u>	<u>469,524</u>	<u>1,983,729</u>	<u>8,662,389</u>	<u>4,956,111</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 12,217,345</u>	<u>\$ 925,147</u>	<u>\$ (105,975)</u>	<u>\$ 13,036,517</u>	<u>\$ 8,338,472</u>

**CITY OF TYLER, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS
ASSETS		
Equity in pooled cash	\$ 3,121,042	\$ 2,745,037
Investments, at fair value		
Equities	4,737,968	86,022
Mutual funds	74,602,922	-
Total investments	79,340,890	86,022
Receivables		
Contributions receivable	89,512	-
Interest receivable	12,546	8,371
Total receivables	102,058	8,371
Total assets	82,563,990	2,839,430
LIABILITIES		
Accounts payable	849,536	-
Total liabilities	849,536	-
NET POSITION		
Held in trust for OPEB benefits	10,378,957	-
Restricted for pensions	71,124,106	-
Held in trust for other purposes	211,391	2,839,430
Total net position held in trust for pension/OPEB benefits and other purpose	\$ 81,714,454	\$ 2,839,430

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

CITY OF TYLER, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS		
Contributions:		
Employees	\$ 1,739,981	\$ -
Employer	5,914,178	-
Other	-	39,000
Total contributions	<u>7,654,159</u>	<u>39,000</u>
Investment income:		
Interest and dividend income	2,330,782	64,713
Net depreciation in fair value of investments	(151,031)	2,678
Less investment expense	<u>(268,790)</u>	<u>(3,446)</u>
Total investment income	1,910,961	63,945
Other income	<u>90,239</u>	-
Total additions	<u>9,655,359</u>	<u>102,945</u>
DEDUCTIONS		
Reimbursement for benefit claims	1,807,468	-
Benefits	<u>5,984,913</u>	-
Total deductions	<u>7,792,381</u>	-
Change in net position	1,862,978	102,945
Net position - beginning of year	<u>79,851,476</u>	<u>2,736,485</u>
Net position - end of year	<u>\$ 81,714,454</u>	<u>\$ 2,839,430</u>

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



CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 Governments Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

B. Blended Component Unit

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 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.

The 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 if it were a 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 but the information reported corresponds with the City's September 30, 2017 reporting period. 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, 2019

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 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable 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, 2019

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 operations of the Tyler Pounds Regional Airport.

Additionally, the government reports the following fund types:

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

The City of Tyler reports the following Internal Service Funds:

1. Productivity Improvement Fund – to track performance pay of City employees. This fund accounts for City University, Lean Six Sigma, and the Internal Audit functions.
2. 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.
3. Property and Liability Insurance Funds – 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’s 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 the 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 benefits 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, 2019

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 the general rule are payments-in-lieu of taxes and other charges between the government's water utilities function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

For the purpose of the statements of cash flows for the Proprietary and Internal Service Funds, the City considers all assets included in "equity in pooled cash and investments" to be "cash and cash equivalents."

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, 2019

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

Consistent with Governmental Accounting Standards Board Statement 42, *Fair Value Measurement and Application*, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A detail of the fair value hierarchy of investments held by the City is disclosed in Note 4 to the financial statements.

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 does not place any restrictions such as notice periods or maximum transaction amounts. TexPool is not registered with the Securities and Exchange Commission as an investment company, but is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available by request at www.texpool.com.

The Texas Short Term Asset Reserve Program (TexStar) is a local government investment pool created in accordance with the Interlocal Cooperation Act and the Public Funds Investment Act of the Texas Government Code. TexStar has a redemption notice period of one day and more redeem daily and is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available by request at www.texstar.org.

Both investment pools carry investments at amortized cost as the pools meet requirements of Governmental Accounting Standards Board Statement 79, *Certain External Investment Pools and Pool Participants*. Both investment pools 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.”

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

The City provides an allowance for doubtful accounts based upon the anticipated collectibility of each specific account, as determined by experience. All receivables are shown net of this allowance. A 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 unavailable revenue on October 1. The unavailable revenue from taxes is then recognized as revenue during the year as the taxes are actually received. All delinquent property taxes receivables are assets of the General Fund.

The City Charter limits the City's ad valorem tax rate to \$1.75 per \$100 of assessed valuation. The tax rate for the year ended September 30, 2019, was \$.244452 per \$100, which means that the City has a tax margin of \$1.50554 per \$100 and could raise up to \$128,290,539 additional taxes a year from the present valuation of \$8,521,230,861 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 non-spendable 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 cost 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 acquisition value. 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, 2019**

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	10 to 20
Improvements other than buildings	10 to 50
Public domain infrastructure	15 to 50
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 were enrolled into the PTO program and may only carryover 30 days of PTO per year. Any amount accrued above the 30 days carryover is lost as of December 31 of that year. Unused PTO up to 30 days will be paid to the employee upon termination at employee’s current pay rate.

Civil Service Employees

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Civil and Non-Civil Service Employees

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

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 expensed as incurred.

11. Bond Premiums, Discounts, and Issuance Costs

Bond premiums in enterprise funds are amortized over the term of the bonds using the effective interest amortization method. Gains or losses on enterprise fund refundings are reported as deferred inflows or outflows and are amortized over the term of the lessor of the new bonds or the refunded bonds using the effective interest method. Debt issuance costs are recognized as expenditures/expenses when incurred.

12. 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’s deferred charge on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows related to pension and other postemployment benefit activities that are reported 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 has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, fines, and permits. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows related to pension and other postemployment benefit activities that are reported in this category.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

13. Fund Equity

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

Non-spendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as notes receivables 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.

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 the specific purpose as expressed by the City Council. The City Council may also assign fund balance when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget. The amount reflected in the financial statements has been assigned for the purpose intended by the City Council.

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.

14. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net invested in capital assets 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 by creditors, grantors or other laws and regulations. The government-wide statement of net position reports \$52,079,014 of restricted net position, of which \$13,819,669 is restricted by enabling legislation.

15. Tax Abatements

The City has evaluated the total tax abatements issued for the year and has determined that the amount is not material to the financial statements.

16. Pensions and Other Post-Employment Benefits

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of the City’s retirement and OPEB plan and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

For the fiscal year ending September 30, 2019, the City recognized total pension expense of \$15,114,946, \$9,498,183 of which was for the TMRS Plan and \$5,616,763 for the TFDRRF Plan. For the fiscal year ending September 30, 2019, the City recognized total OPEB expense of \$2,495,170, \$2,322,428 of which was for the Health Plan and \$172,742 for the TMRS Supplemental Death Benefit Plan.

17. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

18. 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 by 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.

19. New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. It will also enhance the decision-usefulness of the information provided to financial statements users by requiring disclosures related to those AROs. This statement is effective for reporting periods beginning after June 15, 2018. The City has implemented the provisions of GASB No. 83, accordingly.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* which improved the information that is disclosed in notes to the financial statements related to debt, including direct borrowing and direct placements, by requiring additional essential information related to debt be disclosed, including unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. There was no significant impact of this statement on the City's financial statements.

20. Future Implementation of New Standards

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. This statement is effective for reporting periods beginning after December 15, 2018. The City is evaluating the impact of this statement on the City's financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, which will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

This statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance and purpose of a government’s leasing arrangements. This statement is effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact of this statement on the City’s financial statements.

In June 2018 GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* which will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period by requiring that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the cost of a capital asset reported in a business-type activity or enterprise fund. This statement is effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact of this statement on its financial statements.

In August 2018 GASB Issued Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* which will improve the consistency and comparability of reporting the government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The City is evaluating the impact of this statement on its financial statements.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net 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 \$(11,907,439) difference are as follows:

Claims and judgement	\$ (100,000)
Capital leases	(684,218)
Compensation absences	(11,123,221)
Net adjustment to reduce fund balance - total governmental funds	(11,907,439)
to arrive at net position - governmental activities	\$ (11,907,439)

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 \$14,032,509 difference are as follows:

Unavailable property tax revenues	\$ 576,082
Unavailable fines	13,416,314
Unavailable permits	40,113
Net adjustment to increase balance - total governmental funds	14,032,509
to arrive at net position - governmental activities	\$ 14,032,509

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures”. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$5,045,508 difference are as follows:

Capital outlay	\$ 18,494,375
Depreciation expense	(13,448,867)
Net adjustment to increase net changes in fund balances - total	_____
Governmental funds to arrive at changes in net position of	
Governmental activities	\$ 5,045,508

NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY

A. Budgetary Information

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

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted in Council chambers at City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Budgetary control is established at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Charter prohibits budgeting total proposed expenditures in excess of total anticipated revenues and any unencumbered funds from prior years; therefore, expenditures may not legally exceed revenues and unencumbered fund balances from prior years for each fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds (Police Forfeiture Fund, Court Special Fee Fund, Hotel-Motel Occupancy Tax Fund, Passenger Facility Charge Fund, PEG Fee 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 Special Fee Fund, Hotel-Motel Occupancy Tax Fund, Passenger Facility Charge Fund, PEG Fee 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 \$71,488,277. Appropriations, which are not expended or encumbered at year-end, must be rebudgeted in the succeeding year.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

A. Budgetary Information – continued

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, 2019, neither the general fund nor any major special revenue fund had expenditures in excess of appropriations.

C. Deficit Fund Equity

As of September 30, 2019, the Technology Fund had a deficit Net Position in the amount of \$766,188

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, 2019, are as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 49,655,412
Temporarily restricted cash and cash equivalents	40,831,305
Permanently restricted cash and cash equivalents	3,095,532
Fiduciary Funds	
Cash and cash equivalents	5,866,079
Investments	79,426,912
Total Cash and Investments	<u>\$ 178,875,240</u>
Cash on hand	\$ 13,612
Savings and checking accounts	25,787,138
Cash and cash equivalents held in investment accounts	1,716,187
Investments	<u>151,358,303</u>
Total Cash and Investments	<u>\$ 178,875,240</u>

Custodial Credit Risk – Deposits – At September 30, 2019, 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 \$25,787,138 and the bank balances totaled \$27,709,024. 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.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

A. Deposits and Investments – continued

Investments are stated at fair value or amortized costs, which approximately fair value. As of September 30, 2019, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Risk
Primary Government			
Certificates of deposit	\$ 71,680,568	0.92	N/A
Texpool	214,005	0.10	AAAm
TexStar	36,818	0.06	AAAm
Total Primary Government	71,931,391		
Fiduciary Funds			
Equities	4,823,990	N/A	N/A
Mutual Funds	74,602,922	N/A	N/A
Total Fiduciary Funds	79,426,912		
Total Reporting Entity	\$ 151,358,303		
Portfolio weighted average maturity (years)		1.12	

Interest Risk Rate – This is the risk that changes in market risk rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods of time are more likely to be subject to increased variability in their fair values due to changes in the market interest rates. The City, in compliance with its investment policy adopted by the City Council, invests in shorter-term securities to protect market valuation from unanticipated rate movements. In addition, the City will not directly invest in securities maturing more than two years from the date of purchase.

Credit Risk – This is the risk that an issuer or other counterparty of a debt type investment will not fulfill its obligation to the holder of the investment. 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/dealer meeting strict qualification.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s attempts to avoid over-investment in local government pools and matches a portion of its investments with anticipated cash flow requirements.

Custodial Credit Risk – This custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As noted previously, the City requires market value of pledged securities in excess of 102% of all uninsured deposits.

Foreign Currency risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to foreign currency risk.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

A. Deposits and Investments – continued

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, level 2 inputs are significant other observable inputs, and level 3 inputs are significant unobservable inputs.

A summary of the City’s investments under the requirements of the fair value hierarchy as of September 30, 2019 are as follows:

	Assets at Fair Value as of September 30, 2019			
	Level 1	Level 2	Level 3	Total
Primary Government:				
Certificates of Deposit	\$ -	\$ 71,680,568	\$ -	\$ 71,680,568
Texas Government Investment Pool	-	250,823	-	250,823
Total Primary Government	-	71,931,391	-	71,931,391
Fiduciary Funds:				
Equities	4,823,990	-	-	4,823,990
Mutual Funds	74,602,922	-	-	74,602,922
Total Fiduciary Funds	79,426,912	-	-	79,426,912
Total Reporting Entity	\$ 79,426,912	\$ 71,931,391	\$ -	\$ 151,358,303

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						
Accounts	\$ 20,365,371	\$ -	\$ 6,695,827	\$ 2,298,412	\$ 3,663,355	\$ 480,676	\$ 113,599	\$ 33,617,240
Grants	8,794	-	-	-	-	994,965	-	1,003,759
Taxes	8,231,367	2,578,100	-	-	-	-	-	10,809,467
Miscellaneous	46,757	69,379	-	-	-	-	-	116,136
Gross receivables	28,652,289	2,647,479	6,695,827	2,298,412	3,663,355	1,475,641	113,599	45,546,602
Less: Allowance for uncollectibles	(6,665,762)	-	(209,578)	(60,739)	-	-	-	(6,936,079)
Net total receivables	\$ 21,986,527	\$ 2,647,479	\$ 6,486,249	\$ 2,237,673	\$ 3,663,355	\$ 1,475,641	\$ 113,599	\$ 38,610,523

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 Fireman’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.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

C. Lindsey Trust Fund – continued

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, 2019, the net appreciation on investments of the Fund was \$2,676.

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.

D. Capital Assets

Governmental and business-type capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 18,243,886	\$ -	\$ -	\$ 18,243,886
Construction in progress	16,768,807	12,407,255	(12,092,118)	17,083,944
Total capital assets, not being depreciated	35,012,693	12,407,255	(12,092,118)	35,327,830
Capital assets, being depreciated:				
Buildings	59,643,329	242,766	-	59,886,095
Improvements other than buildings	94,033,772	17,079,977	-	111,113,749
Machinery and equipment	71,936,804	6,768,111	(3,923,948)	74,780,967
Infrastructure	355,640,133	-	-	355,640,133
Total capital assets, being depreciated	581,254,038	24,090,854	(3,923,948)	601,420,944
Less accumulated depreciation for:				
Buildings	(22,212,045)	(1,692,835)	-	(23,904,880)
Improvements other than buildings	(76,666,102)	(1,395,135)	-	(78,061,237)
Machinery and equipment	(52,426,701)	(5,326,029)	2,663,667	(55,089,063)
Infrastructure	(212,032,230)	(8,363,596)	-	(220,395,826)
Total accumulated depreciation	(363,337,078)	(16,777,595)	2,663,667	(377,451,006)
Total capital assets, being depreciated, net	217,916,960	7,313,259	(1,260,281)	223,969,938
Governmental activities capital assets, net	<u>\$ 252,929,653</u>	<u>\$ 19,720,514</u>	<u>\$ (13,352,399)</u>	<u>\$ 259,297,768</u>

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

D. Capital Assets – continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 11,094,692	\$ 317,467	\$ -	\$ 11,412,159
Water rights	12,526,700	-	-	12,526,700
Construction in progress	49,206,958	10,432,410	(32,792,808)	26,846,560
Total capital assets, not being depreciated	<u>72,828,350</u>	<u>10,749,877</u>	<u>(32,792,808)</u>	<u>50,785,419</u>
Capital assets, being depreciated:				
Buildings	63,471,224	-	-	63,471,224
Improvements other than buildings	266,240,036	39,431,605	-	305,671,641
Machinery and equipment	14,003,516	2,269,251	(1,356,308)	14,916,459
Infrastructure	20,751,447	-	-	20,751,447
Total capital assets, being depreciated	<u>364,466,223</u>	<u>41,700,856</u>	<u>(1,356,308)</u>	<u>404,810,771</u>
Less accumulated depreciation for:				
Buildings	(32,897,652)	(1,491,558)	-	(34,389,210)
Improvements other than buildings	(120,404,704)	(6,476,326)	-	(126,881,030)
Machinery and equipment	(8,886,997)	(1,119,547)	674,022	(9,332,522)
Infrastructure	(2,891,573)	(488,626)	-	(3,380,199)
Total accumulated depreciation	<u>(165,080,926)</u>	<u>(9,576,057)</u>	<u>674,022</u>	<u>(173,982,961)</u>
Total capital assets, being depreciated, net	<u>199,385,297</u>	<u>32,124,799</u>	<u>(682,286)</u>	<u>230,827,810</u>
Business-type activities capital assets, net	<u>\$ 272,213,647</u>	<u>\$ 42,874,676</u>	<u>\$ (33,475,094)</u>	<u>\$ 281,613,229</u>

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 for \$12,524,200. At September 30, 2019, total water rights were \$12,526,700. Management believes there is no impairment in the value of the water rights at September 30, 2019.

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

Governmental activities:	
General Government	\$ 814,311
Public Safety	2,306,012
Highways and streets, including depreciation of general infrastructure assets	8,095,760
Public Services	684,530
Culture and recreation	672,711
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>4,204,271</u>
Total depreciation expense - governmental activities	<u>\$ 16,777,595</u>
Business-type activities:	
Utilities	\$ 7,018,091
Sanitation	590,611
Airport	1,967,355
Total depreciation expense - business-type activities	<u>\$ 9,576,057</u>

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

D. Capital Assets – continued

Construction Commitments

As of September 30, 2019, 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:

Project	Spent To-Date	Estimated Remaining Commitment
Pavement Enhancement Project	\$ 3,878,874	\$ 4,237,284
Courtney Miller Drainage	1,343,949	691,072
Fire Station 1	3,267,176	1,561,233
Fire Station 4	2,185,926	841,377
Fleishel Drainage Improvements	890,419	313,479
Woldert Park ADA Renovation	284,811	152,363
Fun Forest ADA Renovation	447,230	49,920
Broadway Drainage Improvements	193,245	156,220

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.

E. Interfund Receivables, Payables, and Transfers

The interfund balance in the General Fund resulted from overdrafts in the City’s pooled cash accounts that were funded by the Utility Fund.

The composition of interfund balances as of September 30, 2019, is as follows:

Receivable Fund	Payable Fund	Amount
Utility Fund	General Fund	\$1,391,603

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, 2019, is as follows:

	Transfer In					Total
	General Fund	One-Half Cent Sales Tax Fund	Nonmajor Governmental Funds	Airport Enterprise Funds	Internal Service Funds	
Transfers Out:						
General Fund	\$ -	\$ -	\$ 1,695,764	\$ -	\$ 1,249,662	\$ 2,945,426
One-Half Cent Sales Tax Fund	-	-	-	925,525	-	925,525
Nonmajor Governmental Funds	1,800,000	50,000	-	236,000	65,987	2,151,987
Utilities Enterprise Funds	-	-	20,000	-	349,143	369,143
Airport Enterprise Funds	-	-	-	-	13,179	13,179
Sanitation Enterprise Funds	-	-	733,946	-	129,193	863,139
Totals	<u>\$ 1,800,000</u>	<u>\$ 50,000</u>	<u>\$ 2,449,710</u>	<u>\$ 1,161,525</u>	<u>\$ 1,807,164</u>	<u>\$ 7,268,399</u>

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019 were approximately \$532,236.

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	\$ 15,012,399
Less: accumulated depreciation	(12,065,506)
	\$ 2,946,893

The future minimum lease obligations as of September 30, 2019, were as follows:

Year ending September 30	Governmental Activities
2020	\$ 754,080
2021	656,575
2022	240,840
2023	153,308
2024	82,254
Thereafter	62,254
Total amount of minimum lease payments	1,949,311
Less: amount representing interest	(93,398)
Present value of minimum lease payments	\$ 1,855,913

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 \$91,435,000 with maturities ranging from 2027 to 2038.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

G. Long-term debt – continued

Revenue bonds currently outstanding are as follows:

Issue	Purpose	Interest Rates	Amount
Series 2011	Water and sewer refunding	2.00 to 4.00%	\$ 6,020,000
Series 2012	Water and sewer refunding	1.50 to 2.625%	1,025,000
Series 2013	Customer facility use	3.76%	785,000
Series 2015A	Water refunding and improvements	2.00 to 4.00%	7,305,000
Series 2015B	Water and sewer refunding	2.00 to 5.00%	14,970,000
Series 2017A	Water and sewer refunding	3.00 to 4.00%	3,690,000
Series 2017B	Water and sewer refunding	2.00 to 3.50%	7,950,000
Series 2018A	Water and sewer revenue	3.00 to 4.00%	8,230,000
Series 2018B	Water and sewer refunding	3.00%	8,255,000
Total outstanding revenue bonds			<u><u>\$ 58,230,000</u></u>

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

Year ending September 30	Principal	Interest	Total
2020	\$ 3,675,000	\$ 2,125,071	\$ 5,800,071
2021	3,780,000	2,022,826	5,802,826
2022	3,895,000	1,907,468	5,802,468
2023	4,040,000	1,771,260	5,811,260
2024	4,170,000	1,629,914	5,799,914
2025-2029	22,345,000	5,507,987	27,852,987
2030-2034	13,785,000	1,769,524	15,554,524
2035-2038	2,540,000	235,600	2,775,600
	<u><u>\$ 58,230,000</u></u>	<u><u>\$ 16,969,650</u></u>	<u><u>\$ 75,199,650</u></u>

Cash in the amount of \$1,540,215 as restricted at September 30, 2019 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 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.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

G. Long-term debt – continued

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning Balance 10/1/2018	Additions	Reductions	Ending Balance 9/30/2019	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Claims and judgements	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Capital leases	2,525,885	-	772,395	1,753,490	663,778	1,089,712
Net pension liability	58,527,912	22,058,903	-	80,586,815	-	80,586,815
Net OPEB liability	20,845,598	-	90,648	20,754,950	-	20,754,950
Compensated absences	10,900,368	425,274	-	11,325,642	441,553	10,884,089
Governmental activities						
Long-term liabilities	<u>\$ 92,899,763</u>	<u>\$ 22,484,177</u>	<u>\$ 863,043</u>	<u>\$ 114,520,897</u>	<u>\$ 1,205,331</u>	<u>\$ 113,315,566</u>
Business-Type Activities:						
Revenue bonds payable	\$ 61,770,000	\$ -	\$ 3,540,000	\$ 58,230,000	\$ 3,675,000	\$ 54,555,000
Capital leases	152,215	-	49,792	102,423	50,732	51,691
Bond premium/(discount)	3,750,112	-	273,869	3,476,243	-	3,476,243
Net pension liability	10,143,075	4,221,257	-	14,364,332	-	14,364,332
Net OPEB liability	7,564,019	-	31,502	7,532,517	-	7,532,517
Compensated absences	688,443	115,271	92,563	711,151	28,446	682,705
Business-Type Activities						
Long-Term Liabilities	<u>\$ 84,067,864</u>	<u>\$ 4,336,528</u>	<u>\$ 3,987,726</u>	<u>\$ 84,416,666</u>	<u>\$ 3,754,178</u>	<u>\$ 80,662,488</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.

The City has defeased certain bonds by placing the proceeds of new bond issues in an irrevocable trust for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. The 2017A Series bonds were issued to refund the remaining portion of the 2008 Series bonds and resulted in a \$80,000 reduction in the City's debt service fund. The 2017B Series bonds were issued to retire the 2009 Series bonds and this issue resulted in an economic gain \$286,681 to the City and the debt service fund was reduced by \$273,921 as a result of the issuance of these bonds. At September 30, 2019, \$21,045,000 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

Bond Issue	Year Refunded	Outstanding
Series 2017A Water and Sewer System Refunding Bonds	2008	\$ 3,895,000
Series 2017B Water and Sewer System Refunding Bonds	2009	8,230,000
Series 2017B Water and Sewer System Refunding Bonds	2009	8,920,000
Total Bonds Defeased		<u>\$ 21,045,000</u>

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5: OTHER INFORMATION

A. Risk management

Property and Casualty Insurance 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 and self-insured retentions for building and contents are \$5,000 per occurrence; \$100,000 for claims involving flood and earthquake; \$50,000 for claims involving wind/hail damage, automobile liability, general liability, employment practices liability, law enforcement liability, and management liability; and \$0 for airport liability. The amount of settlements has not exceeded insurance coverage for the last three fiscal years.

Worker's Compensation Plan

The City is exposed to risk of loss due to injuries incurred by employees while performing work-related duties. The City has established and maintains a comprehensive self-insurance worker's compensation plan. Third party administrators handle claims review and processing. An insurance company provides excess workers compensation insurance for losses over \$450,000 self-insured retention with an aggregate retention of \$2,000,000.

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. 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 \$375,000 per illness. A third-party administrator administers health claims and payments.

Medicare Eligible Retirees/Dependents

Retirees and/or their spouses who become eligible for Medicare and have been continuously covered under the City's health insurance plan may elect to participate in the City's self-funded prescription drug card plan and the Medicare Supplement Insurance Program. The retiree hired before 1/1/1997 pay 40% and their dependent pays 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.

DENTAL - Employees/Retirees

The City offers fully self-funded dental and orthodontic benefits to eligible employees/dependents and retirees/dependents. Employees and retirees hired after 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.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

A. Risk management – continued

LIFE INSURANCE - Employees/Retirees

The City provides a \$10,000 basic life and AD&D insurance 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 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 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, 2019, was \$100,000. See Note 4: G for a reconciliation of changes in claims and judgments.

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, 2019 and 2018:

	Insurance Claims Payable At Beginning of Year	Current Year Claims and Changes In Estimates	Actual Claim Payments	Insurance Claims Payable At End of Year
Employees Benefits Fund				
FYE 2018	\$423,916	\$7,221,606	\$7,285,908	\$359,614
FYE 2019	359,617	8,418,593	8,661,468	116,739
Retiree Benefits Fund				
FYE 2018	\$69,769	\$2,086,234	\$2,041,835	\$114,168
FYE 2019	114,168	1,672,306	1,684,374	102,100

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

C. Joint Venture

The Northeast 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 & 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, 2019, the City budgeted funding of \$200,000 for the District. The City's equity interest in the District at September 30, 2019 is \$2,780,066. The Health District's total fund balance at September 30, 2019 was approximately \$3.5 million. 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 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 \$23,037,035 for September 30, 2019.

E. Pension Plans

1. Texas Municipal Retirement System Plan

TMRS Plan Description

The City of Tyler participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

All eligible employees of the City are required to participate in TMRS.

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.tmr.com.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

E. Pension Plans - continued

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 2018</u>	<u>Plan Year 2017</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Year 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

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Inactive employees or beneficiaries currently receiving benefits	573	549
Inactive employees entitled to but not yet receiving benefits	301	268
Active employees	<u>665</u>	<u>668</u>
	<u>1,539</u>	<u>1,485</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Tyler were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Tyler were 20.92% and 20.89% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$7,480,539, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

- Inflation at 2.50% per year
- Overall payroll growth at 3.00%
- Investment Rate of Return at 6.75%, net of pension plan investment expense, including inflation

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

E. Pension Plans - continued

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

E. Pension Plans - continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2017	\$ 241,667,573	\$ 194,183,891	\$ 47,483,682
Changes for the year:			
Service cost	5,645,418	-	5,645,418
Interest	16,127,408	-	16,127,408
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,686,661)	-	(1,686,661)
Changes of assumptions	-	-	-
Contributions - employer	-	7,214,614	(7,214,614)
Contributions - employee	-	2,438,458	(2,438,458)
Net investment income	-	(5,816,547)	5,816,547
Benefit payments, including refunds of employee contributions	(11,131,440)	(11,131,440)	-
Administrative expense	-	(112,418)	112,418
Other changes	-	(5,873)	5,873
Net changes	8,954,725	(7,413,206)	16,367,931
Balance at 12/31/2018	\$ 250,622,298	\$ 186,770,685	\$ 63,851,613

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 98,740,324	\$ 63,851,613	\$ 35,228,077

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$9,498,183.

At September 30, 2019, the City reported deferred outflows of resource and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,452,092
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	10,026,397	-
Contributions subsequent to the measurement date	5,775,776	-
Total	\$ 15,802,173	\$ 1,452,092

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

E. Pension Plans - continued

\$5,775,776 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	
2019	\$ 2,947,303
2020	850,555
2021	991,655
2022	3,784,792
2023	-
Thereafter	-
	\$ 8,574,305

2. Tyler Firefighter's Relief and Retirement Fund

Plan Description

The City contributes to the retirement plan for firefighters in the Tyler Fire Department known as the Tyler Firefighters' Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Tyler Firefighters' Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Tyler Firefighters' Relief and Retirement Fund at 1718 West Houston, Tyler, Texas 75702.

The Tyler Firefighter's Relief and Retirement Fund is considered part of the City's financial reporting entity and is included in the City's financial reports as a Pension Trust Fund.

Benefits Provided

Firefighters in the Tyler Fire Department are covered by the Tyler Firefighters' Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters become eligible for normal service retirement at age 50 with 25 years of service or at age 55 with 20 years of service. If a terminated firefighter has a vested benefit but is not eligible for normal retirement, he may elect an actuarially equivalent early retirement benefit or he may wait to retire starting on the date he would have first satisfied both age and service requirements for normal retirement if he had remained a Tyler firefighter. The present plan effective July 1, 2011 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity (except those who had 20 years of service as of January 1, 2005 have a normal form of a Joint and 100% to Spouse form), equal to 71.5% of Highest 60-Month Average Salary plus \$113 for each year of service in excess of 20. A \$1,000 minimum monthly benefit was added in 2018.

A retiring firefighter eligible for normal service retirement with certain minimum combinations of years of service and age has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 60-Month Average Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date he meets the RETRO DROP eligibility requirements and the date preceding the date he actually retires by the maximum lump sum accumulation period (36 or 60 months, depending upon age and service). Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the fund, after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

E. Pension Plans - continued

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

Members Covered by the Fund

In the December 31, 2017 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>155</u>
	<u><u>267</u></u>

Funding Policy

The contribution provisions of the Fund 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.

The funding policy of the Tyler Firefighters' Relief and Retirement Fund requires contributions equal to 13.50% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City currently contributes according to an agreement between the City and the Fund's board of trustees. The City's contribution rate to the Fund is the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees each calendar year, including the supplementary death benefit rate. The actual City contribution rate was 20.96% in 2017 and 20.92% in 2018. The December 31, 2017 actuarial valuation includes the assumption that the City contribution rate will average 19.50% over the UAAL amortization period. The costs of administering the plan are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending December 31, 2018, the money-weighted rate of return on pension plan investments was -6.55%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed City contribution rate together provide 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 actuarially determined using an open, level percentage of payroll method.

Net Pension Liability

The City of Tyler's net pension liability was measured as December 31, 2018, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

E. Pension Plans - continued

Total pension liability	\$	95,698,629
Plan fiduciary net position		64,599,095
City's net pension liability	\$	31,099,534
Plan fiduciary net position as a percentage of the total pension liability		67.5%

Actuarial Method and Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.4%	
Salary increases	3.4%, plus promotion, step and longevity increases that vary by service	
Investment rate of return	7.5%, net of pension plan investment expense, including inflation	

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.09%) and by adding expected inflation (3.40%). In addition, the final 7.50% assumption was selected by “rounding up”. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
Large cap domestic	29.00%	5.59%
Mid cap domestic	9.00%	5.82%
Small cap domestic	6.00%	5.96%
International developed	7.00%	5.89%
International developing	5.00%	7.24%
Alternatives		
Real estate	5.00%	3.77%
Commodities	5.50%	2.10%
Fixed income		
Domestic core	23.00%	1.34%
Domestic high yield	4.00%	2.76%
Global	5.00%	1.71%
Cash	1.50%	0.24%
Total	100.00%	
Weighted Average		4.09%

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

E. Pension Plans - continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. No projection of cash flows was used to determine the discount rate because the December 31, 2017 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 26 years. Because of the 26-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Tyler, calculated using the discount rate of 7.50%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease in Discount Rate (6.50%)		1% Increase in Discount Rate (8.50%)	
City's net pension liability	\$	41,203,116	\$	31,099,534
			\$	22,194,797

Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2017	\$ 91,328,549	\$ 70,141,881	\$ 21,186,668
Changes for the year:			
Service cost	2,303,706	-	2,303,706
Interest	6,849,003	-	6,849,003
Difference between expected and actual experience	-	-	-
Contributions by the City	-	2,430,912	(2,430,912)
Firefighter contributions	-	1,568,701	(1,568,701)
Net investment income	-	(4,565,736)	4,565,736
Benefit payments	(4,940,827)	(4,940,827)	-
Administrative expenses	-	(35,836)	35,836
Assumption changes	158,198	-	158,198
Other changes	-	-	-
Net changes	4,370,080	(5,542,786)	9,912,866
Balance at 12/31/2018	\$ 95,698,629	\$ 64,599,095	\$ 31,099,534

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

E. Pension Plans - continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City's GASB 68 pension expense was \$5,616,763. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

Components of Pension Expense for the Fiscal Year Ended September 30, 2019

Components of Pension Expense	
Service cost	\$ 2,303,706
Interest	6,849,003
Firefighter contributions	(1,568,701)
Projected earnings on pension plan investments	(5,224,002)
Amortization of differences between projected and actual earnings on plan investments	2,924,261
Amortization of changes of assumptions	234,543
Amortization of differences between expected and actual experience	(96,081)
Pension plan administrative expenses	35,836
Changes in benefit provisions	158,198
Total pension expense	<u>\$ 5,616,763</u>

Deferred Outflows of Resources and Deferred Inflows of Resources to Be Recognized in Pension Expense in Future Years

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 105,021	\$ 799,761
Changes in actuarial assumptions	1,363,457	-
Difference between projected and actual investment earnings	6,294,492	-
Contributions subsequent to the measurement date	1,915,312	-
Total	<u>\$ 9,678,282</u>	<u>\$ 799,761</u>

\$1,915,312 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	
2020	\$ 2,586,706
2021	1,022,515
2022	1,142,710
2023	2,096,409
2024	80,518
Thereafter	34,351
Total	<u>\$ 6,963,209</u>

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

F. Post-Employment Benefits Other Than Pensions

1. Health Plan

Plan Description

In addition to the pension benefits previously described, the City makes available health care benefits to eligible employees, and their spouses and children, who retire from the City and who are receiving benefits from a City sponsored retirement program (Texas Municipal Retirement System or Tyler Firefighters' Relief and Retirement Fund) through a single-employer defined benefit healthcare plan.

The plan does not issue a stand-alone report.

Benefits Provided

In addition to providing pension benefits, the City may provide group medical, dental, life and other benefits to eligible employees and their dependents. Detailed and summary information concerning eligibility, coverage and costs will be provided annually by Finance Department and any outside service or insurance providers. The nature and extent of such benefits are subject to change without prior notice.

Employees who are working for City at the time of their retirement are eligible to continue to participate in City group health, dental, and life insurance plan. If such retiree's dependents were enrolled for coverage at the time of the retiree's retirement, then retiree may continue to have retiree's dependents covered.

Retirees who elect to remain in the insurance plan must continue to pay their portion of premiums and abide by the other conditions of the plan in order to have coverage. A retiree seeking continued coverage must inform Finance Department no later than the date of retirement that the person elects to continue coverage for the retiree and/or dependents. Employees hired after 01/01/1997 must pay full cost of premiums in order to continue coverage upon retirement. City may substitute Medicare supplement health benefits coverage as the coverage provided for a retiree who receives health benefits coverage under this policy, including a dependent, after the date that the retiree becomes eligible for Federal Medicare benefits. The City may refuse health benefits coverage to a retiree and/or the retiree's dependent covered under this policy if the retiree and/or retiree's dependent is eligible for group health benefits coverage through another employer; or if premiums are not paid; or if they do not provide required certificate of insurance from insurance company. Non-Medicare Retirees, Medicare Retirees, and their dependents, who elect to opt out of the health and/or dental plan(s), may do so by submitting a written notice to Finance Department. This written notice must include which plan(s) (health, dental and/or both) and the effective date (first day no longer covered). Retirees terminated for non-payment or who opted out and had not served 20 years with the City of Tyler will not be eligible to opt back into the health and/or dental plan(s) at a later date.

Retirees terminated due to alternative coverage may be able to opt back into the City's coverage if the retiree:

1. No longer qualifies for coverage,
2. Served 20 years with the City of Tyler, and
3. Had selected the coverage at the time of retirement.

Only the coverage selected at the time of retirement will be considered for the 20 year opt-in provision.

Additionally the City provides eligible retirees with \$5,000 in basic life insurance coverage at no cost to the retirees.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

F. Post-Employment Benefits Other Than Pensions - continued

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	446
Inactive employees entitled to but not yet receiving benefits	38
Active employees	806
	1,290

Contributions

City contributions consists of monthly premium contributions to 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.

Medicare eligible retirees are provided a Medicare insurance supplement program. For retirees hired before 1/1/1997, the City contributions are fixed at the 2013 subsidy level for age-band as of 12/31/17. For retirees hired on and after 1/1/1997, there is no City contribution. See the table below for the monthly rates for employees:

	Medical Plan	Dental Plan	Vision Plan	
			Gold 100	Gold 150
Employee only	\$ 27.65	\$ 9.82	\$ 5.50	\$ 6.50
Employee + Spouse	145.71	36.10	9.30	10.50
Employee + Child(ren)	113.22	34.96	9.90	11.15
Employee + Family	197.43	54.34	14.80	16.70

Consistent with the requirements of GASB Statement No. 74, the employer contributions include amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets.

Net OPEB Liability

The City's Net OPEB Liability was measured as of December 31, 2018, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	TMRS: 3.50% to 10.50%, including inflation FIRE: 3.50% to 9.71%, including inflation
Healthcare cost trend rates	Initial rates of 7.50% declining to ultimate rates of 4.25% after 15 years

Salary increases were based on a service-related table obtained from either TMRS or FTDRRF. Per TMRS, mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

F. Post-Employment Benefits Other Than Pensions - continued

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Per FTDRRF, mortality rates for active members, retirees, and beneficiaries were based on the RP2000 Combined Healthy Mortality Tables projected to 2024 using Scale AA for males and females.

The actuarial assumptions for TMRS members are based on the assumptions that were developed for the defined benefit plan in which the City participates. The assumptions are based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement Plan (TMRS). The assumptions for firefighters are based on the pension valuation report provided by the City as of December 31, 2015.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 6.50%. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.50%; the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 6.50%.

The City is expected to consistently fund the actuarially determined employer contribution, which uses a closed amortization period. As a result, the plan's fiduciary net position is expected to be sufficient to pay all future benefits.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2017	\$ 36,329,155	\$ 10,519,227	\$ 25,809,928
Changes for the year:			
Service cost	656,975	-	656,975
Interest on the total OPEB liability	2,317,569	-	2,317,569
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(736,059)	-	(736,059)
Changes in assumptions	-	-	-
Employer contributions	-	2,880,184	(2,880,184)
Net investment income	-	(539,956)	539,956
Benefit payments	(2,005,477)	(2,005,477)	-
Administrative expenses	-	(29,550)	29,550
Other	-	-	-
Net Changes	233,008	305,201	(72,193)
Balances as of December 31, 2018	\$ 36,562,163	\$ 10,824,428	\$ 25,737,735

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

F. Post-Employment Benefits Other Than Pensions - continued

Sensitivity Analysis

The following presents the Net OPEB Liability of the City, calculated using the discount rate of 6.50%, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease in Discount Rate (5.50%)	Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
Net OPEB Liability	\$ 28,553,255	\$ 25,737,735	\$ 23,212,919

The following presents the Net OPEB Liability of the City, calculated using the assumed trend rates (6.50% declining to the ultimate rate of 4.25% after 15 years), as well as what the City's Net OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower (5.50% declining to the ultimate rate of 3.25% after 15 years) or 1-percentage-point higher (7.50% declining to the ultimate rate of 5.25% after 15 years) than the current rate:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	\$ 23,182,684	\$ 25,737,735	\$ 28,644,149

OPEB Expense

For the year ended September 30, 2019, the City recognized OPEB expense of \$2,322,428.

Components of OPEB Expense	
Service cost	\$ 656,975
Interest on total OPEB liability	2,317,569
Current-period benefit changes	-
Employee contributions	-
Projected earnings on OPEB plan investments	(711,217)
OPEB plan administrative expenses	29,550
Other changes in plan fiduciary net position	-
Recognition of current year outflow/(inflow) due to liabilities	(118,208)
Recognition of current year outflow/(inflow) due to assets	250,235
Amortization of prior year outflow/(inflow) due to liabilities	-
Amortization of prior year outflow/(inflow) due to assets	(102,476)
Total OPEB expense	<u>\$ 2,322,428</u>

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

F. Post-Employment Benefits Other Than Pensions - continued

Deferred Outflows of Resources and Deferred Inflows of Resources to be Recognized in OPEB expense in Future Years

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 617,851
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	693,511	-
Contributions subsequent to the measurement date	(423,304)	-
Total	<u>\$ 270,207</u>	<u>\$ 617,851</u>

The City had \$(423,304) reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction/(addition) of the total OPEB liability for the year ending September 30, 2019. The employer contributions include trust contributions of \$0 plus the benefit payments paid by the City of \$1,384,164 minus the trust reimbursements of \$1,807,468. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	
2019	\$ 29,551
2020	29,551
2021	29,552
2022	132,025
2023	(118,208)
Thereafter	(26,811)
	<u>\$ 75,660</u>

2. Supplemental Death Benefits Plan

Plan Description

The City also participates in a single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). Like the Defined Benefit Pension Plan, the OPEB Plan is under the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. 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, 2019**

F. Post-Employment Benefits Other Than Pensions - continued

TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

Benefits Provided

Payments from this fund are similar to group term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Inactive employees currently receiving benefits	451	426
Inactive employees entitled to but not yet receiving benefits	72	65
Active employees	665	668
	1,188	1,159

Contributions

The member cities contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. 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 life insurance during employee's entire careers.

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

For calendar year 2018, the total SDB contributions rate for the City was 0.22%, while the retiree portion of the SDB contribution was 0.08%. The City's contributions for the year ended September 30, 2019, were \$28,707 for the retiree portion, and \$81,710 for the total SDB rate. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

F. Post-Employment Benefits Other Than Pensions - continued

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50% to 10.5% including inflation
Discount rate *	3.31%
Retiree's share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a three year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial cost method being used is known as the Entry Age Normal Method. This method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation through their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the City. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. The post-retirement mortality assumption for health annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2001 and dated December 31, 2013.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

F. Post-Employment Benefits Other Than Pensions - continued

Changes in the Total OPEB Liability

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at 12/31/2017	\$ 2,597,955
Changes for the year:	
Service cost	86,960
Interest	86,971
Change of benefit terms	-
Difference between expected and actual experience	(27,611)
Changes of assumptions or other inputs	(168,451)
Benefit payments	<u>(27,827)</u>
Net changes	<u>(49,958)</u>
Balance at 12/31/2018	<u>\$ 2,547,997</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, would be if it were calculated using a discount rate that is 1-percentage-point lowers (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	<u>1% Decrease in</u>		<u>Discount Rate (3.71%)</u>		<u>1% Increase in</u>
	<u>Discount Rate (2.71%)</u>				<u>Discount Rate (4.71%)</u>
Total OPEB Liability	\$ 3,001,283	\$	2,547,997	\$	2,189,435

OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$172,742.

<u>Components of OPEB Expense</u>	
Service cost	\$ 86,960
Interest on total OPEB liability	86,971
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	(5,681)
Changes in assumptions or other inputs	<u>4,492</u>
Total OPEB expense	<u>\$ 172,742</u>

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

F. Post-Employment Benefits Other Than Pensions - continued

Deferred Outflows of Resources and Deferred Inflows of Resources to Be Recognized in OPEB Expense in Future Years

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 21,930
Changes in actuarial assumptions	-	21,811
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	22,119	-
Total	<u>\$ 22,119</u>	<u>\$ 43,741</u>

The City had \$22,119 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	
2019	\$ (1,189)
2020	(1,189)
2021	(6,669)
2022	(34,694)
2023	-
Thereafter	-
	<u>\$ (43,741)</u>

G. Commitments

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2019, 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, 2019

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 in the amount of \$275,000.

H. Landfill Closure and Post-closure 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 post-closure costs. The operator is funding a landfill trust, which is administered by the City of Tyler and established for the future closure and post-closure costs of the Greenwood Landfill.

J. Subsequent Events

Subsequent to the year ended September 30, 2019, the City issued Water & Sewer System Revenue Bonds – Series 2019, in the amount of \$19,960,000 for future water and sewer system infrastructure and improvements. Subsequent events were evaluated through March 6, 2020, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability					
Service Cost	\$ 4,665,697	\$ 5,126,201	\$ 5,561,888	\$ 5,616,579	\$ 5,645,418
Interest (on the Total Pension Liability)	14,108,492	14,704,123	14,812,165	15,456,387	16,127,408
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual results	(1,004,139)	(331,903)	(473,353)	(196,987)	(1,686,661)
Change of assumptions	-	(478,359)	-	-	-
Benefit payments, including refunds of employee contributions	<u>(9,268,702)</u>	<u>(9,713,879)</u>	<u>(10,000,772)</u>	<u>(10,767,252)</u>	<u>(11,131,440)</u>
Net Change in Total Pension Liability	8,501,348	9,306,183	9,899,928	10,108,727	8,954,725
Total Pension Liability - Beginning	<u>203,851,387</u>	<u>212,352,735</u>	<u>221,658,918</u>	<u>231,558,846</u>	<u>241,667,573</u>
Total Pension Liability - Ending (a)	<u>\$ 212,352,735</u>	<u>\$ 221,658,918</u>	<u>\$ 231,558,846</u>	<u>\$ 241,667,573</u>	<u>\$ 250,622,298</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 6,710,788	\$ 7,010,794	\$ 7,040,230	\$ 7,170,297	\$ 7,214,614
Contributions - Employee	2,227,512	2,327,022	2,388,648	2,420,194	2,438,458
Net Investment Income	8,776,879	238,696	10,912,920	23,797,094	(5,816,547)
Benefit payments, including refunds of employee contributions	(9,268,702)	(9,713,879)	(10,000,772)	(10,767,252)	(11,131,440)
Administrative Expense	(91,634)	(145,395)	(123,252)	(123,321)	(112,418)
Other	<u>(7,534)</u>	<u>(7,181)</u>	<u>(6,641)</u>	<u>(6,250)</u>	<u>(5,873)</u>
Net Change in Plan Fiduciary Net Position	8,347,309	(289,943)	10,211,133	22,490,762	(7,413,206)
Plan Fiduciary Net Position - Beginning	<u>153,424,630</u>	<u>161,771,939</u>	<u>161,481,996</u>	<u>171,693,129</u>	<u>194,183,891</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 161,771,939</u>	<u>\$ 161,481,996</u>	<u>\$ 171,693,129</u>	<u>\$ 194,183,891</u>	<u>\$ 186,770,685</u>
Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 50,580,796</u>	<u>\$ 60,176,922</u>	<u>\$ 59,865,717</u>	<u>\$ 47,483,682</u>	<u>\$ 63,851,613</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.18%	72.85%	74.15%	80.35%	74.52%
Covered Payroll	\$ 31,816,401	\$ 33,222,301	\$ 34,080,198	\$ 34,542,306	\$ 34,783,842
Net Pension Liability as a Percentage of Covered Payroll	158.98%	181.13%	175.66%	137.47%	183.57%

Notes to Schedule:

This schedule will present 10 years information when it becomes available.

**CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 6,596,251	\$ 6,906,104	\$ 7,323,791	\$ 7,067,763	\$ 7,242,722	\$ 7,480,539
Contributions in relation to the actuarially determined contributions	<u>6,596,251</u>	<u>6,906,104</u>	<u>7,323,791</u>	<u>7,067,763</u>	<u>7,242,722</u>	<u>7,480,539</u>
Contribution deficiency (Overpayment)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 31,503,109	\$ 32,746,475	\$ 35,299,165	\$ 34,107,320	\$ 34,968,816	\$ 35,884,086
Contributions as a percentage of covered payroll	20.94%	21.09%	20.75%	20.72%	20.71%	20.85%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period 23 years

Asset Valuation Method 10 Year smoothed market; 15% soft corridor

Inflation 2.50%

Salary Increases 3.50% to 10.50% including inflation

Investment Rate of Return 6.75%

Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to the experience study of the period 2010 - 2014.

Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information: There were no benefit changes during the year.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' RELIEF AND RETIREMENT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability					
Service Cost	\$ 2,135,428	\$ 2,215,179	\$ 2,248,539	\$ 2,327,238	\$ 2,303,706
Interest (on the Total Pension Liability)	5,987,025	6,277,350	6,474,280	6,684,234	6,849,003
Changes in benefit terms	-	-	-	-	158,198
Difference between expected and actual results	-	198,165	-	(1,038,495)	-
Change of assumptions	-	808,186	-	1,214,295	-
Benefit payments, including refunds of employee contributions	(3,413,612)	(5,498,546)	(6,299,846)	(5,814,190)	(4,940,827)
Net Change in Total Pension Liability	4,708,841	4,000,334	2,422,973	3,373,082	4,370,080
Total Pension Liability - Beginning	76,823,319	81,532,160	85,532,494	87,955,467	91,328,549
Total Pension Liability - Ending (a)	<u>\$ 81,532,160</u>	<u>\$ 85,532,494</u>	<u>\$ 87,955,467</u>	<u>\$ 91,328,549</u>	<u>\$ 95,698,629</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,407,993	\$ 2,452,070	\$ 2,336,615	\$ 2,405,117	\$ 2,430,912
Contributions - Employee	1,522,493	1,555,182	1,512,916	1,549,098	1,568,701
Net Investment Income	2,403,790	(2,891,814)	5,091,311	9,480,792	(4,565,736)
Benefit payments, including refunds of employee contributions	(3,413,612)	(5,498,546)	(6,299,846)	(5,814,190)	(4,940,827)
Administrative Expense	(53,740)	(30,035)	(54,206)	(15,132)	(35,836)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,866,924	(4,413,143)	2,586,790	7,605,685	(5,542,786)
Plan Fiduciary Net Position - Beginning	61,495,625	64,362,549	59,949,406	62,536,196	70,141,881
Plan Fiduciary Net Position - Ending (b)	<u>\$ 64,362,549</u>	<u>\$ 59,949,406</u>	<u>\$ 62,536,196</u>	<u>\$ 70,141,881</u>	<u>\$ 64,599,095</u>
Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 17,169,611</u>	<u>\$ 25,583,088</u>	<u>\$ 25,419,271</u>	<u>\$ 21,186,668</u>	<u>\$ 31,099,534</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.94%	70.09%	71.10%	76.80%	67.50%
Covered Payroll	\$ 11,272,803	\$ 11,519,867	\$ 11,206,785	\$ 11,474,800	\$ 11,620,007
Net Pension Liability as a Percentage of Covered Payroll	152.31%	222.08%	226.82%	184.64%	267.64%

Notes to Schedule:

This schedule will present 10 years information when it becomes available.

**CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' RELIEF AND RETIREMENT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 2,402,466	\$ 2,448,625	\$ 2,508,633	\$ 2,244,357	\$ 2,640,922	\$ 2,525,746
Contributions in relation to the actuarially determined contributions	<u>2,402,466</u>	<u>2,448,625</u>	<u>2,442,540</u>	<u>2,189,346</u>	<u>2,620,919</u>	<u>2,487,004</u>
Contribution deficiency	\$ -	\$ -	\$ 66,093	\$ 55,011	\$ 20,003	\$ 38,742
Covered payroll	\$ 11,272,803	\$ 11,506,705	\$ 11,963,428	\$ 10,721,551	\$ 12,616,845	\$ 11,985,380
Contributions as a percentage of covered payroll	21.31%	21.28%	20.42%	20.42%	20.77%	20.75%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll Method
Remaining Amortization Period	26 years
Inflation	3.40%
Salary Increases	3.40%, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation
Retirement Age	Firefighters become eligible for normal service retirement at age 50 with 25 years of service or at age 55 with 20 years of service.
Mortality	RP2000 Combined Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.
Other Information:	There were no benefit changes during the year.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
HEALTH PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2019

Total OPEB liability	Measurement Year 2017	Measurement Year 2018
Service Cost	\$ 617,273	\$ 656,975
Interest (on the Total OPEB Liability)	2,303,993	2,317,569
Changes in benefit terms	-	-
Difference between expected and actual experience	-	(736,059)
Change of assumptions	-	-
Benefit payments	<u>(3,459,056)</u>	<u>(2,005,477)</u>
Net Change in Total OPEB Liability	(537,790)	233,008
Total OPEB Liability - Beginning	<u>36,866,945</u>	<u>36,329,155</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 36,329,155</u></u>	<u><u>\$ 36,562,163</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 6,125,793	\$ 2,880,184
Contributions - Employee	-	-
OPEB plan net investment income	1,042,478	(539,956)
Benefit payments	(3,459,056)	(2,005,477)
OPEB plan administrative Expense	(23,966)	(29,550)
Other	-	-
Net Change in Plan Fiduciary Net Position	3,685,249	305,201
Plan Fiduciary Net Position - Beginning	<u>6,833,978</u>	<u>10,519,227</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 10,519,227</u></u>	<u><u>\$ 10,824,428</u></u>
Net OPEB Liability (Asset) - Ending (a)-(b)	<u><u>\$ 25,809,928</u></u>	<u><u>\$ 25,737,735</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	28.96%	29.61%
Covered Payroll	\$ 45,211,468	\$ 45,363,280
Net OPEB Liability as a Percentage of Covered Payroll	57.09%	56.74%

Notes to Schedule:

This schedule will present 10 years information when it becomes available.

**CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	2018	2019
Actuarially Determined Contribution	\$ 2,988,214	\$ 2,988,214
Contributions in relation to the actuarially determined contributions	3,226,151	3,129,268
Contribution deficiency	\$ (237,937)	\$ (141,054)
Covered payroll	\$ 44,647,862	\$ 48,416,755
Contributions as a percentage of covered payroll	7.23%	6.46%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: The actuarially determined contribution for fiscal year ending September 30, 2019 was developed in the December 31, 2015 valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Closed, 23 years as of FYE 19
Asset Valuation Method	Market Value
Investment Rate of Return	6.50%, net of investment expenses, including inflation
Inflation	2.50%
Salary Increases	TMRS: 3.50% to 10.50%, including inflation FIRE: 3.50% to 9.71%, including inflation
Demographic Assumptions	TMRS: Based on the experience study covering the four-year period ending December 31, 2014 as conducted by the Texas Municipal Retirement System. FIRE: Based on the pension valuation report for the Tyler Firefighters' Relief and Retirement Fund as of December 31, 2015.
Mortality	TMRS: For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. FIRE: The gender-distinct RP-2000 Combined Healthy Mortality Tables projected to 2024 using Scale AA.
Participation Rates	It was assumed that 85% of future retirees who were hired before 1/1/1997 and 25% of future retirees who were hired after 1/1/1997 would choose to receive retiree health care benefits through the City.
Healthcare Cost Trend Rates	Initial rates of 6.50% declining to ultimate rates of 4.25% after 15 years.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFITS PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Measurement Year 2017</u>	<u>Measurement Year 2018</u>
Total OPEB liability		
Service Cost	\$ 72,539	\$ 86,960
Interest	86,877	86,971
Changes in benefit terms	-	-
Difference between expected and actual experience	-	(27,611)
Change of assumptions and other inputs	190,285	(168,451)
Benefit payments	<u>(27,634)</u>	<u>(27,827)</u>
Net Change in Total OPEB Liability	322,067	(49,958)
Total OPEB Liability - Beginning	<u>2,275,888</u>	<u>2,597,955</u>
Total OPEB Liability - Ending (a)	<u>\$ 2,597,955</u>	<u>\$ 2,547,997</u>
Covered Payroll	\$ 34,542,306	\$ 34,783,842
Net OPEB Liability as a Percentage of Covered Payroll	7.52%	7.33%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Summary of Actuarial Assumptions:

Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount Rate*	3.71%
Retirees' share of benefit-related costs	\$0.00
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.
Other Information:	The Supplemental Death Benefits Fund is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ADDITIONAL SUPPLEMENTARY INFORMATION

**CITY OF TYLER, TEXAS
COMBINING BALANCE SHEET
GENERAL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR PARKING GARAGE	ELIMINATIONS	TOTAL GENERAL GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	\$ 4,891,456	\$ 1,736,615	\$ 785,879	\$ 6,113,736	\$ -	\$ -	\$ 13,527,686
Receivables (net of allowance for doubtful accounts) :							
Property taxes	588,086	-	-	-	-	-	588,086
Other	21,300,535	45,790	2,966	13,016	36,134	-	21,398,441
Due from other funds	1,980,940	-	-	-	-	(29,328)	1,951,612
Inventories	26,282	-	-	-	-	-	26,282
Prepaid items	91,169	5,036	5,892	-	-	-	102,097
Total assets	\$ 28,878,468	\$ 1,787,441	\$ 794,737	\$ 6,126,752	\$ 36,134	\$ (29,328)	\$ 37,594,204
LIABILITIES							
Accounts payable	\$ 2,278,664	\$ 45,372	\$ 178,091	\$ -	\$ 2,192	\$ -	\$ 2,504,319
Due to other funds	-	-	-	-	29,328	(29,328)	-
Deposits and other refundable balances	31,323	902,882	20,255	4,998	-	-	959,458
Unearned revenue	20,900	-	-	-	-	-	20,900
Total liabilities	2,330,887	948,254	198,346	4,998	31,520	(29,328)	3,484,677
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	576,082	-	-	-	-	-	576,082
Unavailable revenue - fines	13,416,314	-	-	-	-	-	13,416,314
Unavailable revenue - permits	-	40,113	-	-	-	-	40,113
Total deferred inflows of resources	13,992,396	40,113	-	-	-	-	14,032,509
FUND BALANCES							
Nonspendable:							
Inventories	26,282	-	-	-	-	-	26,282
Prepaid items	91,169	5,036	5,892	-	-	-	102,097
Assigned to:							
Development services	-	794,038	-	-	-	-	794,038
Capital improvements	-	-	-	-	4,614	-	4,614
Tourism and convention	-	-	590,499	-	-	-	590,499
Unassigned	12,437,734	-	-	6,121,754	-	-	18,559,488
Total fund balances	12,555,185	799,074	596,391	6,121,754	4,614	-	20,077,018
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,878,468	\$ 1,787,441	\$ 794,737	\$ 6,126,752	\$ 36,134	\$ (29,328)	\$ 37,594,204

CITY OF TYLER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL	FAIR PARKING GARAGE	ELIMINATIONS	TOTAL GENERAL GOVERNMENTAL FUNDS
REVENUES							
Taxes:							
Property	\$ 20,625,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,625,073
Franchise	10,765,775	-	-	-	-	-	10,765,775
Sales and use	31,020,004	-	-	-	-	-	31,020,004
Licenses and permits	461,503	1,303,732	-	-	-	-	1,765,235
Fines, forfeitures and penalties	4,065,150	-	-	-	-	-	4,065,150
Revenues from use of money or property	380,315	31,094	403,677	70,720	612	-	886,418
Charges for current services	2,455,571	59,829	85,985	-	-	-	2,601,385
Revenues from other agencies	586,403	-	-	-	-	-	586,403
Miscellaneous	520,631	77,540	4,554	71,522	-	-	674,247
Total revenues	<u>70,880,425</u>	<u>1,472,195</u>	<u>494,216</u>	<u>142,242</u>	<u>612</u>	<u>-</u>	<u>72,989,690</u>
EXPENDITURES							
Current:							
General government	7,307,057	-	-	-	37,607	-	7,344,664
Public safety	47,413,146	-	-	-	-	-	47,413,146
Public services	1,044,699	1,711,245	-	-	-	-	2,755,944
Highways and streets	4,737,959	-	-	-	-	-	4,737,959
Culture and recreations	5,154,478	39,328	2,408,554	-	-	-	7,602,360
Capital Outlay	170,331	-	219,342	-	-	-	389,673
Total expenditures	<u>65,827,670</u>	<u>1,750,573</u>	<u>2,627,896</u>	<u>-</u>	<u>37,607</u>	<u>-</u>	<u>70,243,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,052,755</u>	<u>(278,378)</u>	<u>(2,133,680)</u>	<u>142,242</u>	<u>(36,995)</u>	<u>-</u>	<u>2,745,944</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	1,800,000	3,000,000	-	(3,000,000)	1,800,000
Transfers out	(5,890,747)	(30,900)	(23,779)	-	-	3,000,000	(2,945,426)
Total other financing sources (uses)	<u>(5,890,747)</u>	<u>(30,900)</u>	<u>1,776,221</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>(1,145,426)</u>
Net change in fund balances	(837,992)	(309,278)	(357,459)	3,142,242	(36,995)	-	1,600,518
Fund balances - beginning of year	13,393,177	1,108,352	953,850	2,979,512	41,609	-	18,476,500
Fund balances - end of year	<u>\$ 12,555,185</u>	<u>\$ 799,074</u>	<u>\$ 596,391</u>	<u>\$ 6,121,754</u>	<u>\$ 4,614</u>	<u>\$ -</u>	<u>\$ 20,077,018</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 judgements, 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 ***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 Fund

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 #2 Fund* was established to encourage economic development in the Downtown area. This Fund accounts for additional value and associated taxes received from the 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.

The *Street Improvement Capital Projects Fund* is funded through \$0.01 of the City's property tax rate and is used to pay for street improvements in the City as needed..

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, 2019**

	SPECIAL REVENUE FUND									
	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL- MOTEL OCCUPANCY	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	CDBG	HOME GRANT	HOUSING	HOUSING ASSISTANCE PAYMENT
ASSETS										
Equity in pooled cash and investments	\$ -	\$ -	\$ 6,210,069	\$ -	\$ 44,418	\$ 925,671	\$ 10,123	\$ 263,880	\$ 416	\$ -
Accounts and grants receivable	1,818	565	393,576	-	94	64,517	209,204	10,057	-	8,484
Inventories	-	-	-	-	-	-	-	4,451	-	-
Prepaid items	-	307	-	-	-	-	-	-	-	364
Cash - restricted	595,061	129,694	-	423,135	-	-	-	-	-	682,679
Total assets	\$ 596,879	\$ 130,566	\$ 6,603,645	\$ 423,135	\$ 44,512	\$ 990,188	\$ 219,327	\$ 278,388	\$ 416	\$ 691,527
LIABILITIES										
Accounts payable	\$ 2,493	\$ 62,824	\$ 46,268	\$ 13,836	\$ -	\$ 52,292	\$ 163,933	\$ -	\$ -	\$ 16,408
Deposits and other refundable balances	23,195	-	-	-	-	-	-	-	-	189,907
Due to other funds	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	25,688	62,824	46,268	13,836	-	52,292	163,933	-	-	206,315
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	4,451	-	-
Prepaid items	-	307	-	-	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Public safety	571,191	67,435	-	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-	-	-
Tourism and convention	-	-	6,557,377	-	-	-	-	-	-	-
Donor restrictions	-	-	-	409,299	-	-	-	-	-	-
Airport improvements	-	-	-	-	44,512	-	-	-	-	-
Communications	-	-	-	-	-	937,896	-	-	-	-
Housing assistance	-	-	-	-	-	-	-	-	416	485,212
Grant restrictions	-	-	-	-	-	-	55,394	273,937	-	-
Assign to:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Cemetery maintenance	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	571,191	67,742	6,557,377	409,299	44,512	937,896	55,394	278,388	416	485,212
Total liabilities and fund balances	\$ 596,879	\$ 130,566	\$ 6,603,645	\$ 423,135	\$ 44,512	\$ 990,188	\$ 219,327	\$ 278,388	\$ 416	\$ 691,527

**CITY OF TYLER, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019**

	SPECIAL REVENUE FUND					CAPITAL PROJECTS FUND			PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TIF / TIRZ #4 FUND	TOTAL SPECIAL REVENUE	GENERAL CAPITAL PROJECTS	STREET PROJECTS	CEMETERIES	
ASSETS										
Equity in pooled cash and investments	\$ -	\$ -	\$ 3	\$ 419,274	\$ 4,597	\$ 7,878,451	\$ 454,005	\$ 137,029	98,082	\$ 8,567,567
Accounts and grants receivable	61,507	714,197	8	1,270	1	1,465,298	549	0	9,794	1,475,641
Inventories	-	-	-	-	-	4,451	-	-	-	4,451
Prepaid items	2,133	0	-	-	-	2,804	-	-	-	2,804
Cash - restricted	-	46,615	-	-	-	1,877,184	-	-	3,095,532	4,972,716
Total assets	\$ 63,640	\$ 760,812	\$ 11	\$ 420,544	\$ 4,598	\$ 11,228,188	\$ 454,554	\$ 137,029	\$ 3,203,408	\$ 15,023,179
LIABILITIES										
Accounts payable	\$ 26,683	\$ 125,414	\$ -	\$ -	\$ -	\$ 510,151	57,814	\$ 26,708	\$ 11,731	\$ 606,404
Deposits and other refundable balances	-	-	-	-	-	213,102	-	-	-	213,102
Due to other funds	36,128	587,405	-	-	-	623,533	-	-	-	623,533
Unearned revenue	829	-	-	-	-	829	-	-	-	829
Total Liabilities	63,640	712,819	-	-	-	1,347,615	57,814	26,708	11,731	1,443,868
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	4,451	-	-	-	4,451
Prepaid items	-	-	-	-	-	307	-	-	-	307
Permanent fund principal	-	-	-	-	-	-	-	-	3,208,309	3,208,309
Restricted for:										
Public safety	-	-	-	-	-	638,626	-	-	-	638,626
Capital improvements	-	-	11	420,544	4,598	425,153	-	-	-	425,153
Tourism and convention	-	-	-	-	-	6,557,377	-	-	-	6,557,377
Donor restrictions	-	-	-	-	-	409,299	-	-	-	409,299
Airport improvements	-	-	-	-	-	44,512	-	-	-	44,512
Communications	-	-	-	-	-	937,896	-	-	-	937,896
Housing assistance	-	-	-	-	-	485,628	-	-	-	485,628
Grant restrictions	-	47,993	-	-	-	377,324	-	-	-	377,324
Assign to:										
Capital projects	-	-	-	-	-	-	396,740	110,321	-	507,061
Unassigned	-	-	-	-	-	-	-	-	(16,632)	(16,632)
Total fund balances	-	47,993	11	420,544	4,598	9,880,573	396,740	110,321	3,191,677	13,579,311
Total liabilities and fund balances	\$ 63,640	\$ 760,812	\$ 11	\$ 420,544	\$ 4,598	\$ 11,228,188	\$ 454,554	\$ 137,029	\$ 3,203,408	\$ 15,023,179

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, 2019

	SPECIAL REVENUE FUND									
	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL- MOTEL OCCUPANCY	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	CDBG	HOME GRANT	HOUSING	HOUSING ASSISTANCE PAYMENT
REVENUES										
Taxes:										
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise	-	-	-	-	-	253,442	-	-	-	-
Sales and use	-	-	3,919,601	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	459,594	23,317	-	8,053,409
Fines, forfeitures and penalties	379,597	552,524	-	-	-	-	-	-	-	-
Revenues from use of money and property	9,102	4,715	124,850	-	4,781	20,156	-	-	9	17,091
Donations	-	-	-	682,566	-	-	-	-	-	-
Charges for services	-	-	-	-	206,217	-	-	-	-	-
Miscellaneous	-	-	10,000	-	-	-	19,471	-	-	-
Total revenues	388,699	557,239	4,054,451	682,566	210,998	273,598	479,065	23,317	9	8,070,500
EXPENDITURES										
Current:										
General government	-	-	-	5,531	-	131,216	-	-	-	-
Public safety	31,713	579,694	-	27,512	-	-	-	-	-	-
Culture and recreation	-	-	-	166,843	-	-	-	-	-	-
Public services	-	-	1,009,210	16,768	-	-	282,442	40,239	-	8,308,806
Capital outlay	59,196	-	46,267	429,334	-	-	180,164	-	-	-
Debt service:										
Principal	-	81,585	-	-	-	-	-	-	-	-
Interest and fiscal charges	203	9,469	-	-	-	-	-	-	-	-
Total expenditures	91,112	670,748	1,055,477	645,988	-	131,216	462,606	40,239	-	8,308,806
Excess (deficiency) of revenues over (under) expenditures	297,587	(113,509)	2,998,974	36,578	210,998	142,382	16,459	(16,922)	9	(238,306)
OTHER FINANCING SOURCES (USES)										
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(5,434)	(1,825,000)	-	(286,000)	(32,015)	-	-	-	-
Total other financing sources (uses)	-	(5,434)	(1,825,000)	-	(286,000)	(32,015)	-	-	-	-
Change in net assets	297,587	(118,943)	1,173,974	36,578	(75,002)	110,367	16,459	(16,922)	9	(238,306)
Fund balances - beginning of year	273,604	186,685	5,383,403	372,721	119,514	827,529	38,935	295,310	407	723,518
Fund balances - end of year	<u>\$ 571,191</u>	<u>\$ 67,742</u>	<u>\$ 6,557,377</u>	<u>\$ 409,299</u>	<u>\$ 44,512</u>	<u>\$ 937,896</u>	<u>\$ 55,394</u>	<u>\$ 278,388</u>	<u>\$ 416</u>	<u>\$ 485,212</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, 2019

	SPECIAL REVENUE FUND					CAPITAL PROJECTS FUND			PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TIF / TIRZ #4 FUND	TOTAL SPECIAL REVENUE	GENERAL CAPITAL PROJECTS	STREET PROJECTS	CEMETERIES	
REVENUES										
Taxes:										
Property	\$ -	\$ -	\$ -	\$ 92,093	\$ -	\$ 92,093	\$ -	\$ -	\$ -	\$ 92,093
Franchise	-	-	-	-	-	253,442	-	-	-	253,442
Sales and use	-	-	-	-	-	3,919,601	-	-	-	3,919,601
Licenses and permits	-	-	-	-	-	-	-	-	4,125	4,125
Grants	411,605	2,404,581	-	-	-	11,352,506	-	-	-	11,352,506
Fines, forfeitures and penalties	-	-	-	-	-	932,121	-	-	-	932,121
Revenues from use of money and property	-	2,250	64	8,881	1	191,900	4,416	1,784	71,949	270,049
Donations	-	-	-	-	-	682,566	-	-	-	682,566
Charges for services	-	156,153	-	-	-	362,370	-	-	159,700	522,070
Miscellaneous	-	20,117	-	-	-	49,588	10,085	-	-	59,673
Total revenues	411,605	2,583,101	64	100,974	1	17,836,187	14,501	1,784	235,774	18,088,246
EXPENDITURES										
Current:										
General government	-	-	-	900	-	137,647	-	-	-	137,647
Public safety	-	-	-	-	-	638,919	137,292	-	-	776,211
Culture and recreation	10,174	-	-	-	-	177,017	-	-	242,057	419,074
Public services	391,605	2,924,233	-	-	-	12,973,303	-	-	-	12,973,303
Capital outlay	9,826	135,186	-	-	-	859,973	653,987	793,202	-	2,307,162
Debt service:										
Principal	-	-	-	-	-	81,585	188,626	-	-	270,211
Interest and fiscal charges	-	-	-	-	-	9,672	13,331	-	-	23,003
Total expenditures	411,605	3,059,419	-	900	-	14,878,116	993,236	793,202	242,057	16,906,611
Excess (deficiency) of revenues over (under) expenditures	-	(476,318)	64	100,074	1	2,958,071	(978,735)	(791,418)	(6,283)	1,181,635
OTHER FINANCING SOURCES (USES)										
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Transfers in	-	481,816	-	2,826	-	484,642	1,017,413	745,883	196,462	2,444,400
Transfers out	-	-	(2,826)	-	4,597	(2,146,678)	-	-	-	(2,146,678)
Total other financing sources (uses)	-	481,816	(2,826)	2,826	4,597	(1,662,036)	1,017,413	745,883	196,462	297,722
Change in net assets	-	5,498	(2,762)	102,900	4,598	1,296,035	38,678	(45,535)	190,179	1,479,357
Fund balances - beginning of year	-	42,495	2,773	317,644	-	8,584,538	358,062	155,856	3,001,498	12,099,954
Fund balances - end of year	\$ -	\$ 47,993	\$ 11	\$ 420,544	\$ 4,598	\$ 9,880,573	\$ 396,740	\$ 110,321	\$ 3,191,677	\$ 13,579,311

**CITY OF TYLER, TEXAS
POLICE FORFEITURE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fines, forfeitures and penalties	\$ 41,000	\$ 379,597	\$ 338,597
Revenues from use of money and property	62,000	9,102	(52,898)
	<u>103,000</u>	<u>388,699</u>	<u>285,699</u>
EXPENDITURES			
Public safety:			
Supplies and services	16,000	31,713	(15,713)
Capital outlay	159,500	59,196	100,304
Debt service:			
Interest	-	203	(203)
	<u>175,500</u>	<u>91,112</u>	<u>84,388</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (72,500)</u>	297,587	<u>\$ 370,087</u>
Fund balance - beginning of year		<u>273,604</u>	
Fund balance - end of year		<u>\$ 571,191</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 PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fines, forfeitures and penalties	\$ 515,000	\$ 552,524	\$ 37,524
Revenues from use of money and property	-	4,715	4,715
Total revenues	<u>515,000</u>	<u>557,239</u>	<u>42,239</u>
EXPENDITURES			
Public safety:			
Salaries and benefits	200,482	234,908	(34,426)
Supplies and services	339,358	341,669	(2,311)
Maintenance	5,000	3,117	1,883
Total expenditures	<u>544,840</u>	<u>579,694</u>	<u>(34,854)</u>
OTHER FINANCING SOURCES (USES)			
Principal paid on debt	(81,585)	(81,585)	-
Interest and fiscal charges	(9,469)	(9,469)	-
Transfer out	(5,434)	(5,434)	-
Total other financing sources (uses)	<u>(96,488)</u>	<u>(96,488)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (126,328)</u>	<u>(118,943)</u>	<u>\$ 7,385</u>
Fund balance - beginning of year		<u>186,685</u>	
Fund balance - end of year		<u>\$ 67,742</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 PERIOD ENDED SEPTEMBER 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Taxes	\$ 3,560,463	\$ 3,919,601	\$ 359,138
Revenues from use of money and property	30,000	124,850	94,850
Miscellaneous	10,000	10,000	-
Total revenues	<u>3,600,463</u>	<u>4,054,451</u>	<u>453,988</u>
EXPENDITURES			
Hotel-motel administration:			
Texas Rose Festival	9,000	9,000	-
Discovery Place	32,400	32,400	-
East Texas Symphony	35,000	35,000	-
Tyler Museum of Art	35,000	35,000	-
Historical Museum	13,500	13,500	-
Historic Aviation Museum	13,500	13,500	-
Visitors and Convention Bureau	700,000	700,000	-
McClendon House	4,500	4,500	-
Tyler Civic Theatre	4,050	-	4,050
Sports Tyler Award	25,000	25,000	-
Supplies and services	231,500	141,310	90,190
Contingency	148,500	-	148,500
Capital outlay	-	46,267	46,267
Total expenditures	<u>1,251,950</u>	<u>1,055,477</u>	<u>289,007</u>
Excess of revenues over (under) expenditures	<u>2,348,513</u>	<u>2,998,974</u>	<u>242,740</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,825,000)</u>	<u>(1,825,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,825,000)</u>	<u>(1,825,000)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 523,513</u>	1,173,974	<u>\$ 696,728</u>
Fund balance - beginning of year		<u>5,383,403</u>	
Fund balance - end of year		<u>\$ 6,557,377</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 PERIOD ENDED SEPTEMBER 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 1,500	\$ 4,781	\$ 3,281
Charges for services	235,000	206,217	(28,783)
Total revenues	<u>236,500</u>	<u>210,998</u>	<u>(25,502)</u>
EXPENDITURES			
Public services			
Supplies and services	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>236,500</u>	<u>210,998</u>	<u>(25,502)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(286,000)	(286,000)	-
Total other financing sources (uses)	<u>(286,000)</u>	<u>(286,000)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (49,500)</u>	<u>(75,002)</u>	<u>\$ (25,502)</u>
Fund balance - beginning of year		<u>119,514</u>	
Fund balance - end of year		<u>\$ 44,512</u>	

CITY OF TYLER, TEXAS
PEG FEE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Franchise fees	\$ 267,917	\$ 253,442	\$ (14,475)
Revenues from use of money and property	5,850	20,156	14,306
Total revenues	<u>273,767</u>	<u>273,598</u>	<u>(169)</u>
EXPENDITURES			
Public services:			
Supplies and services	202,850	131,216	71,634
Capital outlay	-	-	-
Total expenditures	<u>202,850</u>	<u>131,216</u>	<u>71,634</u>
Excess of revenues over (under) expenditures	70,917	142,382	71,465
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(32,015)</u>	<u>(32,015)</u>	<u>-</u>
Total other financing sources (uses)	<u>(32,015)</u>	<u>(32,015)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 38,902</u>	110,367	<u>\$ 71,465</u>
Fund balance - beginning of year		<u>827,529</u>	
Fund balance - end of year		<u>\$ 937,896</u>	

CITY OF TYLER, TEXAS
CDBG FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 1,494,392	\$ 459,594	\$ (1,034,798)
Miscellaneous	4,500	19,471	14,971
Total revenues	<u>1,498,892</u>	<u>479,065</u>	<u>(1,019,827)</u>
EXPENDITURES			
Public services:			
Salaries and benefits	215,972	107,671	108,301
Supplies and services	937,278	167,639	769,639
Utilities	4,903	3,981	922
Maintenance	10,373	3,151	7,222
Capital outlay	660,732	180,164	480,568
Total expenditures	<u>1,829,258</u>	<u>462,606</u>	<u>1,366,652</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (330,366)</u>	16,459	<u>\$ 346,825</u>
Fund balance - beginning of year		<u>38,935</u>	
Fund balance - end of year		<u>\$ 55,394</u>	

**CITY OF TYLER, TEXAS
HOME GRANT FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Grants	\$ 648,250	\$ 23,317	\$ (624,933)
Total revenues	<u>648,250</u>	<u>23,317</u>	<u>(624,933)</u>
EXPENDITURES			
Public services:			
Salaries and benefits	10,485	40,239	(29,754)
Supplies and services	<u>917,017</u>	<u>-</u>	<u>917,017</u>
Total expenditures	<u>927,502</u>	<u>40,239</u>	<u>887,263</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (279,252)</u>	<u>(16,922)</u>	<u>\$ 262,330</u>
Fund balance - beginning of year		<u>295,310</u>	
Fund balance - end of year		<u>\$ 278,388</u>	

**CITY OF TYLER, TEXAS
HOUSING ASSISTANCE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 8,082,332	\$ 8,053,409	\$ (28,923)
Revenue from use of money and property	8,358	17,091	8,733
Total revenues	<u>8,090,690</u>	<u>8,070,500</u>	<u>(20,190)</u>
EXPENDITURES			
Public services:			
Salaries and benefits	548,338	470,766	77,572
Supplies and services	7,767,173	7,823,302	(56,129)
Utilities	11,600	8,475	3,125
Maintenance	14,800	6,263	8,537
Total expenditures	<u>8,341,911</u>	<u>8,308,806</u>	<u>33,105</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (251,221)</u>	<u>(238,306)</u>	<u>\$ 12,915</u>
Fund balance - beginning of year		<u>723,518</u>	
Fund balance - end of year		<u>\$ 485,212</u>	

**CITY OF TYLER, TEXAS
TRANSIT SYSTEM FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 4,017,658	\$ 2,404,581	\$ (1,613,077)
Charges for services	155,000	156,153	1,153
Revenue from use of money and property	5,000	2,250	
Miscellaneous	15,200	20,117	4,917
Total revenues	<u>4,192,858</u>	<u>2,583,101</u>	<u>(1,607,007)</u>
EXPENDITURES			
Public services			
Salaries and benefits	1,277,433	1,018,014	259,419
Supplies and services	1,424,661	1,451,266	(26,605)
Utilities	16,295	16,830	(535)
Maintenance	1,032,070	426,220	605,850
Capital outlay	840,000	135,186	704,814
Total expenditures	<u>4,590,459</u>	<u>3,047,516</u>	<u>1,542,943</u>
Excess of revenues over (under) expenditures	<u>(397,601)</u>	<u>(464,415)</u>	<u>(64,064)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	463,046	481,816	18,770
Total other financing sources (uses)	<u>463,046</u>	<u>481,816</u>	<u>18,770</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 65,445</u>	17,401	<u>\$ (45,294)</u>
Fund balance - beginning of year		<u>42,495</u>	
Fund balance - end of year		<u>\$ 59,896</u>	

CITY OF TYLER, TEXAS
TIF / TRIZ #3 FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 91,505	\$ 92,093	\$ 588
Revenue from use of money and property	2,713	8,881	6,168
Total revenues	<u>94,218</u>	<u>100,974</u>	<u>6,756</u>
EXPENDITURES			
Special services	5,000	900	4,100
Total expenditures	<u>5,000</u>	<u>900</u>	<u>4,100</u>
Excess of revenues over (under) expenditures	<u>89,218</u>	<u>100,074</u>	<u>10,856</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,826	2,826	-
Total other financing sources (uses)	<u>2,826</u>	<u>2,826</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 92,044</u>	102,900	<u>\$ 10,856</u>
Fund balance - beginning of year		<u>317,644</u>	
Fund balance - end of year		<u>\$ 420,544</u>	

**CITY OF TYLER, TEXAS
CAPITAL PROJECTS FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenue from use of money and property	\$ 1,000	\$ 4,416	\$ 3,416
Miscellaneous	40,000	10,085	(29,915)
Total revenues	<u>41,000</u>	<u>14,501</u>	<u>(26,499)</u>
EXPENDITURES			
Capital outlay	231,912	791,279	(559,367)
Total expenditures	<u>231,912</u>	<u>791,279</u>	<u>(559,367)</u>
Excess of revenues over (under) expenditures	<u>(190,912)</u>	<u>(776,778)</u>	<u>(585,866)</u>
OTHER FINANCING SOURCES (USES)			
Principal paid on debt	(188,626)	(188,626)	-
Interest and fiscal charges	(13,331)	(13,331)	-
Transfers in	283,468	1,017,413	733,945
Total other financing sources (uses)	<u>81,511</u>	<u>815,456</u>	<u>733,945</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (109,401)</u>	38,678	<u>\$ 148,079</u>
Fund balance - beginning of year		<u>358,062</u>	
Fund balance - end of year		<u>\$ 396,740</u>	

**CITY OF TYLER, TEXAS
CEMETERIES FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Trust fund:			
Revenue from use of money and property	\$ 30,000	\$ 69,932	\$ 39,932
Mausoleum and lot sales	32,000	95,525	63,525
Operations:			
Revenues from use of money and property	225	2,017	1,792
Licenses and permits	5,500	4,125	(1,375)
Mausoleum and lot sales	80,000	64,175	(15,825)
Total revenues	<u>147,725</u>	<u>235,774</u>	<u>88,049</u>
EXPENDITURES			
Operations:			
Salaries and benefits	130,705	141,865	(11,160)
Supplies and services	41,184	33,702	7,482
Utilities	40,700	22,740	17,960
Maintenance	42,770	43,750	(980)
Total expenditures	<u>255,359</u>	<u>242,057</u>	<u>13,302</u>
Excess of revenues over (under) expenditures	<u>(107,634)</u>	<u>(6,283)</u>	<u>101,351</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	251,342	260,508	9,166
Transfers out	<u>(54,880)</u>	<u>(64,046)</u>	<u>(9,166)</u>
Total other financing sources (uses)	<u>196,462</u>	<u>196,462</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 88,828</u>	190,179	<u>\$ 101,351</u>
Fund balance - beginning of year		<u>3,001,498</u>	
Fund balance - end of year		<u>\$ 3,191,677</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 the City employees. This fund accounts for City University, Lean Six Sigma, and the Internal Audit functions.

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, 2018

	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	\$ 1,471,910	\$ 6,498,319	\$ 1,720,429	\$ 5,541,383	\$ 221,584	\$ 1,158,018	\$ 896,017	\$ 17,507,660
Prepaid expenses	-	-	-	-	66,823	-	1,823	68,646
Accounts receivable (net)	640	21,145	4,981	7,840	73,602	2,156	3,235	113,599
Inventories - at average cost	-	319,490	-	-	-	-	-	319,490
Total current assets	<u>1,472,550</u>	<u>6,838,954</u>	<u>1,725,410</u>	<u>5,549,223</u>	<u>362,009</u>	<u>1,160,174</u>	<u>901,075</u>	<u>18,009,395</u>
Noncurrent assets:								
Other post employment benefit assets	-	-	-	1,735	-	-	-	1,735
Capital assets:								
Land	-	93,938	-	-	-	-	-	93,938
Construction in progress	-	14,500	-	-	-	-	-	14,500
Buildings	-	532,777	-	-	-	875,239	3,267	1,411,283
Improvements other than buildings	-	713,213	-	-	-	1,513,868	6,488	2,233,569
Machinery and equipment	-	37,391,473	-	-	-	65,350	10,703,831	48,160,654
Infrastructure	-	-	-	-	-	194,329	-	194,329
Less: accumulated depreciation	-	(23,679,117)	-	-	-	(974,446)	(9,425,499)	(34,079,062)
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>15,066,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674,340</u>	<u>1,288,087</u>	<u>18,029,211</u>
Total assets	<u>1,472,550</u>	<u>21,905,738</u>	<u>1,725,410</u>	<u>5,550,958</u>	<u>362,009</u>	<u>2,834,514</u>	<u>2,189,162</u>	<u>36,040,341</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows related to pensions	72,929	271,389	71,385	4,051	-	56,877	348,410	825,041
Deferred outflows related to OPEB	-	2,364	-	-	-	893	5,299	8,556
Total deferred outflows of resources	<u>72,929</u>	<u>273,753</u>	<u>71,385</u>	<u>4,051</u>	<u>-</u>	<u>57,770</u>	<u>353,709</u>	<u>833,597</u>
LIABILITIES								
Current liabilities:								
Accounts and contracts payable	31,255	626,323	15,214	-	66,824	20,809	239,813	1,000,238
Insurance claims payable	-	-	642,231	242,875	216,269	-	-	1,101,375
Accrued interest payable	-	4,428	-	-	-	-	13,585	18,013
Current portion of compensated absences payable	230	1,556	123	-	-	2,353	3,837	8,099
Current portion of capital lease payable	-	-	-	-	-	-	525,828	525,828
Total current liabilities	<u>31,485</u>	<u>632,307</u>	<u>657,568</u>	<u>242,875</u>	<u>283,093</u>	<u>23,162</u>	<u>783,063</u>	<u>2,653,553</u>
Noncurrent liabilities:								
Compensated absences payable	5,525	37,333	2,962	-	-	56,475	92,082	194,377
Net pension obligation	275,519	1,044,160	234,838	21,934	-	216,268	1,256,115	3,048,834
Net OPEB obligation	106,886	416,147	118,671	-	-	79,927	599,030	1,320,661
Capital lease payable	-	-	-	-	-	-	523,441	523,441
Total noncurrent liabilities	<u>387,930</u>	<u>1,497,640</u>	<u>356,471</u>	<u>21,934</u>	<u>-</u>	<u>352,670</u>	<u>2,470,668</u>	<u>5,087,313</u>
Total Liabilities	<u>419,415</u>	<u>2,129,947</u>	<u>1,014,039</u>	<u>264,809</u>	<u>283,093</u>	<u>375,832</u>	<u>3,253,731</u>	<u>7,740,866</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows related to OPEB	1,613	9,174	1,456	-	-	1,893	13,719	27,855
Deferred inflows related to pensions	10,914	49,693	-	363	-	4,105	41,609	106,684
Total deferred inflows of resources	<u>12,527</u>	<u>58,867</u>	<u>1,456</u>	<u>363</u>	<u>-</u>	<u>5,998</u>	<u>55,328</u>	<u>134,539</u>
NET POSITION								
Net investment in capital assets	-	15,066,784	-	-	-	1,674,340	238,818	16,979,942
Unrestricted	1,113,537	4,923,893	781,300	5,289,837	78,916	836,114	(1,005,006)	12,018,591
Total net position	<u>\$ 1,113,537</u>	<u>\$ 19,990,677</u>	<u>\$ 781,300</u>	<u>\$ 5,289,837</u>	<u>\$ 78,916</u>	<u>\$ 2,510,454</u>	<u>\$ (766,188)</u>	<u>\$ 28,998,533</u>

CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	ELIMINATIONS	TOTAL
OPERATING REVENUES									
Charges for services	\$ 524,480	\$ 10,035,413	\$ 1,791,784	\$ 5,949	\$ -	\$ 477,466	\$ 5,091,688	\$ -	\$ 17,926,780
Contributions	-	-	-	11,021,485	732,746	-	-	-	11,754,231
Miscellaneous	-	15,074	116,495	625,305	1,807,468	-	135,997	-	2,700,339
Total operating revenues	524,480	10,050,487	1,908,279	11,652,739	2,540,214	477,466	5,227,685	-	32,381,350
OPERATING EXPENSES									
Garage operations	-	5,615,357	-	-	-	-	-	-	5,615,357
Depreciation	-	3,410,474	-	-	-	129,310	664,487	-	4,204,271
Insurance claims	-	-	1,838,246	8,418,592	1,672,306	-	-	-	11,929,144
Administrative	231,366	-	235,443	809,128	948,853	229,773	4,095,167	-	6,549,730
Special services	349,966	-	-	48,181	22,549	-	-	-	420,696
Maintenance	-	-	-	-	-	279,791	-	-	279,791
Total operating expenses	581,332	9,025,831	2,073,689	9,275,901	2,643,708	638,874	4,759,654	-	28,998,989
Operating income (loss)	(56,852)	1,024,656	(165,410)	2,376,838	(103,494)	(161,408)	468,031	-	3,382,361
NON-OPERATING REVENUES (EXPENSES)									
Revenues from use of money and property	9,150	188,611	43,034	66,149	1,627	46,257	51,984	-	406,812
Gain (loss) on sale of assets	-	207,500	-	-	-	-	-	-	207,500
Interest expense	-	(13,417)	-	-	-	-	(32,068)	-	(45,485)
Total non-operating revenues (expenses)	9,150	382,694	43,034	66,149	1,627	46,257	19,916	-	568,827
Income (loss) before transfers	(47,702)	1,407,350	(122,376)	2,442,987	(101,867)	(115,151)	487,947	-	3,951,188
Transfers in	1,332,435	84,643	-	-	-	439,389	-	(49,303)	1,807,164
Transfers out	-	(18,377)	(4,510)	-	-	(2,580)	(23,836)	49,303	-
Change in net position	1,284,733	1,473,616	(126,886)	2,442,987	(101,867)	321,658	464,111	-	5,758,352
Net position - beginning of year	(171,196)	18,517,061	908,186	2,846,850	180,783	2,188,796	(1,230,299)	-	23,240,181
Net position - end of year	\$ 1,113,537	\$ 19,990,677	\$ 781,300	\$ 5,289,837	\$ 78,916	\$ 2,510,454	\$ (766,188)	\$ -	\$ 28,998,533

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	ELIMINATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers and users	\$ 524,092	\$ 10,046,270	\$ 1,924,294	\$ 11,652,364	\$ 2,637,690	\$ 475,562	\$ 5,225,523	\$ -	\$ 32,485,795
Cash paid to suppliers for goods and services	(399,562)	(4,365,808)	(3,942)	(974,048)	(906,033)	(344,829)	(2,937,657)	-	(9,931,879)
Cash paid to employees for services	(186,465)	(907,504)	(232,335)	(638)	-	(140,211)	(1,030,679)	-	(2,497,832)
Insurance claims paid	-	-	(1,728,481)	(8,418,925)	(1,570,206)	-	-	-	(11,717,612)
Net cash provided by (used in) operating activities	(61,935)	4,772,958	(40,464)	2,258,753	161,451	(9,478)	1,257,187	-	8,338,472
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Advances from (to) other funds	-	-	-	-	-	-	-	-	-
Transfers in from other funds	1,332,435	84,643	-	-	-	439,389	-	(49,303)	1,807,164
Transfers out to other funds	-	(18,377)	(4,510)	-	-	(2,580)	(23,836)	49,303	-
Net cash provided by (used in) non-capital financing activities	1,332,435	66,266	(4,510)	-	-	436,809	(23,836)	-	1,807,164
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES									
Acquisition, construction, and retirement of capital assets	-	(5,697,606)	-	-	-	(443,574)	(645,980)	-	(6,787,160)
Interest paid	-	(13,417)	-	-	-	-	(32,068)	-	(45,485)
Payment of capital lease obligations	-	(538,272)	-	-	-	-	(522,183)	-	(1,060,455)
Proceeds from sale of assets	-	1,969,460	-	-	-	-	-	-	1,969,460
Net cash provided by (used in) capital and related financing activities	-	(4,279,835)	-	-	-	(443,574)	(1,200,231)	-	(5,923,640)
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest and dividends	9,150	188,611	43,034	66,149	1,627	46,257	51,984	-	406,812
Net cash provided by investing activities	9,150	188,611	43,034	66,149	1,627	46,257	51,984	-	406,812
Net increase (decrease) in cash and cash equivalents	1,279,650	748,000	(1,940)	2,324,902	163,078	30,014	85,104	-	4,628,808
Cash and cash equivalents - beginning of year	192,260	5,750,319	1,722,369	3,216,481	58,506	1,128,004	810,913	-	12,878,852
Cash and cash equivalents - end of year	\$ 1,471,910	\$ 6,498,319	\$ 1,720,429	\$ 5,541,383	\$ 221,584	\$ 1,158,018	\$ 896,017	\$ -	\$ 17,507,660

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

**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)	\$ (56,852)	\$ 1,024,656	\$ (165,410)	\$ 2,376,838	\$ (103,494)	\$ (161,408)	\$ 468,031	\$ 3,382,361
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	-	3,410,474	-	-	-	129,310	664,487	4,204,271
(Increase) decrease in accounts receivable	(388)	(4,217)	16,015	(375)	97,476	(1,904)	(2,162)	104,445
(Increase) decrease in prepaid expenses	1,417	-	-	-	(1,455)	-	(1,503)	(1,541)
(Increase) decrease in inventories	-	(12,358)	-	-	-	-	-	(12,358)
(Increase) decrease in deferred outflows related to pensions	(19,024)	(70,029)	(54,561)	-	-	(16,850)	(114,946)	(275,410)
(Increase) decrease in deferred outflows related to OPEB	-	(2,364)	-	-	-	(893)	(5,299)	(8,556)
Increase (decrease) in accounts payable	(1,025)	349,767	(6,302)	(333)	66,824	9,608	133,108	551,647
Increase (decrease) in claims payable	-	-	116,067	-	102,100	-	-	218,167
Increase (decrease) in accrued interest payable	-	-	-	(116,739)	-	-	-	(116,739)
Increase (decrease) in compensated absences payable	(5,400)	3,539	(1,226)	-	-	14,624	(6,595)	4,942
Increase (decrease) in post employment benefits liability	(403)	(1,490)	(538)	-	-	(354)	(2,442)	(5,227)
Increase (decrease) in deferred inflows related to pensions	(33,897)	(120,459)	(16,022)	-	-	(29,951)	(205,997)	(406,326)
Increase (decrease) in deferred inflows related to OPEB	(254)	(4,230)	(651)	-	-	483	3,151	(1,501)
Increase (decrease) in net pension obligation	53,891	199,669	72,164	(638)	-	47,857	327,354	700,297
Total adjustments	<u>(5,083)</u>	<u>3,748,302</u>	<u>124,946</u>	<u>(118,085)</u>	<u>264,945</u>	<u>151,930</u>	<u>789,156</u>	<u>4,956,111</u>
Net cash provided by (used in) operating activities	<u><u>(61,935)</u></u>	<u><u>4,772,958</u></u>	<u><u>(40,464)</u></u>	<u><u>2,258,753</u></u>	<u><u>161,451</u></u>	<u><u>(9,478)</u></u>	<u><u>1,257,187</u></u>	<u><u>8,338,472</u></u>

CITY OF TYLER, TEXAS
PRODUCTIVITY IMPROVEMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 2,800	\$ 9,150	\$ 6,350
Charges for services	<u>524,480</u>	<u>524,480</u>	<u>-</u>
Total revenues	527,280	533,630	6,350
Transfers in	<u>1,332,435</u>	<u>1,332,435</u>	<u>-</u>
Total revenues - budget and GAAP basis	<u>\$ 1,859,715</u>	<u>\$ 1,866,065</u>	<u>\$ 6,350</u>
EXPENSES			
Salaries and benefits	\$ 528,663	\$ 181,378	\$ 347,285
Supplies and services	56,665	49,675	6,990
Special services	<u>1,355,928</u>	<u>349,966</u>	<u>1,005,962</u>
Total expenses - budget basis	<u>\$ 1,941,256</u>	581,019	<u>\$ 1,360,237</u>
Financial statement adjustments:			
Adjustment for net pension liability		2,500	
Adjustment for OPEB liability		<u>(2,187)</u>	
Total expenses - GAAP basis		<u>\$ 581,332</u>	

CITY OF TYLER, TEXAS
FLEET MAINTENANCE AND REPLACEMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 40,000	\$ 188,611	\$ 148,611
Current service charges	9,940,681	10,035,413	94,732
Miscellaneous	4,000	15,074	11,074
Sale of assets	372,000	1,417,022	1,045,022
	<u>10,356,681</u>	<u>11,656,120</u>	<u>1,299,439</u>
Total revenues			
Transfers out - COGS	(18,377)	(18,377)	-
Transfers in	-	84,643	84,643
	<u>10,338,304</u>	<u>11,722,386</u>	<u>\$ 1,299,439</u>
Total revenues - budget basis			
Financial statement adjustments:			
Retirement of assets sold		(1,209,522)	
Total revenues - GAAP basis		<u>\$ 10,512,864</u>	
EXPENSES			
Garage administration and operations:			
Salaries and benefits	\$ 1,102,671	\$ 912,140	\$ 190,531
Supplies and services	4,679,502	4,519,424	160,078
Utilities	54,620	57,360	(2,740)
Maintenance	148,000	119,724	28,276
Capital outlay	5,033,097	5,716,635	(683,538)
	<u>11,017,890</u>	<u>11,325,283</u>	<u>(307,393)</u>
Total garage administration and operations			
Total expenses - budget basis	<u>\$ 11,017,890</u>	<u>11,325,283</u>	<u>\$ (307,393)</u>
Financial statement adjustments:			
Adjustment for net pension liability		9,181	
Adjust OPEB assets and liabilities		(8,084)	
Capital outlay items not expensed		(5,697,606)	
Depreciation expense		3,410,474	
Total expenses - GAAP basis		<u>\$ 9,039,248</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 PERIOD ENDED SEPTEMBER 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 2,600	\$ 43,034	\$ 40,434
Collections - subrogation	5,000	116,495	111,495
Charges for services	1,839,902	1,791,784	(48,118)
Total revenues - budget and GAAP basis	<u>\$ 1,847,502</u>	<u>\$ 1,951,313</u>	<u>\$ 103,811</u>
EXPENSES			
Claims and premiums	\$ 1,667,901	\$ 1,838,246	\$ (170,345)
Administrative	723,960	231,501	492,459
	<u>2,391,861</u>	<u>2,069,747</u>	<u>322,114</u>
Transfers out	4,510	4,510	-
Total expenses - budget basis	<u>\$ 2,396,371</u>	<u>2,074,257</u>	<u>\$ 322,114</u>
Financial statement adjustments:			
Adjustment for net pension liability		8,891	
Adjustment for OPEB liability		<u>(4,949)</u>	
Total expenses - GAAP basis		<u>\$ 2,078,199</u>	

**CITY OF TYLER, TEXAS
EMPLOYEE BENEFITS FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 1,200	\$ 66,149	\$ 64,949
Charges for services	23,230	5,949	(17,281)
Contributions from City of Tyler	8,826,365	8,650,219	(176,146)
Contributions from employees	2,521,147	2,371,266	(149,881)
Miscellaneous	100,000	625,305	525,305
	<u>\$ 11,471,942</u>	<u>\$ 11,718,888</u>	<u>\$ 246,946</u>
Total revenues - budget and GAAP basis			
EXPENSES			
Employee insurance fund administration:			
Special services	\$ 70,000	\$ 48,181	\$ 21,819
Claims	9,633,505	8,418,592	1,214,913
Administrative	774,586	656,738	117,848
Life insurance	250,000	152,390	97,610
	<u>\$ 10,728,091</u>	<u>\$ 9,275,901</u>	<u>\$ 1,452,190</u>
Total expenses - budget and GAAP basis			

**CITY OF TYLER, TEXAS
RETIREE BENEFITS FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 600	\$ 1,627	\$ 1,027
Contributions from retirees	641,398	732,746	91,348
Contributions - OPEB Trust and RDS Reimbursement	3,225,320	1,807,468	(1,417,852)
Total revenues - budget and GAAP basis	<u>\$ 3,867,318</u>	<u>\$ 2,541,841</u>	<u>\$ (1,325,477)</u>
EXPENSES			
Employee insurance fund administration:			
Special services	\$ 30,000	\$ 22,549	\$ 7,451
Claims	2,819,541	1,672,306	1,147,235
Administrative fees	1,051,865	910,439	141,426
Life insurance	69,380	38,414	30,966
Total expenses - budget and GAAP basis	<u>\$ 3,970,786</u>	<u>\$ 2,643,708</u>	<u>\$ 1,327,078</u>

CITY OF TYLER, TEXAS
PROPERTY AND FACILITY MANAGEMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 23,000	\$ 46,257	\$ 23,257
Charges for services	<u>482,273</u>	<u>477,466</u>	<u>(4,807)</u>
Total revenues	505,273	523,723	18,450
Transfers in	<u>439,389</u>	<u>439,389</u>	<u>-</u>
Total revenues - budget and GAAP basis	<u>\$ 944,662</u>	<u>\$ 963,112</u>	<u>\$ 18,450</u>
EXPENSES			
Salaries and benefits	\$ 129,709	\$ 155,127	\$ (25,418)
Supplies and services	88,676	74,354	14,322
Maintenance	386,680	279,791	106,889
Capital Outlay	<u>519,008</u>	<u>443,673</u>	<u>75,335</u>
Total property and facility administration	<u>1,124,073</u>	<u>952,945</u>	<u>171,128</u>
Transfers out	<u>2,580</u>	<u>2,580</u>	<u>-</u>
Total expenses - budget basis	<u>\$ 1,126,653</u>	955,525	<u>\$ 171,128</u>
Financial statement adjustments:			
Adjust OPEB assets and liabilities		(1,921)	
Adjustment for net pension liability		2,213	
Capital outlay items not expensed		(443,673)	
Depreciation expense		<u>129,310</u>	
Total expenses - GAAP basis		<u>\$ 641,454</u>	

**CITY OF TYLER, TEXAS
TECHNOLOGY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 29,428	\$ 51,984	\$ 22,556
Charges for services	5,097,642	5,091,688	(5,954)
Miscellaneous	125,000	135,997	10,997
Total revenues - budget and GAAP basis	<u>\$ 5,252,070</u>	<u>\$ 5,279,669</u>	<u>\$ 27,599</u>
EXPENSES			
Office technology fund administration:			
Salaries and benefits	\$ 1,145,448	\$ 1,025,905	\$ 119,543
Supplies and services	40,640	38,604	2,036
Utilities	150	164	(14)
Maintenance	5,120	1,168	3,952
Total office technology fund administration	<u>1,191,358</u>	<u>1,065,841</u>	<u>125,517</u>
Office technology services:			
Supplies and services	1,736,322	1,748,881	(12,559)
Utilities	213,513	171,896	41,617
Maintenance	1,768,309	1,658,910	109,399
Capital outlay	645,980	645,980	-
Total office technology services	<u>4,364,124</u>	<u>4,225,667</u>	<u>138,457</u>
Transfers out	<u>23,836</u>	<u>23,836</u>	<u>-</u>
Total expenses - budget basis	<u>\$ 5,579,318</u>	<u>5,315,344</u>	<u>\$ 263,974</u>
Financial statement adjustments:			
Adjustment for net pension liability		15,075	
Adjust OPEB assets and liabilities		(13,254)	
Capital outlay items not expensed		(645,980)	
Principal paid on capital leases		(552,182)	
Interest expense		32,068	
Depreciation expense		664,487	
Total expenses - GAAP basis		<u>\$ 4,815,558</u>	

FIDUCIARY FUNDS

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

Employee Benefit Trust Funds

The *Employee Benefit Trust (section 125 Plan) Fund* is used to account for the resources accumulated and payments made on behalf of the 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 closures 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, 2019**

	EMPLOYEE BENEFIT PLAN (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
ASSETS				
Equity in pooled cash	\$ 987,558	\$ 417,297	\$ 1,716,187	\$ 3,121,042
Investments, at fair value				
Equities	-	-	4,737,968	4,737,968
Mutual funds	-	10,035,029	64,567,893	74,602,922
Total investments	-	10,035,029	69,305,861	79,340,890
Receivables				
Contributions receivable	-	-	89,512	89,512
Interest receivable	-	-	12,546	12,546
Total receivables	-	-	102,058	102,058
Total assets	987,558	10,452,326	71,124,106	82,563,990
LIABILITIES				
Accounts payable	776,167	73,369	-	849,536
Total liabilities	776,167	73,369	-	849,536
NET POSITION				
Held in trust for OPEB benefits	-	10,378,957	-	10,378,957
Held in trust for pension benefits	-	-	71,124,106	71,124,106
Held in trust for other purposes	211,391	-	-	211,391
Total net position	\$ 211,391	\$ 10,378,957	\$ 71,124,106	\$ 81,714,454

CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	EMPLOYEE BENEFIT PLAN (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
ADDITIONS				
Contributions				
Employees	\$ 147,797	\$ -	\$ 1,592,184	\$ 1,739,981
Employer	1,013	3,428,129	2,485,036	5,914,178
Total contributions	<u>148,810</u>	<u>3,428,129</u>	<u>4,077,220</u>	<u>7,654,159</u>
Investment income				
Interest and dividend income	-	510,318	1,820,464	2,330,782
Net depreciation in fair value of investments	-	50,032	(201,063)	(151,031)
Less investment expense	-	(57,238)	(211,552)	(268,790)
Total investment income	<u>-</u>	<u>503,112</u>	<u>1,407,849</u>	<u>1,910,961</u>
Other income	-	-	90,239	90,239
Total additions	<u>148,810</u>	<u>3,931,241</u>	<u>5,575,308</u>	<u>9,655,359</u>
DEDUCTIONS				
Reimbursement for benefit claims	-	1,807,468	-	1,807,468
Benefits	130,451	-	5,854,462	5,984,913
Total deductions	<u>130,451</u>	<u>1,807,468</u>	<u>5,854,462</u>	<u>7,792,381</u>
Change in net position	18,359	2,123,773	(279,154)	1,862,978
Net position- beginning of year	<u>193,032</u>	<u>8,255,184</u>	<u>71,403,260</u>	<u>79,851,476</u>
Net position - end of year	<u>\$ 211,391</u>	<u>\$ 10,378,957</u>	<u>\$ 71,124,106</u>	<u>\$ 81,714,454</u>

**CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
ASSETS			
Equity in pooled cash	\$ 2,745,037	\$ -	\$ 2,745,037
Investments, at fair value			
Equities	-	86,022	86,022
Total investments	-	86,022	86,022
Receivables			
Interest receivable	8,371	-	8,371
Total receivables	8,371	-	8,371
Total assets	2,753,408	86,022	2,839,430
NET POSITION			
Held in trust for other purposes	\$ 2,753,408	\$ 86,022	\$ 2,839,430

CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
ADDITIONS			
Contributions	\$ 39,000	\$ -	\$ 39,000
Investment income			
Interest and dividend income	62,070	2,643	64,713
Net appreciation in fair value of investments	-	2,678	2,678
Less investment expense	-	(3,446)	(3,446)
Total investment income	62,070	1,875	63,945
Total additions	101,070	1,875	102,945
DEDUCTIONS			
Benefits	-	-	-
Total deductions	-	-	-
Change in net position	101,070	1,875	102,945
Net position - beginning of year	2,652,338	84,147	2,736,485
Net position - end of year	\$ 2,753,408	\$ 86,022	\$ 2,839,430

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 PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
PROPERTY TAX COLLECTIONS			
Current taxes	\$ 20,506,398	\$ 20,316,354	\$ (190,044)
Delinquent taxes	169,665	139,420	(30,245)
Penalty and interest	128,362	169,299	40,937
Total property tax collections	<u>20,804,425</u>	<u>20,625,073</u>	<u>(179,352)</u>
FRANCHISE FEES			
Franchise - light and power	4,774,481	4,645,671	(128,810)
Franchise - natural gas	968,732	1,067,374	98,642
Franchise - telephone	737,098	718,503	(18,595)
Franchise - cable television	1,346,248	1,267,209	(79,039)
Franchise - street use fee	950,016	976,674	26,658
Franchise - water and sewer	2,146,394	2,090,344	(56,050)
Total franchise fees	<u>10,922,969</u>	<u>10,765,775</u>	<u>(157,194)</u>
SALES AND USE TAXES			
General sales tax	28,628,510	30,457,869	1,829,359
Mixed drink tax	477,137	526,839	49,702
Bingo tax	30,000	35,296	5,296
Total sales and use taxes	<u>29,135,647</u>	<u>31,020,004</u>	<u>1,884,357</u>
LICENSES AND PERMITS			
Parking meter	103,404	88,915	(14,489)
Taxicab and limousine	2,000	6,015	4,015
Burglar alarm	333,000	366,573	33,573
Building	852,131	794,676	(57,455)
Electrical	165,000	137,189	(27,811)
Plumbing	115,000	94,746	(20,254)
Zoning	70,000	67,959	(2,041)
Mechanical	76,000	88,512	12,512
Cert. of Occupancy	30,000	21,370	(8,630)
TABC fee	24,475	11,110	(13,365)
Billboard registration	18,000	17,595	(405)
Sign	40,000	28,645	(11,355)
Moving and clearing	750	-	(750)
Contractor license	45,000	41,930	(3,070)
Total licenses and permits	<u>1,874,760</u>	<u>1,765,235</u>	<u>(109,525)</u>
FINES, FORFEITURES AND PENALTIES			
Moving violation fines	2,280,000	2,188,188	(91,812)
Tax service fees on fines	140,000	130,863	(9,137)
Arrest fee fines	115,000	111,039	(3,961)
Municipal court administrative fees	114,000	99,824	(14,176)
Warrant fees	264,000	218,925	(45,075)
Child safety fees	132,000	153,453	21,453
Miscellaneous municipal court fines	24,000	44,837	20,837
Special court fees	744,000	916,177	172,177
Collection firm fee	108,000	114,407	6,407
Parking fees	126,000	54,558	(71,442)
Scofflaw	25,000	10,672	(14,328)
Animal fines	8,400	8,612	212
Omnibase program	30,000	13,595	(16,405)
Total fines, forfeitures and penalties	<u>4,110,400</u>	<u>4,065,150</u>	<u>(45,250)</u>

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES FROM USE OF MONEY OR PROPERTY			
Rent - miscellaneous	\$ 519,262	\$ 431,903	\$ (87,359)
Distributed interest	174,546	454,515	279,969
Total revenues from use of money or property	<u>693,808</u>	<u>886,418</u>	<u>192,610</u>
CHARGES FOR CURRENT SERVICES			
Swimming pool admissions	1,570	164	(1,406)
Fire inspection fees	112,000	113,047	1,047
Lot mowing	35,000	57,607	22,607
Glass membership fees	42,000	48,369	6,369
Copying fees	20,100	19,759	(341)
Utility cut fees	132,000	132,000	-
Open records	33,000	36,672	3,672
Participant fees	10,750	20,253	9,503
Sports field maintenance	71,000	74,560	3,560
Recreation classes and events	45,000	49,273	4,273
Reimbursement of overhead from tourism and convention fund	47,566	47,566	-
One-Half cent administration costs	175,000	175,000	-
Reimbursement of overhead from water and sewer operating fund	1,332,641	1,332,641	-
Reimbursement of overhead from sanitation fund	246,747	246,747	-
Maps, plans and specs fee	250	-	(250)
Platting	61,810	59,774	(2,036)
Main street festivals	9,000	4,018	(4,982)
Animal adoption fees	24,000	24,167	167
Animal shelter fees	24,600	17,637	(6,963)
Liberty hall tickets sales	84,500	81,967	(2,533)
Library	55,958	60,164	4,206
Total charges for current services	<u>2,564,492</u>	<u>2,601,385</u>	<u>36,893</u>
REVENUES FROM OTHER AGENCIES			
State government	20,000	9,447	(10,553)
County hazardous material service	5,000	6,250	1,250
Prior year restitution income	1,500	375	(1,125)
Auto theft task force grant	110,075	106,462	(3,613)
Safe and Sober grant	60,000	51,205	(8,795)
School crossing guards	240,662	230,567	(10,095)
US Marshal grant	1,000	-	(1,000)
FEMA	-	80,675	80,675
Federal JAG	25,000	23,422	(1,578)
Justice assistance	78,000	78,000	-
Total revenues from other agencies	<u>541,237</u>	<u>586,403</u>	<u>45,166</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
MISCELLANEOUS			
Oil and lease royalties	\$ 395,000	\$ 404,189	\$ 9,189
Miscellaneous charges	159,712	161,916	2,204
Unclaimed property revenue	15,000	7,486	(7,514)
Returned check fees	-	355	355
Funeral escorts	14,000	13,800	(200)
Contractor testing fees	160,000	69,040	(90,960)
Merchandise sales	28,500	4,319	(24,181)
Subdivision plan review	15,000	8,500	(6,500)
Sale of equipment	-	4,343	4,343
Junked vehicle	-	299	299
	<u>787,212</u>	<u>674,247</u>	<u>(112,965)</u>
Total miscellaneous	<u>787,212</u>	<u>674,247</u>	<u>(112,965)</u>
Total revenues before other financing sources	<u>71,434,950</u>	<u>72,989,690</u>	<u>1,554,740</u>
OTHER FINANCING SOURCES			
Transfer from special revenue	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>
Total other financing sources	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>
Total revenue	<u>\$ 73,234,950</u>	<u>\$ 74,789,690</u>	<u>\$ 1,554,740</u>

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT			
GENERAL GOVERNMENT SERVICES			
Salaries and benefits	\$ 2,435,232	\$ 2,499,209	\$ (63,977)
Supplies and services	1,891,441	1,730,666	160,775
Utilities	71,600	62,542	9,058
Maintenance	21,608	21,608	-
Total general government services	4,419,881	4,314,025	105,856
COMMUNICATIONS			
Salaries and benefits	105,135	100,918	4,217
Supplies and services	75,293	75,889	(596)
Utilities	-	11	(11)
Maintenance	500	81	419
Total communications	180,928	176,899	4,029
FINANCE			
Salaries and benefits	693,720	688,515	5,205
Supplies and services	553,531	554,048	(517)
Utilities	500	83	417
Maintenance	200	-	200
Total finance	1,247,951	1,242,646	5,305
HUMAN RESOURCES			
Salaries and benefits	470,277	430,528	39,749
Supplies and services	79,071	100,188	(21,117)
Total human resources	549,348	530,716	18,632
LEGAL			
Salaries and benefits	837,852	820,518	17,334
Supplies and services	170,433	133,812	36,621
Utilities	260	23	237
Maintenance	839	656	183
Total legal	1,009,384	955,009	54,375
PARKING GARAGE			
Supplies and services	15,170	8,252	6,918
Utilities	16,900	14,161	2,739
Maintenance	15,444	15,194	250
Total parking garage	47,514	37,607	9,907
INNOVATION PIPELINE			
Salaries and benefits	-	6,919	(6,919)
Supplies and services	107,788	76,495	31,293
Utilities	9,000	1,735	7,265
Maintenance	4,580	2,613	1,967
Total innovation pipeline	121,368	87,762	33,606
Total general government	7,576,374	7,344,664	231,710

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
PUBLIC SAFETY			
POLICE			
Salaries and benefits	\$ 24,068,480	\$ 23,974,865	\$ 93,615
Supplies and services	2,488,883	2,480,736	8,147
Utilities	141,410	131,812	9,598
Maintenance	1,299,839	1,299,795	44
Total police	27,998,612	27,887,208	111,404
FIRE			
Salaries and benefits	16,520,556	16,660,909	(140,353)
Supplies and services	968,072	958,429	9,643
Utilities	140,625	143,486	(2,861)
Maintenance	411,807	421,697	(9,890)
Total fire	18,041,060	18,184,521	(143,461)
MUNICIPAL COURT			
Salaries and benefits	845,293	693,266	152,027
Supplies and services	592,450	580,581	11,869
Utilities	11,400	8,108	3,292
Maintenance	55,305	59,462	(4,157)
Total municipal court	1,504,448	1,341,417	163,031
Total public safety	47,544,120	47,413,146	130,974
PUBLIC SERVICES			
ANIMAL SERVICES			
Salaries and benefits	754,768	717,140	37,628
Supplies and services	226,624	207,225	19,399
Utilities	26,150	42,420	(16,270)
Maintenance	75,388	77,914	(2,526)
Total animal services	1,082,930	1,044,699	38,231
PLANNING AND ZONING SERVICES			
Salaries and benefits	461,845	426,588	35,257
Supplies and services	116,215	115,612	603
Utilities	750	81	669
Total planning and zoning services	578,810	542,281	36,529
BUILDING SERVICES			
Salaries and benefits	866,674	857,018	9,656
Supplies and services	255,591	280,229	(24,638)
Utilities	400	86	314
Maintenance	28,963	31,631	(2,668)
Total building services	1,151,628	1,168,964	(17,336)
Total public services	2,813,368	2,755,944	57,424

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
HIGHWAYS AND STREETS			
ENGINEERING			
Salaries and benefits	\$ 339,291	\$ 234,922	\$ 104,369
Supplies and services	53,386	43,976	9,410
Utilities	150	-	150
Maintenance	10,013	8,846	1,167
Total engineering	<u>402,840</u>	<u>287,744</u>	<u>115,096</u>
STREET ADMINISTRATION			
Salaries and benefits	1,351,745	1,018,582	333,163
Supplies and services	199,507	267,589	(68,082)
Utilities	2,650	2,360	290
Maintenance	908,979	857,303	51,676
Total street administration	<u>2,462,881</u>	<u>2,145,834</u>	<u>317,047</u>
TRAFFIC OPERATIONS			
Salaries and benefits	863,957	543,244	320,713
Supplies and services	132,220	216,072	(83,852)
Utilities	1,275,090	1,264,688	10,402
Maintenance	313,965	280,377	33,588
Total traffic operations	<u>2,585,232</u>	<u>2,304,381</u>	<u>280,851</u>
Total highways and streets	<u>5,450,953</u>	<u>4,737,959</u>	<u>712,994</u>
CULTURE AND RECREATION			
LIBRARY			
Salaries and benefits	1,045,013	1,039,063	5,950
Supplies and services	345,910	361,388	(15,478)
Utilities	59,875	44,783	15,092
Maintenance	55,173	55,333	(160)
Total library	<u>1,505,971</u>	<u>1,500,567</u>	<u>5,404</u>
PARKS ADMINISTRATION			
Salaries and benefits	730,084	806,472	(76,388)
Supplies and services	535,144	594,041	(58,897)
Utilities	562,432	536,477	25,955
Maintenance	550,451	562,177	(11,726)
Total parks administration	<u>2,378,111</u>	<u>2,499,167</u>	<u>(121,056)</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CULTURE AND RECREATION (cont'd)			
INDOOR RECREATION			
Salaries and benefits	\$ 417,548	\$ 407,938	\$ 9,610
Supplies and services	93,343	109,569	(16,226)
Utilities	200	39	161
Maintenance	43,217	46,260	(3,043)
Total indoor recreation	<u>554,308</u>	<u>563,806</u>	<u>(9,498)</u>
OUTDOOR RECREATION			
Salaries and benefits	210,219	106,133	104,086
Supplies and services	83,325	99,897	(16,572)
Maintenance	500	373	127
Total outdoor recreation	<u>294,044</u>	<u>206,403</u>	<u>87,641</u>
MEDIAN MAINTENANCE AND ARBORIST			
Salaries and benefits	222,182	148,747	73,435
Supplies and services	136,293	178,331	(42,038)
Maintenance	53,130	57,457	(4,327)
Total median maintenance and arborist	<u>411,605</u>	<u>384,535</u>	<u>27,070</u>
ROSE GARDEN CENTER			
Salaries and benefits	169,846	178,441	(8,595)
Supplies and services	38,483	39,009	(526)
Utilities	50,000	32,828	17,172
Maintenance	34,705	34,700	5
Total rose garden center	<u>293,034</u>	<u>284,978</u>	<u>8,056</u>
ROSE GARDEN MAINTENANCE			
Salaries and benefits	361,472	398,410	(36,938)
Supplies and services	106,235	119,787	(13,552)
Utilities	44,000	19,015	24,985
Maintenance	80,653	84,580	(3,927)
Total rose garden maintenance	<u>592,360</u>	<u>621,792</u>	<u>(29,432)</u>
VISITOR FACILITIES			
Salaries and benefits	568,028	513,254	54,774
Supplies and services	166,888	207,187	(40,299)
Utilities	107,075	116,059	(8,984)
Maintenance	67,537	77,465	(9,928)
Total visitor facilities	<u>909,528</u>	<u>913,965</u>	<u>(4,437)</u>
LIBERTY HALL			
Salaries and benefits	122,169	210,602	(88,433)
Supplies and services	154,415	127,973	26,442
Utilities	16,250	11,573	4,677
Maintenance	28,257	26,426	1,831
Total liberty hall	<u>321,091</u>	<u>376,574</u>	<u>(55,483)</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CULTURE AND RECREATION (cont'd)			
MAIN STREET			
Salaries and benefits	\$ 186,548	\$ 135,976	\$ 50,572
Supplies and services	140,686	107,771	32,915
Utilities	6,150	4,243	1,907
Maintenance	2,583	2,583	-
Total main street	<u>335,967</u>	<u>250,573</u>	<u>85,394</u>
Total culture and recreation	<u>7,596,019</u>	<u>7,602,360</u>	<u>(6,341)</u>
OTHER FINANCING USES			
Transfer to transit system	463,046	481,816	(18,770)
Transfer to capital projects	1,009,351	1,009,351	-
Transfer to property and facility	1,249,662	1,249,662	-
Transfer to TIF	4,597	4,597	-
Transfer to permanent	200,000	200,000	-
Total other financing uses	<u>2,926,656</u>	<u>2,945,426</u>	<u>(18,770)</u>
Capital outlay	<u>507,443</u>	<u>389,673</u>	<u>117,770</u>
Total expenditures	<u>\$ 74,414,933</u>	<u>\$ 73,189,172</u>	<u>\$ 1,225,761</u>

CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money or property	\$ 135,099	\$ 580,542	\$ 445,443
Charges for current services	42,134,215	41,101,206	(1,033,009)
Miscellaneous income	<u>1,216,935</u>	<u>1,378,456</u>	<u>161,521</u>
Total revenue - budget and GAAP basis	<u>\$ 43,486,249</u>	<u>\$ 43,060,204</u>	<u>\$ (426,045)</u>

**CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
WATER ADMINISTRATION AND SUNDRY			
Salaries and benefits	\$ 1,643,409	1,485,145	\$ 158,264
Supplies and services	4,833,501	4,061,430	772,071
Utilities	40,350	31,537	8,813
Maintenance	45,508	44,045	1,463
	<hr/>	<hr/>	<hr/>
Total water administration and sundry	6,562,768	5,622,157	940,611
WATER OFFICE			
Salaries and benefits	1,076,735	942,476	134,259
Supplies and services	1,108,807	1,072,366	36,441
Utilities	500	70	430
Maintenance	40,155	36,603	3,552
	<hr/>	<hr/>	<hr/>
Total water office	2,226,197	2,051,515	174,682
WATER DISTRIBUTION			
Salaries and benefits	1,816,804	1,779,146	37,658
Supplies and services	310,188	435,112	(124,924)
Utilities	41,550	23,118	18,432
Maintenance	760,274	784,660	(24,386)
	<hr/>	<hr/>	<hr/>
Total water distribution	2,928,816	3,022,036	(93,220)
WATER PLANT			
Salaries and benefits	1,561,575	1,587,275	(25,700)
Supplies and services	2,297,052	2,187,974	109,078
Utilities	1,961,935	1,556,216	405,719
Maintenance	568,593	163,527	405,066
	<hr/>	<hr/>	<hr/>
Total water plant	6,389,155	5,494,992	894,163
WASTE COLLECTION			
Salaries and benefits	1,596,877	1,386,066	210,811
Supplies and services	183,294	341,882	(158,588)
Utilities	150	-	150
Maintenance	793,067	753,908	39,159
	<hr/>	<hr/>	<hr/>
Total waste collection	2,573,388	2,481,856	91,532
CD/CMOM (REGULATORY)			
Salaries and benefits	50,106	44,103	6,003
Supplies and services	3,416,940	3,332,191	84,749
	<hr/>	<hr/>	<hr/>
Total cd/cmom (regulatory)	3,467,046	3,376,294	90,752
WASTE TREATMENT PLANT			
Salaries and benefits	1,545,946	1,437,810	108,136
Supplies and services	1,233,241	1,204,582	28,659
Utilities	825,254	619,527	205,727
Maintenance	896,387	478,648	417,739
	<hr/>	<hr/>	<hr/>
Total waste treatment plant	4,500,828	3,740,567	760,261

(Continued)

**CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
LAKE TYLER			
Salaries and benefits	\$ 430,308	\$ 378,031	\$ 52,277
Supplies and services	385,046	131,173	253,873
Utilities	11,700	13,290	(1,590)
Maintenance	518,013	145,867	372,146
Total Lake Tyler	<u>1,345,067</u>	<u>668,361</u>	<u>676,706</u>
STORM WATER MANAGEMENT			
Salaries and benefits	725,515	558,636	166,879
Supplies and services	90,527	86,773	3,754
Utilities	5,500	5,148	352
Maintenance	538,084	468,782	69,302
Total storm water management	<u>1,359,626</u>	<u>1,119,339</u>	<u>240,287</u>
GEOGRAPHICAL INFORMATION SYSTEMS			
Salaries and benefits	425,005	454,187	(29,182)
Supplies and services	366,401	301,465	64,936
Total geographical information systems	<u>791,406</u>	<u>755,652</u>	<u>35,754</u>
SLUDGE HAULING			
Salaries and benefits	214,011	228,086	(14,075)
Supplies and services	491,158	498,264	(7,106)
Utilities	23,000	22,936	64
Maintenance	191,221	144,247	46,974
Total sludge hauling	<u>919,390</u>	<u>893,533</u>	<u>25,857</u>
PURCHASING			
Salaries and benefits	161,505	157,775	3,730
Supplies and services	11,163	8,465	2,698
Utilities	150	32	118
Maintenance	14,872	14,722	150
Total purchasing	<u>187,690</u>	<u>180,994</u>	<u>6,696</u>
Capital outlay	<u>18,028,193</u>	<u>9,689,326</u>	<u>8,338,867</u>
Principal payments on bonds	<u>3,470,000</u>	<u>3,470,000</u>	<u>-</u>
Interest expense	<u>2,221,880</u>	<u>2,221,879</u>	<u>1</u>
Transfers (in)/out	<u>284,500</u>	<u>369,143</u>	<u>(84,643)</u>
Total expenditures - budget basis	<u>\$ 57,255,950</u>	<u>45,157,644</u>	<u>\$ 12,098,306</u>
Financial statement adjustments:			
Adjustment for net pension liability		161,163	
Adjustment OPEB assets and liabilities		(115,097)	
Capital outlay items not expensed		(9,689,326)	
Principal payments of bonds		(3,470,000)	
Amortization expense		(227,837)	
Depreciation expense		7,018,091	
Total expenditures - GAAP basis		<u>\$ 38,834,638</u>	

**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Franchise fees	\$ 605,488	\$ 660,169	\$ 54,681
Revenue from use of money or property	29,112	35,674	6,562
Current service charges	12,885,606	13,469,375	583,769
Miscellaneous	19,485	162,755	143,270
Sale of assets	146,182	60,681	(85,501)
	<u>13,685,873</u>	<u>14,388,654</u>	<u>702,781</u>
Total revenues - budget basis	<u>\$ 13,685,873</u>	<u>14,388,654</u>	<u>\$ 702,781</u>
Financial statement adjustments:			
Retirement of assets sold		-	
Total revenues - GAAP basis		<u>\$ 14,388,654</u>	
EXPENSES			
Solid waste administration			
Salaries and benefits	\$ 959,473	\$ 912,145	\$ 47,328
Supplies and services	1,066,105	1,056,187	9,918
Utilities	690	477	213
	<u>2,026,268</u>	<u>1,968,809</u>	<u>57,459</u>
Total solid waste administration	<u>2,026,268</u>	<u>1,968,809</u>	<u>57,459</u>
Residential collections			
Salaries and benefits	1,602,333	1,826,217	(223,884)
Supplies and services	1,897,677	2,071,498	(173,821)
Utilities	2,345	2,151	194
Maintenance	2,313,753	2,509,229	(195,476)
	<u>5,816,108</u>	<u>6,409,095</u>	<u>(592,987)</u>
Total residential collections	<u>5,816,108</u>	<u>6,409,095</u>	<u>(592,987)</u>
Commercial collections			
Salaries and benefits	1,189,064	1,217,243	(28,179)
Supplies and services	1,765,321	1,925,749	(160,428)
Utilities	4,370	4,403	(33)
Maintenance	545,791	796,477	(250,686)
	<u>3,504,546</u>	<u>3,943,872</u>	<u>(439,326)</u>
Total commercial collections	<u>3,504,546</u>	<u>3,943,872</u>	<u>(439,326)</u>
Litter control			
Salaries and benefits	55,859	59,947	(4,088)
Supplies and services	116,400	112,293	4,107
Utilities	800	652	148
	<u>173,059</u>	<u>172,892</u>	<u>167</u>
Total litter control	<u>173,059</u>	<u>172,892</u>	<u>167</u>

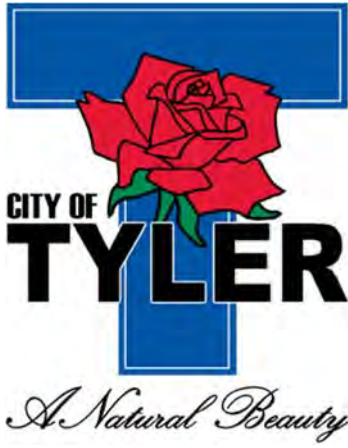
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**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
EXPENSES (cont'd)			
Code enforcement			
Salaries and benefits	\$ 491,310	\$ 578,008	\$ (86,698)
Supplies and services	88,900	87,996	904
Utilities	250	745	(495)
Maintenance	<u>66,506</u>	<u>77,771</u>	<u>(11,265)</u>
Total code enforcement	646,966	744,520	(97,554)
Capital outlay	1,600,283	1,305,953	294,330
Transfers out	<u>129,193</u>	<u>863,139</u>	<u>(733,946)</u>
Total expenses - budget basis	<u>\$ 13,896,423</u>	15,408,280	<u>\$ (1,511,857)</u>
Financial statement adjustments:			
Adjustment for net pension liability		56,717	
Adjust OPEB assets and liabilities		(49,840)	
Capital outlay items not expensed		(1,305,953)	
Depreciation expense		<u>590,611</u>	
Total expenses - GAAP basis		<u>\$ 14,699,815</u>	

**CITY OF TYLER, TEXAS
AIRPORT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Airport services	\$ 1,321,122	\$ 1,233,599	\$ (87,523)
Revenues from use of money and property	55,620	45,320	(10,300)
Capital contributions	13,895,632	8,459,328	(5,436,304)
Miscellaneous revenues	33,000	33,158	158
	<u>15,305,374</u>	<u>9,771,405</u>	<u>(5,533,969)</u>
Total revenues	15,305,374	9,771,405	(5,533,969)
Transfers in	502,645	1,148,346	645,701
Total revenues - budget and GAAP basis	<u>\$ 15,808,019</u>	<u>\$ 10,919,751</u>	<u>\$ (4,888,268)</u>
EXPENSES			
Municipal airport operations			
Salaries and benefits	709,845	660,546	49,299
Supplies and services	3,295,289	389,599	2,905,690
Utilities	156,130	158,756	(2,626)
Maintenance	200,513	179,232	21,281
	<u>4,361,777</u>	<u>1,388,133</u>	<u>2,973,644</u>
Total municipal airport operations	4,361,777	1,388,133	2,973,644
Interest expense	34,780	34,036	744
Principal payments on bonds	70,000	70,000	-
Capital outlay	12,742,505	9,463,523	3,278,982
Total expenses- budget basis	<u>\$ 17,209,062</u>	<u>10,955,692</u>	<u>\$ 6,253,370</u>
Financial statement adjustments:			
Adjustment for net pension liability		8,197	
Adjust OPEB assets and liabilities		(7,224)	
Principal payments on bonds		(70,000)	
Capital outlay items not expensed		(9,463,523)	
Depreciation expense		<u>1,967,355</u>	
Total expenses - GAAP basis		<u>\$ 3,390,497</u>	



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	Pages
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.	137-142
Revenue Capacity	
These schedules contain information to help the reader assess the City’s most significant local revenue source, property taxes.	143-148
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.	149-153
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.	154-156
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.	157-158

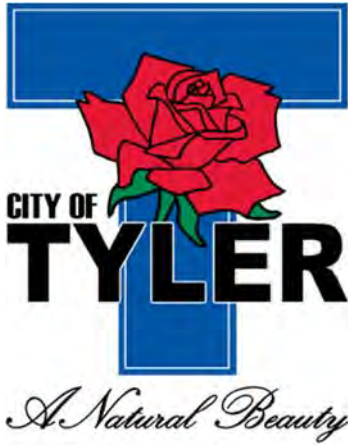


TABLE 1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets	\$ 239,107,580	\$ 239,531,725	\$ 235,722,589	\$ 226,678,557	\$ 243,391,685	\$ 248,481,237	\$ 255,335,707	\$ 254,071,947	\$ 250,403,768	\$ 257,564,279
Restricted	11,517,178	17,671,823	18,144,679	25,006,305	22,022,830	21,857,483	19,998,703	24,687,498	34,538,182	36,220,286
Unrestricted	19,492,047	15,660,827	23,997,766	24,904,041	21,104,444	(23,090,282)	(29,206,408)	(29,239,172)	(44,703,390)	(42,727,945)
Total governmental activities net position	\$ 270,116,805	\$ 272,864,375	\$ 277,865,034	\$ 276,588,903	\$ 286,518,959	\$ 247,248,438	\$ 246,128,002	\$ 249,520,273	\$ 240,238,560	\$ 251,056,620
Business-type activities										
Invested in capital assets	\$ 133,928,119	\$ 139,645,933	\$ 146,342,227	\$ 155,451,446	\$ 161,933,656	\$ 171,337,799	\$ 185,888,696	\$ 199,364,645	\$ 207,347,257	\$ 220,412,254
Restricted	20,885,481	15,567,963	14,296,705	21,543,386	19,104,927	14,620,332	13,984,060	11,622,220	17,540,832	16,738,113
Unrestricted	10,328,726	13,559,374	14,488,578	6,834,476	6,150,703	676,523	803,659	1,418,179	(989,693)	(207,880)
Total business-type activities net position	\$ 165,142,326	\$ 168,773,270	\$ 175,127,510	\$ 183,829,308	\$ 187,189,286	\$ 186,634,654	\$ 200,676,415	\$ 212,405,044	\$ 223,898,396	\$ 236,942,487
Primary government										
Invested in capital assets	\$ 373,035,699	\$ 379,177,658	\$ 382,064,816	\$ 382,130,003	\$ 405,325,341	\$ 419,819,036	\$ 441,224,403	\$ 453,436,592	\$ 457,751,025	\$ 477,976,533
Restricted	32,402,659	33,239,786	32,441,384	46,549,691	41,127,757	36,477,815	33,982,763	36,309,718	52,079,014	52,958,399
Unrestricted	29,820,773	29,220,201	38,486,344	31,738,517	27,255,147	(22,413,759)	(28,402,749)	(27,820,993)	(45,693,083)	(42,935,825)
Total primary government net position	\$ 435,259,131	\$ 441,637,645	\$ 452,992,544	\$ 460,418,211	\$ 473,708,245	\$ 433,883,092	\$ 446,804,417	\$ 461,925,317	\$ 464,136,956	\$ 487,999,107

Source: Government-wide Statement of Net Position

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 7,809,290	\$ 9,389,003	\$ 7,699,118	\$ 8,814,941	\$ 10,788,232	\$ 7,411,863	\$ 10,454,415	\$ 8,541,513	\$ 7,135,438	\$ 6,929,613
Public safety	38,769,464	41,169,622	42,534,178	43,594,916	43,241,597	42,751,866	50,776,656	50,698,376	49,127,207	54,290,654
Highways and streets	16,527,248	15,033,649	16,221,560	16,197,280	13,828,933	12,190,307	12,564,341	12,901,307	12,904,261	12,863,503
Public services	14,695,196	14,814,548	13,961,677	14,395,725	14,207,356	15,086,795	15,609,073	15,935,764	16,243,252	16,293,667
Cultures and recreation	8,002,574	8,497,285	8,470,638	8,314,970	7,737,071	9,344,668	7,933,036	7,629,494	8,284,920	8,573,123
Interest on long term debt	102,507	117,564	106,407	74,423	67,788	69,680	60,341	29,600	31,629	68,488
Total governmental activities expenses	85,906,279	89,021,671	88,993,578	91,392,255	89,870,977	86,855,179	97,397,862	95,736,054	93,726,707	99,019,048
Business-type activities:										
Water and sewer	30,851,493	30,449,882	31,109,582	32,097,630	31,080,132	31,574,214	32,754,688	34,766,700	37,299,452	38,465,495
Sanitation	11,023,910	11,324,625	11,327,917	11,202,044	11,474,007	11,586,745	11,997,643	12,102,806	13,182,876	13,836,676
Airport	2,242,547	2,632,814	2,522,166	2,722,446	2,839,883	3,074,982	3,421,977	3,235,501	3,057,006	3,390,497
Total business-type activities expenses	44,117,950	44,407,321	44,959,665	46,022,120	45,394,022	46,235,941	48,174,308	50,105,007	53,539,334	55,692,668
Total primary government expenses	\$ 130,024,229	\$ 133,428,992	\$ 133,953,243	\$ 137,414,375	\$ 135,264,999	\$ 133,091,120	\$ 145,572,170	\$ 145,841,061	\$ 147,266,041	\$ 154,711,716
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,661,810	\$ 1,857,150	\$ 2,262,331	\$ 2,242,946	\$ 2,451,394	\$ 2,413,406	\$ 3,144,517	\$ 3,666,701	\$ 3,674,604	\$ 2,919,670
Public safety	6,969,674	7,081,718	8,427,569	7,943,419	7,910,583	7,709,536	7,278,868	5,820,726	8,113,402	7,411,401
Highways and streets	101,961	99,130	95,913	94,981	92,034	175,622	142,380	38,880	-	-
Public services	1,646,938	1,735,565	2,083,303	1,962,945	2,449,877	2,125,553	2,317,480	2,070,577	2,015,878	2,328,149
Cultures and recreation	1,967,468	2,007,504	1,149,328	1,027,908	1,206,025	1,201,230	1,141,469	1,300,735	1,566,802	1,578,234
Operating grants and contributions	11,821,887	11,483,945	10,569,298	11,033,709	11,870,746	11,016,862	11,447,285	13,517,732	12,456,026	11,744,468
Capital grants and contributions	2,004,617	2,033,980	329,091	774,752	393,979	319,933	1,010,989	476,557	454,666	411,605
Total governmental activities program revenues	26,174,355	26,298,992	24,916,833	25,080,660	26,374,638	24,962,142	26,482,988	26,891,908	28,281,378	26,393,527
Business-type activities:										
Charges for services:										
Water and sewer	28,988,948	35,349,773	32,493,375	34,680,614	33,520,628	34,651,646	36,512,873	38,567,044	44,496,473	43,571,235
Sanitation	10,396,140	10,231,984	11,250,663	11,502,821	11,508,277	11,485,864	11,378,673	11,842,892	14,037,513	14,793,110
Airport	1,067,734	952,105	1,174,841	1,433,089	1,559,769	1,625,731	1,345,440	1,185,962	1,299,196	1,274,805
Capital grants and contributions	3,503,343	1,861,673	5,449,727	5,998,483	2,310,974	6,479,939	11,482,387	9,500,432	10,402,222	8,459,328
Total business-type activities program revenues	43,956,165	48,395,535	50,368,606	53,615,007	48,899,648	54,243,180	60,719,373	61,096,330	70,235,404	68,098,478
Total primary government program revenues	\$ 70,130,520	\$ 74,694,527	\$ 75,285,439	\$ 78,695,667	\$ 75,274,286	\$ 79,205,322	\$ 87,202,361	\$ 87,988,238	\$ 98,516,782	\$ 94,492,005
Net (expense)/revenue										
Governmental activities	\$ (59,731,924)	\$ (62,722,679)	\$ (64,076,745)	\$ (66,311,595)	\$ (63,496,339)	\$ (61,893,037)	\$ (70,914,874)	\$ (68,844,146)	\$ (65,445,329)	\$ (72,625,521)
Business-type activities	(161,785)	3,988,214	5,408,941	7,592,887	3,505,626	8,007,239	12,545,065	10,991,323	16,696,070	12,405,810
Total primary government net expense	\$ (59,893,709)	\$ (58,734,465)	\$ (58,667,804)	\$ (58,718,708)	\$ (59,990,713)	\$ (53,885,798)	\$ (58,369,809)	\$ (57,852,823)	\$ (48,749,259)	\$ (60,219,711)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 13,798,294	\$ 14,037,311	\$ 14,155,402	\$ 14,333,678	\$ 15,458,985	\$ 15,859,234	\$ 16,464,898	\$ 17,722,103	\$ 19,125,723	\$ 20,736,120
Franchise taxes	9,215,625	10,010,620	9,882,588	10,186,300	10,434,684	10,476,018	10,592,842	10,847,085	11,187,605	11,019,217
Sales and use taxes	35,831,538	36,902,058	38,362,310	40,582,134	43,577,045	45,043,290	43,321,470	44,434,519	47,178,374	50,168,540
Unrestricted investment earnings and use of money and property	292,013	249,064	226,322	191,907	205,478	255,243	181,013	349,543	434,301	1,264,860
Gain (loss) on sale of assets	(2,010,976)	244,895	550,466	224,224	385,327	(443,252)	294,107	(825,967)	191,946	170,908
Miscellaneous	181,771	3,352,240	328,963	148,120	294,476	334,677	-	-	-	-
Donations	-	-	-	26,704	2,745,000	-	-	-	-	-
Equity in earnings of joint venture	-	-	-	-	-	-	-	-	-	-
Transfers	550,785	674,061	(679,152)	(657,603)	325,400	(250,581)	(1,059,892)	(290,866)	(1,168,328)	83,936
Total governmental activities	57,859,050	65,470,249	62,826,899	65,035,464	73,426,395	71,274,629	69,794,438	72,236,417	76,949,621	83,443,581
Business-type activities:										
Unrestricted investment earnings and use of money and property	311,351	305,330	266,145	197,626	242,517	177,701	251,601	342,277	469,638	661,536
Gain (loss) on sale of assets	7,389	11,461	-	253,682	324,964	92,824	185,203	104,163	342,894	60,681
Transfers	(550,785)	(674,061)	679,152	657,603	(325,400)	250,581	1,059,892	290,866	1,168,328	(83,936)
Total business-type activities	(232,045)	(357,270)	945,297	1,108,911	242,081	521,106	1,496,696	737,306	1,980,860	638,281
Total primary government	\$ 57,627,005	\$ 65,112,979	\$ 63,772,196	\$ 66,144,375	\$ 73,668,476	\$ 71,795,735	\$ 71,291,134	\$ 72,973,723	\$ 78,930,481	\$ 84,081,862
Change in Net Position										
Governmental activities	\$ (1,872,874)	\$ 2,747,570	\$ (1,249,846)	\$ (1,276,131)	\$ 9,930,056	\$ 9,381,592	\$ (1,120,436)	\$ 3,392,271	\$ 11,504,292	\$ 10,818,060
Business-type activities	(393,830)	3,630,944	6,354,238	8,701,798	3,747,707	8,528,345	14,041,761	11,728,629	18,676,930	13,044,091
Total primary government	\$ (2,266,704)	\$ 6,378,514	\$ 5,104,392	\$ 7,425,667	\$ 13,677,763	\$ 17,909,937	\$ 12,921,325	\$ 15,120,900	\$ 30,181,222	\$ 23,862,151

Source: Government-wide Statement of Net Position

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
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
2014	15,458,985	10,434,684	43,577,045	69,470,714
2015	15,859,234	10,476,018	45,043,290	71,378,542
2016	16,464,898	10,592,842	43,321,470	70,379,210
2017	17,722,103	10,847,085	44,434,519	73,003,707
2018	19,125,723	11,187,605	47,178,374	77,491,702
2019	20,736,120	11,019,217	50,168,540	81,923,877

Source: Government-wide Statement of Activities

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved For:										
Reserved	\$ 61,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,712,233	-	-	-	-	-	-	-	-	-
Nonspendable	-	111,596	49,767	48,565	48,318	41,624	98,179	95,719	136,805	128,379
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	361,785	365,140	1,208,611	1,549,828	2,092,909	1,742,596	2,093,261	1,389,151
Unassigned	-	12,121,180	11,856,089	12,198,776	10,823,011	12,766,508	12,717,634	14,324,791	16,246,434	18,559,488
Total General Fund	<u>\$ 8,773,726</u>	<u>\$ 12,232,776</u>	<u>\$ 12,267,641</u>	<u>\$ 12,612,481</u>	<u>\$ 12,079,940</u>	<u>\$ 14,357,960</u>	<u>\$ 14,908,722</u>	<u>\$ 16,163,106</u>	<u>\$ 18,476,500</u>	<u>\$ 20,077,018</u>
One-Half Cent Sales Tax fund										
Reserved	\$ 5,649,324	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	8,151,725	10,760,784	17,534,474	13,183,589	13,391,689	10,491,754	14,750,799	22,942,254	23,136,162
Total One-Half Cent Sales Tax fund	<u>\$ 5,649,324</u>	<u>\$ 8,151,725</u>	<u>\$ 10,760,784</u>	<u>\$ 17,534,474</u>	<u>\$ 13,183,589</u>	<u>\$ 13,391,689</u>	<u>\$ 10,491,754</u>	<u>\$ 14,750,799</u>	<u>\$ 22,942,254</u>	<u>\$ 23,136,162</u>
All Other Governmental Funds										
Reserved For:										
Reserved	\$ 5,973,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,138,817	-	-	-	-	-	-	-	-	-
Nonspendable	-	2,537,012	2,618,800	2,681,379	2,751,496	2,841,929	2,930,388	2,965,480	3,024,870	3,213,067
Restricted	-	6,989,485	4,769,545	4,795,421	6,092,195	5,645,636	7,576,542	6,976,269	8,577,798	9,875,815
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	2,304,944	1,008,898	1,807,246	784,195	586,738	313,516	497,286	490,429
Unassigned	-	(2,626)	-	-	34,151	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 11,112,571</u>	<u>\$ 9,523,871</u>	<u>\$ 9,693,289</u>	<u>\$ 8,485,698</u>	<u>\$ 10,685,088</u>	<u>\$ 9,271,760</u>	<u>\$ 11,093,668</u>	<u>\$ 10,255,265</u>	<u>\$ 12,099,954</u>	<u>\$ 13,579,311</u>

Note: Beginning in 2011, Fund Balance information is presented in accordance with GASB 54

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 58,821,522	\$ 60,950,034	\$ 62,458,006	\$ 65,100,567	\$ 69,452,558	\$ 71,348,666	\$ 70,367,919	\$ 72,992,685	\$ 77,480,218	\$ 81,904,923
Licenses and permits	942,228	1,134,112	986,939	1,251,436	1,675,295	1,526,595	1,818,538	1,687,299	2,446,051	1,769,360
Fines, forfeitures, and penalties	6,969,674	7,081,718	7,213,751	6,747,247	7,684,828	7,510,714	6,771,908	5,325,902	5,125,706	4,997,271
Revenues from use of money or property	505,666	769,565	890,955	790,478	802,335	841,955	750,320	845,170	915,646	1,696,680
Charges for current services	3,034,416	3,360,649	2,669,475	2,630,074	2,849,107	2,792,386	2,807,579	2,780,962	2,985,838	3,123,455
Revenues from other agencies	12,232,230	13,041,163	10,608,019	11,190,288	11,816,379	11,276,795	12,458,274	13,994,289	12,910,692	12,156,073
Donations	847,951	312,271	181,932	402,064	352,948	339,795	374,071	586,470	365,044	682,566
Miscellaneous	1,547,892	1,097,574	1,229,190	714,585	836,490	2,239,017	1,338,192	1,915,362	1,219,342	733,920
Total revenues	<u>84,901,579</u>	<u>87,747,086</u>	<u>86,238,267</u>	<u>88,826,739</u>	<u>95,469,940</u>	<u>97,875,923</u>	<u>96,686,801</u>	<u>100,128,139</u>	<u>103,448,537</u>	<u>107,064,248</u>
Expenditures										
General government	6,704,650	7,070,867	6,887,278	7,249,762	8,323,657	7,758,004	7,185,846	7,585,488	7,751,217	7,726,127
Public safety	37,193,941	37,976,171	39,724,861	41,169,936	42,316,320	44,644,245	45,249,043	45,075,237	45,801,648	48,017,964
Public services	13,830,744	13,507,358	12,652,458	12,850,038	12,926,496	14,324,967	15,072,374	15,234,239	15,548,886	15,729,247
Highways and streets	5,464,426	3,667,305	4,813,390	4,914,648	5,090,951	5,228,922	5,596,575	5,375,760	4,805,677	3,893,759
Culture and recreation	6,328,027	6,692,554	6,902,974	7,021,610	7,105,539	7,707,090	7,461,931	7,005,094	7,652,792	7,912,551
Capital outlay	14,281,326	14,011,314	12,358,611	8,196,820	22,200,604	16,213,454	16,659,253	12,717,841	8,292,421	18,494,375
Debt service										
Principal	-	-	97,331	316,927	313,756	376,998	54,094	188,157	167,214	270,211
Interest	1,091	1,045	13,363	10,718	13,936	7,133	5,867	9,894	5,777	23,003
Total expenditures	<u>83,804,205</u>	<u>82,926,614</u>	<u>83,450,266</u>	<u>81,730,459</u>	<u>98,291,259</u>	<u>96,260,813</u>	<u>97,284,983</u>	<u>93,191,710</u>	<u>90,025,632</u>	<u>102,067,237</u>
Excess of revenues over (under) expenditures	1,097,374	4,820,472	2,788,001	7,096,280	(2,821,319)	1,615,110	(598,182)	6,936,429	13,422,905	4,997,011
Other financing sources (uses)										
Capital lease proceeds	-	-	1,029,095	-	71,610	126,480	405,126	-	817,083	-
Transfers in	3,523,779	2,820,585	2,690,528	2,233,311	5,028,638	3,364,434	50,000	638,000	3,388,915	4,231,066
Transfers out	(3,355,876)	(3,269,959)	(3,694,280)	(3,418,652)	(4,962,965)	(4,033,232)	(1,369,619)	(1,913,993)	(5,231,692)	(5,954,294)
Sale of capital assets	77,738	1,652	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>245,641</u>	<u>(447,722)</u>	<u>25,343</u>	<u>(1,185,341)</u>	<u>137,283</u>	<u>(542,318)</u>	<u>(914,493)</u>	<u>(1,275,993)</u>	<u>(1,025,694)</u>	<u>(1,723,228)</u>
Net Change in fund balances	<u>\$ 1,343,015</u>	<u>\$ 4,372,750</u>	<u>\$ 2,813,344</u>	<u>\$ 5,910,939</u>	<u>\$ (2,684,036)</u>	<u>\$ 1,072,792</u>	<u>\$ (1,512,675)</u>	<u>\$ 5,660,436</u>	<u>\$ 12,397,211</u>	<u>\$ 3,273,783</u>
Debt service as a percentage of noncapital expenditures	0.0016%	0.0015%	0.1557%	0.4456%	0.4307%	0.4799%	0.0744%	0.2461%	0.2117%	0.3508%

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>
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
2014	15,440,829	10,434,684	43,577,045	69,452,558
2015	15,829,358	10,476,018	45,043,290	71,348,666
2016	16,453,607	10,592,842	43,321,470	70,367,919
2017	17,711,081	10,847,085	44,434,519	72,992,685
2018	19,114,239	11,187,605	47,178,374	77,480,218
2019	20,717,166	11,019,217	50,168,540	81,904,923

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.

Note: Current year revenues comes from Exh 5

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
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
2014	26,539,723	13,269,861	39,809,584
2015	26,917,614	13,458,807	40,376,421
2016	26,338,713	13,169,356	39,508,069
2017	26,775,850	13,387,905	40,163,755
2018	28,494,304	14,247,152	42,741,457
2019	30,257,590	15,128,795	45,386,385

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					
2010	5,691,854,590	N/A	1,009,462,843	N/A	N/A	6,701,317,433	0.204000
2011	5,693,876,878	N/A	972,528,791	N/A	N/A	6,666,405,669	0.208865
2012	5,759,889,140	N/A	970,691,666	N/A	N/A	6,730,580,806	0.208865
2013	5,859,969,154	N/A	984,818,840	N/A	N/A	6,844,787,994	0.207708
2014	6,005,291,458	N/A	995,470,019	N/A	N/A	7,000,761,477	0.220000
2015	6,186,217,088	N/A	1,004,310,191	N/A	N/A	7,190,527,279	0.220000
2016	6,529,329,564	N/A	990,187,897	N/A	N/A	7,519,517,461	0.220000
2017	6,803,228,476	N/A	1,003,167,122	N/A	N/A	7,806,395,598	0.230000
2018	7,076,840,787	N/A	1,041,040,039	N/A	N/A	8,117,880,826	0.240000
2019	7,351,032,270	N/A	1,170,198,591	N/A	N/A	8,521,230,861	0.244452

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 Service	Total**	Smith County Total	Tyler ISD Total	Tyler Junior College Total	Chapel Hill ISD Total	Whitehouse ISD Total	
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	0.208865	-	0.208865	0.32390	1.37500	0.18218	1.26000	1.19300	4.54294
2013	0.207708	-	0.207708	0.32356	1.37500	0.19993	1.24500	1.19300	4.54420
2014	0.220000	-	0.220000	0.32356	1.37500	0.19993	1.25300	1.19300	4.56449
2015	0.220000	-	0.220000	0.32356	1.37500	0.19993	1.24500	1.19300	4.55649
2016	0.220000	-	0.220000	0.33000	1.37500	0.19993	1.24000	1.19300	4.55793
2017	0.230000	-	0.230000	0.33000	1.37500	0.19993	1.24000	1.19300	4.56793
2018	0.240000	-	0.240000	0.33000	1.40500	0.19993	1.23000	1.41300	4.81793
2019	0.244452	-	0.244452	0.33731	1.40500	0.19993	1.23000	1.41300	4.82969

Sources: Smith County Appraisal District

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	2019			2010		
	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)	\$ 238,074,380	1	2.79%	\$ 111,896,740	2	1.67%
Tyler Regional Hospital LLC	154,136,597	2	1.81%			
Brookshire Grocery Co	117,996,237	3	1.38%	100,415,003	3	1.50%
Trane Co / American Standard Inc	85,401,331	4	1.00%	119,182,965	1	1.78%
Genecov Investments LTD	86,619,160	5	1.02%	56,226,281	5	0.84%
Oncor Electric Delivery/Oncor Elec.	76,119,411	6	0.89%	48,400,228	6	0.72%
Tyler Broadway/Centennial LP	72,253,999	7	0.85%			
BR CWS Cascades 1 LLC / 11 LLC	54,597,702	8	0.64%			
Wal Mart Real Estate Business Trust	49,536,369	9	0.58%	72,036,324	4	
Simon Property Group	42,328,250	10	0.50%	44,770,952	8	
TXU / Oncor Electric Carrier Corporation				47,468,281	7	0.71%
AT&T				24,856,141	10	0.37%
Suddenlink				41,031,629	9	0.61%
Total	\$ 977,063,436		11.47%	\$ 666,284,544		9.94%

Source: Smith County Appraisal District

Note:

* Total taxable value including real and personal property for tax year 2018 (fiscal year 2019) is--

\$ 8,521,230,861

^b Total taxable value including real and personal property for tax year 2009 (fiscal year 2010) is --

6,701,314,433

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
2010	13,617,164	13,377,811	98.2%	176,640	13,554,451	99.5%
2011	13,848,376	13,629,528	98.4%	191,170	13,820,698	99.8%
2012	13,989,361	13,799,246	98.6%	138,365	13,937,612	99.6%
2013	14,159,255	13,990,275	98.8%	139,731	14,130,006	99.8%
2014	15,308,284	15,114,733	98.7%	152,434	15,267,167	99.7%
2015	15,668,435	15,498,266	98.9%	124,679	15,622,945	99.7%
2016	16,342,661	16,109,924	98.6%	135,943	16,245,867	99.4%
2017	17,589,933	17,391,772	98.9%	113,909	17,505,681	99.5%
2018	18,942,816	18,728,538	98.9%	63,935	18,792,473	99.2%
2019	20,582,774	20,493,070	99.6%	-	20,493,070	99.6%

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***			
2010	-	-	72,849,825	-	72,849,825	2.82%	664
2011	-	-	70,270,000	-	70,270,000	2.57%	622
2012	-	-	68,125,000	-	68,125,000	2.56%	655
2013	-	5,372,972	64,864,840	-	70,237,812	2.49%	673
2014	-	5,265,104	62,983,762	-	68,248,866	2.35%	656
2015	-	4,240,385	63,740,000	-	67,980,385	2.27%	670
2016	-	1,753,490	62,685,000	249,044	64,687,534	2.10%	624
2017	-	2,614,333	60,172,765	201,083	62,988,181	1.99%	546
2018	-	2,525,885	65,450,122	152,215	68,128,222	2.09%	649
2019	-	1,753,490	61,706,243	102,423	63,562,156	1.89%	601

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). This also includes Customer Facility Charge Revenue Bonds

*** In 2013, we 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		
2010	-	-	-	n/a	-
2011	-	-	-	n/a	-
2012	-	-	-	n/a	-
2013	-	-	-	n/a	-
2014	-	-	-	n/a	-
2015	-	-	-	n/a	-
2016	-	-	-	n/a	-
2017	-	-	-	n/a	-
2018	-	-	-	n/a	-
2019	-	-	-	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, 2019**

<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	\$ 35,753,039	50.08%	\$ 17,905,122
Tyler Independent School District	417,415,000	71.04%	296,531,616
Tyler Junior College	103,079,707	65.00%	67,001,810
Chapel Hill Independent School District	15,114,000	19.15%	2,894,331
Whitehouse Independent School District	108,900,000	27.37%	29,805,930
Subtotal, overlapping debt			<u>414,138,808</u>
City of Tyler (direct debt)**	1,753,490	100%	1,753,490
Total direct and overlapping debt			<u><u>\$ 415,892,298</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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 670,131,743	\$ 666,640,567	\$ 673,058,081	\$ 684,478,799	\$ 700,076,148	\$ 719,052,728	\$ 751,851,746	\$ 786,091,970	\$ 811,788,083	\$ 8,521,230,861
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 670,131,743</u>	<u>\$ 666,640,567</u>	<u>\$ 673,058,081</u>	<u>\$ 684,478,799</u>	<u>\$ 700,076,148</u>	<u>\$ 719,052,728</u>	<u>\$ 751,851,746</u>	<u>\$ 786,091,970</u>	<u>\$ 811,788,083</u>	<u>\$ 8,521,230,861</u>
Total net debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 8,521,230,861
Add back: exempt real property	-
Total assessed value	<u>8,521,230,861</u>
Debt limit (10% of total assessed value)	<u>852,123,086</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>\$ 852,123,086</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
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
2014	35,376,457	23,875,525	11,500,932	5,416,208	2.123
2015	36,163,014	24,803,360	11,359,654	5,416,505	2.097
2016	38,535,182	26,166,490	12,368,692	5,542,223	2.232
2017	40,076,947	28,637,471	11,439,476	6,137,685	1.864
2018	44,516,891	30,341,446	14,175,445	5,336,960	2.656
2019	43,746,419	31,211,611	12,534,808	5,795,915	2.163

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 (excluding 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 Income²</u>	<u>Median Age²</u>	<u>Education Level in Years of Formal Schooling²</u>	<u>School Enrollment³</u>	<u>Unemployment Rate²</u>
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%
2014	104,083	2,902,762	27,889	33.5	13.6	18,029	5.8%
2015	101,421	2,774,980	27,361	33.5	13.6	18,198	5.8%
2016	103,700	2,796,996	26,972	33.9	13.6	18,172	4.2%
2017	115,453	2,979,034	25,803	32.9	13.6	18,139	4.3%
2018	104,991	2,790,355	26,577	33.4	13.6	18,130	3.3%
2019	105,729	2,894,268	27,374	33.1	13.6	18,260	3.2%

Data sources:

¹City of Tyler Planning Department

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.

TABLE 18

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
UT Health East Texas	4,439	1	8.7%	3,620	2	7.4%
CHRISTUS Trinity Mother Frances *	4,095	2	8.0%	3,652	1	7.5%
Tyler Independent School District	2,639	3	5.2%	2,501	3	5.1%
Brookshire Grocery Company	1,620	4	3.2%	2,213	4	4.5%
The Trane Company	1,331	5	2.6%	1,520	6	3.1%
The University of Texas at Tyler	1,440	6	2.8%	**		0.0%
Wal-Mart	1,650	7	3.2%	1,697	5	3.5%
Altice USA	1,150	8	2.3%	1,138	7	2.3%
UT Health Science Center at Tyler	1,108	9	2.2%	840	9	1.7%
Sanderson Farms	1,000	10	2.0%	**		0.0%
Tyler Junior College	967	11	1.9%	**		0.0%
City of Tyler	898	12	1.8%	824	10	1.7%
Smith County	843	13	1.7%	**		0.0%
Target Distribution Center	690	14	1.4%	**		0.0%
Total	23,870		46.7%	18,005		36.9%

Source: Tyler Economic Development Council

* Headquarters located in Tyler.

(1) total city employment of 51,061

(2) total city employment of 48,838

** Not part of top 10 in 2010

TABLE 19

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	55	55	60	63	60	64	84	77	98	96
Public safety	431	434	436	437	436	440	428	422	425	439
Highways and streets	54	54	53	52	53	51	53	47	53	51
Public Services	40	42	37	33	37	47	28	36	16	16
Culture and Recreation	73	72	66	75	66	68	76	64	68	75
Water & sewer	89	102	101	106	101	111	120	123	114	122
Sanitation	39	38	39	41	39	44	44	48	45	49
Airport	10	9	10	9	10	11	10	10	9	10
All Others	33	31	29	30	29	48	43	39	37	40
Total	824	837	831	846	831	884	886	866	865	898

Source: City of Tyler Finance Department

TABLE 20

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Accounting										
Dollar value of accounts payable	\$ 84,632,623	\$ 72,211,330	\$ 77,395,157	\$ 76,966,097	\$ 88,038,170	\$ 92,771,122	\$ 93,396,592	\$ 88,948,885	\$ 90,615,261	\$ 95,296,379
Legal										
Number of ordinances prepared and adopted	126	110	104	121	112	93	113	107	88	110
Number of resolutions prepared and adopted	32	29	34	31	30	26	45	51	41	69
Public Safety										
Police										
Number of sworn officers authorized	185	191	191	193	194	194	194	188	191	198
Fire										
Number of structure fires	157	135	114	105	107	84	98	103	124	107
Highways and Streets										
Streets										
Percentage of city streets graded A condition	61.9%	72.3%	78.0%	**	**	**	**	**	**	**
Traffic										
Number of traffic signals maintained	138	145	147	153	152	156	148	158	158	150
Public Services										
Planning										
Number of historic building designations awarded	1	6	17	95	102	113	117	124	130	132
Culture and Recreation										
Parks										
Amount of park acreage	856.35	856.35	757.99	757.99	1216	1216	1216	1216	1207	1207
Number of rose bushes planted	1776	1056	536	2563	600	2785	1337	205	300	362
Library *										
Total number of volumes owned	229,610	200,257	188,856	175,402	183,154	180,136	179,668	208,838	215,431	228,019
Water & sewer										
Average volume of wastewater treated daily (gallons)	12.8 million	14.03 million	14.03 million	14.27 million	15.67 million	17.26 million	17.89 million	15.36 million	15.37 million	18.87 million
Average monthly volume of water production (gallons)	725.48 million	844.70 million	768.76 million	746.22 million	719.54 million	748.92 million	733.87 million	691.83 million	807.63 million	716.36 million
Water production capability (gallons per day)	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million
Average monthly revenue billed	\$ 2,325,159	\$ 2,926,751	\$ 2,701,842	\$ 2,844,007	\$ 2,819,163	\$ 2,883,216	\$ 3,098,527	\$ 2,924,870	\$ 3,414,080	\$ 3,299,543.00
Sanitation										
Number of residential customers	28,151	28,441	28,743	27,399	27,778	28,745	35,681	35,916	36,209	36,479
Number of curbside garbage carts in use	27,699	28,357	29,067	28,374	30,516	34,959	29,261	29,488	29,928	30,123
Airport										
Annual gallons of fuel flowage	984,181	978,831	1,029,059	1,370,092	1,480,379	1,327,585	1,249,362	1,108,054	1,244,805	1,396,406
Number of annual enplanements	73,114	72,509	73,343	85,069	85,069	66,951	55,693	49,226	48,505	60,038

Source: City Departments

n/a - Data not available.

* E-books are included.

** In 2013 the streets department no longer graded the roads in an A, B, C system, converted to PCI grading system.

TABLE 21

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

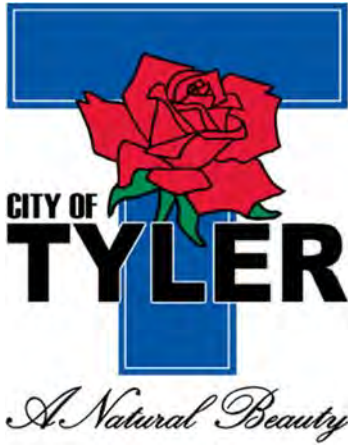
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police Stations	2	2	2	2	2	2	3	3	3	2
Police Patrol Units	62	62	61	80	56	68	70	68	78	81
Police Motorcycle Units	16	16	16	17	16	16	15	10	9	7
Fire Stations	10	10	10	10	10	10	10	10	10	10
Highways and Streets										
City Maintained Paved Streets- (miles)***	476	476	570	1120	1120	1120	1120	1169	1169	1169
Annual Street Overlays- (miles)***	10	45	16	27	28	32	32	39	11	35
Public Services										
Transit Buses	17	20	20	14	13	15	16	17	16	16
Culture and Recreation										
Parks (acres)	1,113.40	1,113.40	1,207.40	1,207.40	1,216.40	1,216.40	1,216.40	1,216.80	1,207.40	1,207.40
Playgrounds	21	22	22	22	23	22	22	22	22	19
Swimming Pools	2	2	2	2	2	2	2	1	1	1
Recreation Centers	2	1	1	1	1	1	1	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)	654	660	693	693	727	734	745	734	734	734.24
Fire Hydrants	3703	3868	4220	4219	4118	4279	4310	4351	4379	4428
Water Plants	2	2	2	2	2	2	2	2	2	2
Sanitary Sewers (miles)	597	608	621	631	658	688	718	694	699	709.44
Sanitation										
Garbage Trucks	41	41	45	36	29	34	47	45	45	45
Airport										
Airport Terminal	2	2	1**	1**	1**	1**	1**	1**	1**	1**
Airport Runways	3	3	3	3	3	3	3	3	3	3

Source: City Departments

n/a - Data not available.

** 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

**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
City of Tyler, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tyler as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Tyler's basic financial statements, and have issued our report thereon dated March 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tyler's 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 the City of Tyler's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tyler's 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the City of Tyler's financial statements are free from 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*.

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
March 6, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Tyler's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Tyler's major federal programs for the year ended September 30, 2019. The City of Tyler's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Tyler's major federal 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Tyler's 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 program. However, our audit does not provide a legal determination of City of Tyler's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Tyler 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 programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the City of Tyler is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the City of Tyler's internal control over compliance with the types of requirements that could have a direct and material effect on each federal major federal 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 City of Tyler's 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 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 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Tyler, Texas
March 6, 2020

CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

FEDERAL GRANTOR/PASS-THROUGH

GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	PASSED THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>CDBG - Entitlement Grants Cluster</u>				
Community Development Block Grant Entitlement Grants	14.218	B04MC480028		\$ 459,594
HOME Investment Partnership Grant	14.239	-		40,238
<u>Housing Voucher Cluster</u>				
Section 8 Housing Choice Voucher Program	14.871	TX456VO		7,972,465 +
Family Self Sufficiency Coordinator Grant	14.871	FSS8-TX456-5106		54,217 +
Total Housing Voucher Program				<u>8,026,682</u>
Total U.S. Department of Housing and Urban Development				<u>8,526,514</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through Smith County:				
<u>JAG Program Cluster</u>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-1118		23,422
Passed through East Texas Council of Governments:				
<u>JAG Program Cluster</u>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2725402		<u>78,000</u>
Total U.S. Department of Justice				<u>101,422</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Federal Aviation Administration:				
Airport Improvement Program	20.106	3-48-0215-037-2016		1,822
Airport Improvement Program	20.106	3-48-0215-038-2017		1,270,739
Airport Improvement Program	20.106	3-48-0215-040-2018		4,584,899
Airport Improvement Program	20.106	3-48-0215-041-2018		2,529,548
Airport Improvement Program	20.106	3-48-0215-042-2019		16,157
Airport Improvement Program	20.106	3-48-0215-043-2019		9,742
Total Airport Improvement Program				<u>8,412,907</u>
Passed through Texas Department of Transportation:				
Section 104F Grant MPO	20.505	50-XXXF0016		362,465
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51510F7140		169,617 +
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51510F7140		219,000 +
Comprehensive Traffic Enforcement Grant Programs	20.600	0910-16-124		51,205
Total Texas Department of Transportation				<u>802,287</u>

+ Denotes Major Program

CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019

FEDERAL GRANTOR/PASS-THROUGH

GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	PASSED THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF TRANSPORTATION (cont'd)</u>				
Passed through Federal Transit Administration: Federal Transit Cluster				
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-Y205		\$ 1,535,886 +
Total Federal Transit Formula Grants				<u>1,535,886</u>
Total U.S. Department of Transportation				<u>10,751,080</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through Texas Division of Emergency Management Disaster Grants - Public Assistance				
Disaster Grants - Public Assistance	97.036	DR 4332 - HH		80,675
Passed through Transportation Security Administration: Law Enforcement Officer Reimbursement Agreement				
Law Enforcement Officer Reimbursement Agreement	97.090	HSTS02-13-H-SLR721		<u>29,140</u>
Total U.S. Department of Homeland Security				<u>109,815</u>
Total Federal Assistance			<u>\$ -</u>	<u>\$ 19,488,831</u>

+ Denotes Major Program

**CITY OF TYLER, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

NOTE A – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the City of Tyler, Texas under programs of the federal government for the year ended September 30, 2019 and is presented on the modified accrual basis of accounting. This information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operation the City of Tyler, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Tyler, Texas

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

The City of Tyler did not receive any non-cash assistance through federal awards during the year ended September 30, 2019. There were no federal loans or loan guarantees outstanding at year end.

Certain federal 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	\$ 326,266,983
Inland Marine (EDP/Hardware)	6,308,970
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
Garagekeepers Legal Liability	1,000,000
Crime	500,000
Airport Liability	5,000,000
Pollution Liability	1,000,000
Cyber Liability	1,000,000
Umbrella Liability	2,000,000
Tenant Users General Liability	1,000,000

NOTE C- INDIRECT COST RATES

The City of Tyler, Texas has elected not to use the 10% de minimis cost rate as permitted in the UG, section 200.414.

**CITY OF TYLER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ 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 statement 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?	No
Type of auditors’ report issued on compliance for major programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

Identification of major programs:

FEDERAL

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Housing Voucher Cluster
14.871	Section 8 Housing Choice Voucher Program
14.871	Family Self Sufficiency Coordinator Grant
	Federal Transit Cluster
20.507	Federal Transit Capital and Operating Assistance Formula
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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City of Tyler was classified as a low-risk auditee	
Auditee qualified as a low-risk auditee	No

**CITY OF TYLER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section II – Financial Statement Findings

None.

**CITY OF TYLER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section III – Federal Award Findings and Questioned Costs

None.

**CITY OF TYLER, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2019**

None.