

# City of Tyler, TX 2011-2012 Comprehensive Annual Financial Report

For the Fiscal Year  
Ending September 30, 2012



We are the  
*Called*  
to SERVE  
Difference

**CITY OF TYLER, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2012**

**MAYOR – BARBARA BASS**

**Members of City Council:**

Sam Mezayek  
Darryl Bowdre  
Ralph Caraway  
Martin Heines  
Mark Whatley  
Jason Wright

**City Manager – Mark McDaniel**

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

CITY OF TYLER, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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## **INTRODUCTORY SECTION**



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March 18, 2013

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, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control. In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements that are free of any material misstatements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. To further ensure the validity of internal controls, the Internal Auditor continues to review key functions and controls annually.

Henry and Peters, PC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Tyler's financial statements for the year ended September 30, 2012. In addition to meeting City Charter requirements, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The independent auditor's report is located at the front of the financial section of this report.

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

### ***City Profile***

The City of Tyler, Texas, the county seat of Smith County, is considered the advanced manufacturing, health care, educational and retail center of East Texas. Tyler is located on U.S. Highway 69 just south of Interstate 20 equal distance (approximately 90 miles) between the cities of Dallas, Texas and Shreveport, Louisiana. The City, encompassing approximately 53 square miles, had a 2000 census population of 83,650, which is a 9.2% increase from the 1990 census population of 76,440. Currently, the City's population is estimated to be 104,083. The City is commonly referred to as the City of Roses.

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

The City is a full service municipality. Major services provided under general government and enterprise functions are: police and fire protection, water and sewer services, sanitation services, parks and recreational facilities, library services, street and traffic improvements, capital projects administration, municipal court, code enforcement, development and planning services and general administrative services. The City also offers an airport, a convention center and municipal rose garden. Internal services of the City, accounted for on a cost reimbursement basis, are the fleet services operations; technology services; property and facility management services; productivity pool; risk management services and the active and retired employee health and dental coverage. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable including blended component units as defined by the Governmental Accounting Standards Board (GASB).

The City Charter provides that the City Council shall adopt the annual budget prepared by the City Manager. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance no later than the close of the prior fiscal year. Budgetary control has been established at the individual fund level. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total revenues or expenditures of any fund must be approved by the City Council. Although the budget is adopted at a fund level, continued line item review and forecasting is done on a monthly and quarterly basis throughout the fiscal year to ensure compliance with the budget and completion of projects.

### ***Local Economy***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The chief industries in and around Tyler include: health care and research; education; grocery distribution; retail and retail distribution; air conditioning unit manufacturing; cable, internet and phone services; government services; engineering services; banking services; meat packing and processing; cast iron pipes and fitting manufacturing; oil and gas refining; ready mix concrete production; tourism; and growing and shipping rose bushes. This diversification is evident in the fact that no single taxpayer represents more than 2.4 % 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, two charter schools as well as nine private / parochial schools in the Tyler area.

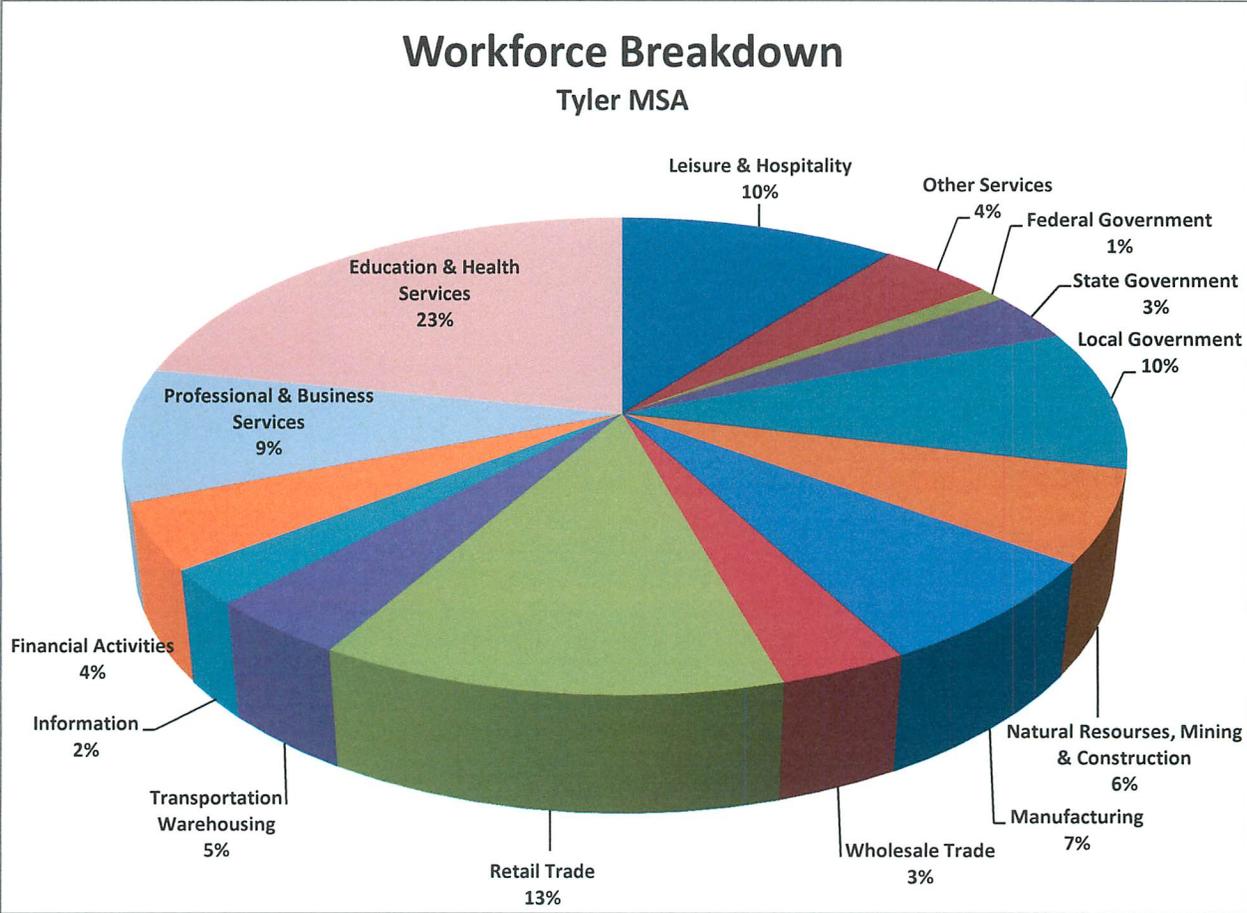
Tyler is also the medical center of East Texas with three hospitals and numerous other supporting clinics, practices, and specialty hospitals with a total of 969 beds. There are approximately 735 medical doctors and 87 dentists.

Additionally, Tyler has many tourist attractions. The Texas Rose Festival includes the crowning of the Rose Queen attracting a large number of visitors each year. The Azalea Trails in the spring attracts additional tourism. Each September Tyler hosts the East Texas State Fair for one week providing midway, craft and 4H activities. Tyler State Park is located just north of Tyler and provides nature trails and camping in a scenic setting. Lake Tyler and Lake Tyler East, located twelve miles southeast of the City, are popular recreational and fishing sites.

The City actively works with the Tyler Economic Development Corporation and local industries to encourage expansions and relocations to our community. Two TIF/TIRZ zones were created in 2008, one in the downtown area and another in north Tyler in coordination with revitalization efforts. The following year an Industry Growth Initiative was developed to foster an Innovation Economy and take the Tyler region into the next twenty years of economic prosperity and growth. Land is available for development; the area has an abundant water supply and typically mild weather. The Tyler area cost of living index has consistently been 90-96% of the national average for the past five years. Economic incentives as well as historic preservation incentives are available to facilitate business expansions or relocations.

Because of its location in a region with a varied economic base, unemployment has remained relatively stable fluctuating over time based on changes in the state and national economic condition. The unemployment rate has followed the same general trend as the State of Texas rate, but has remained consistently below the state average for

the most recent five years. During the past ten years, the unemployment rate has ranged from a low of 4.2 percent (2007) to a decade high of 7.7 percent (2009), only to end at the current rate of 7.4 percent. This figure represents a decrease of .3% from September 2011. The total workforce for the Tyler region has increased from 43,411 in 1996 to 48,349 in 2011. The pie chart below details the Tyler MSA by business sector which demonstrates the diversity of the local economy preventing dependency on one or two drivers for economic support.



Population growth in the last five years was more than double that of the last decade and continues to grow. The population grew 10 percent from 1990 to 2000. From the year 2000 to the current year 2012, the growth has been an astounding 31 percent. Market and economic analysts estimate that as many as 270,000 people come to Tyler each day to work, attend school, seek medical services, or shop.

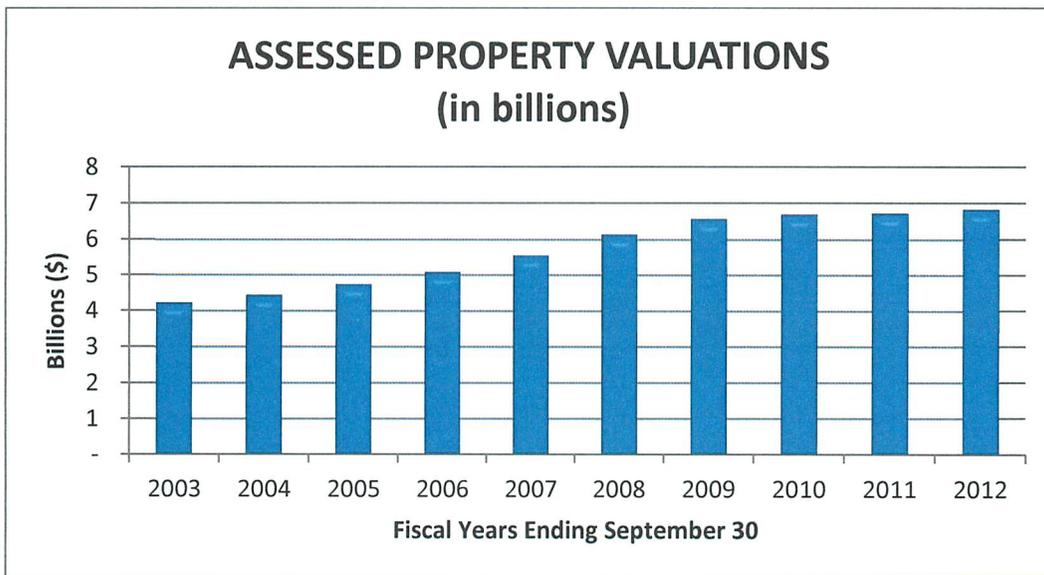
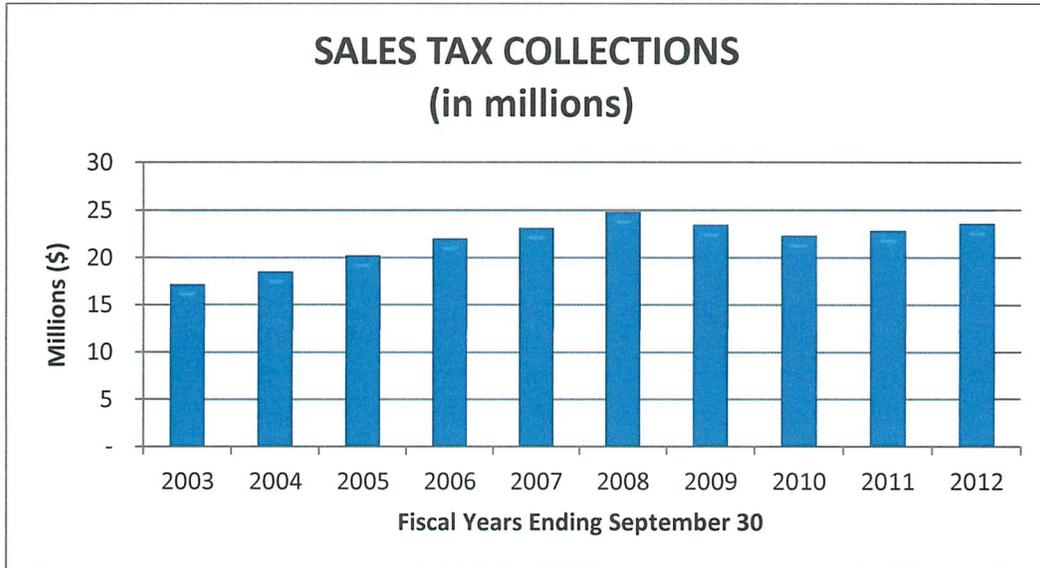
The two sections of the Loop 49 Toll Project are complete, and Segment 3A connecting SH 155 to SH 31 is in process. When complete, Loop 49 Toll will create a horseshoe loop around Tyler connecting the City’s southern regions to I 20. The loop will allow for increased traffic from I-20 into the City of Tyler for shopping and economic development purposes. Along with the Loop 49 Toll Project, the Northeast Texas Regional Mobility Authority was authorized in 2004 to construct, operate and maintain turnpike projects in the state which includes the Tyler area. Including various other means of interstate access, the Tyler Pounds Regional Airport allows for secure and efficient air travel in and out of the region. Total flight boarding’s have declined slightly due to the general economic climate nationwide from 77,942 in 2008 to a current level of 72,509 in 2011. Tyler is the first Certified Retirement City in Texas. Tyler meets high standards for retiree living such as low cost of living, low crime rate, affordable housing, quality health care, abundant recreation and educational opportunities. Tyler is 16<sup>th</sup> in the nation for cost of living in Retirement Places Rated: Special Millennium Edition.

The office space occupancy rate for the City of Tyler was 87 percent in 2011. The average lease rates for office space increased by 1.3% in 2012 while occupancy rates decreased an average 1% due to current economic

conditions. The office lease space is comprised of five classes for total square footage of 2,196,316. Tyler had \$2.42 billion in retail trade gross sales in 2012 up from \$2.00 billion in 2003.

The economic outlook for Tyler is encouraging. Industrial, commercial, and residential development has slowed but is expected to follow State and National trends for improvement during the next one to two fiscal years. The potential for sustained development is present, and many governmental and business leaders are working to ensure the City is poised for economic growth. Sales Tax collections increased in 2012 and have shown signs of sustainable improvement in 2013.

**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 equal to 15 percent of total General Fund expenditures less transfers. In addition to the Capital Projects Fund, the City takes advantage of half cent sales tax (\$4B) dollars to pay for capital projects related

to street improvements, drainage projects, park improvements and other projects as approved by the corporation board and the City Council. By paying cash for infrastructure projects, the City has attained its goal of eliminating general obligation debt as of February 2008.

The City has continued to maintain the lowest property tax rate for mid to large-sized cities in Texas in an effort to balance citizen desire for lower property tax rates and the City's need to match operating costs associated with future planning initiatives. Sales tax has played a large role in allowing the City to obtain this objective with a ten year average increase of 3.01 percent. By maintaining an adequate reserve and monitoring future economic conditions, the City plans to continue to provide for future citizen needs in a streamlined and cost effective manner.

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

Multiyear forecasting has been utilized for three years as a part of the revenue and expenditure budgeting process in order to realize all potential budgetary gains during restricted budgetary cycles. An OPEB trust was created in the prior fiscal year 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 1<sup>st</sup> (formally Tyler 21), was adopted in late 2007 and sets out a strategic framework for making decisions about the long-term physical development of Tyler. It defines a vision for the future linked to overall goals and policies, and it contains strategies and action items for achieving those goals. During the planning process, residents and others with a stake in Tyler's future had the opportunity to articulate and review community values and goals through public discussion, create a vision for the kind of place they want Tyler to be for their children and grandchildren, and identify the key areas where the city must act – both to preserve enduring character and to shape change so that their vision for Tyler's future can be achieved.

Tyler 1<sup>st</sup> provides policy and strategic guidance on the physical development and redevelopment of the City; guides the City to actively seek positive change and deflect negative change, rather than simply react to change; provides predictability for developers, businesses and residents; helps the City save money because it plans for orderly investment in services, facilities and infrastructure; and helps Tyler preserve the sense of place and identity that make it unique.

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

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

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

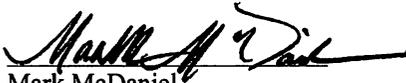
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This is the twenty sixth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must

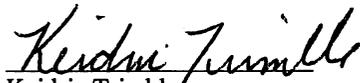
satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City staff affirms that the current report continues to conform to Certificate of Achievement Program requirements, and the City is submitting it to GFOA to determine its eligibility for another certificate.

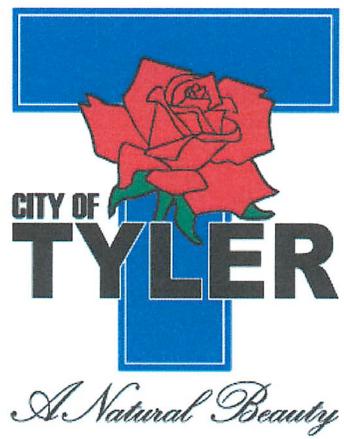
In addition, the City has received the Government Treasurer's Organization of Texas (GTOT) Investment Policy Certificate of Distinction for the annually adopted investment policy of the City for three consecutive periods. The award is valid for a two year period. In order to qualify for the award, the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

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of all City Departments. Appreciation is expressed to all members of the City's staff who assisted and contributed to its preparation. Sincere thanks are extended to the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

  
Mark McDaniel  
City Manager

  
Keidric Trimble  
Finance Director



# 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, 2011

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



*Christopher P. Morill*

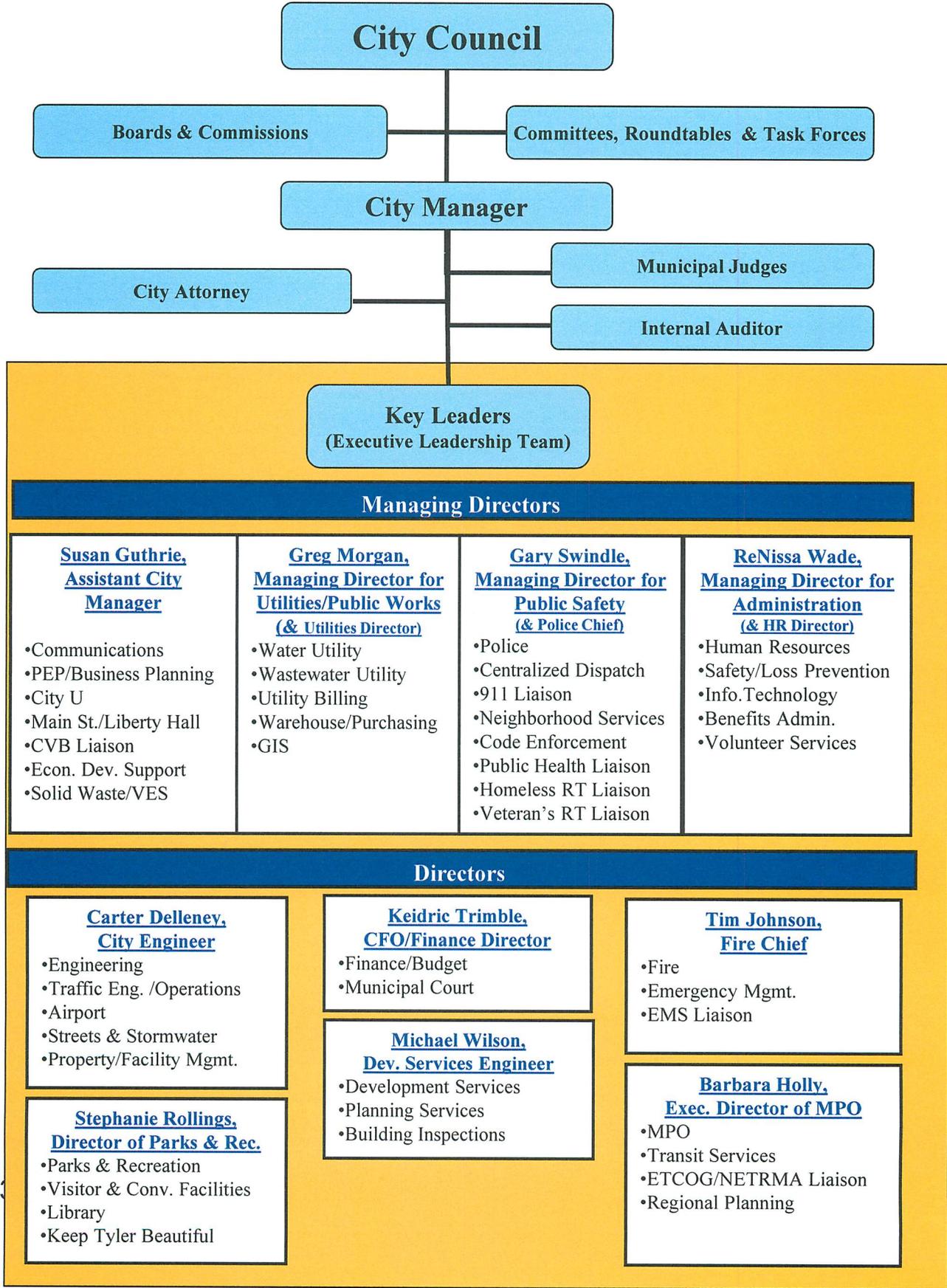
President

*Jeffrey R. Enow*

Executive Director



*A Natural Beauty*



**City Council**

Boards & Commissions

Committees, Roundtables & Task Forces

**City Manager**

City Attorney

Municipal Judges

Internal Auditor

**Key Leaders  
(Executive Leadership Team)**

**Managing Directors**

**Susan Guthrie,  
Assistant City  
Manager**

- Communications
- PEP/Business Planning
- City U
- Main St./Liberty Hall
- CVB Liaison
- Econ. Dev. Support
- Solid Waste/VES

**Greg Morgan,  
Managing Director for  
Utilities/Public Works  
(& Utilities Director)**

- Water Utility
- Wastewater Utility
- Utility Billing
- Warehouse/Purchasing
- GIS

**Gary Swindle,  
Managing Director for  
Public Safety  
(& Police Chief)**

- Police
- Centralized Dispatch
- 911 Liaison
- Neighborhood Services
- Code Enforcement
- Public Health Liaison
- Homeless RT Liaison
- Veteran's RT Liaison

**ReNissa Wade,  
Managing Director for  
Administration  
(& HR Director)**

- Human Resources
- Safety/Loss Prevention
- Info. Technology
- Benefits Admin.
- Volunteer Services

**Directors**

**Carter Delleney,  
City Engineer**

- Engineering
- Traffic Eng. /Operations
- Airport
- Streets & Stormwater
- Property/Facility Mgmt.

**Keidric Trimble,  
CFO/Finance Director**

- Finance/Budget
- Municipal Court

**Tim Johnson,  
Fire Chief**

- Fire
- Emergency Mgmt.
- EMS Liaison

**Stephanie Rollings,  
Director of Parks & Rec.**

- Parks & Recreation
- Visitor & Conv. Facilities
- Library
- Keep Tyler Beautiful

**Michael Wilson,  
Dev. Services Engineer**

- Development Services
- Planning Services
- Building Inspections

**Barbara Holly,  
Exec. Director of MPO**

- MPO
- Transit Services
- ETCOG/NETRMA Liaison
- Regional Planning

**CITY OF TYLER, TEXAS  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2012**

**MAYOR – BARBARA BASS**

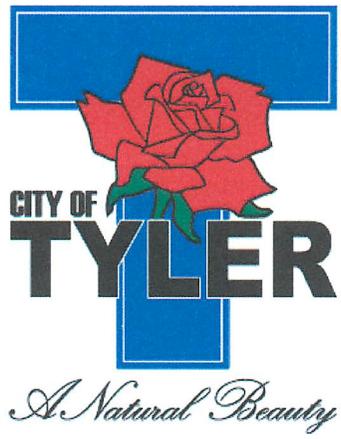
**Members of City Council:**

Sam Mezayek  
Darryl Bowdre  
Ralph Caraway  
Martin Heines  
Mark Whatley  
Jason Wright

**City Manager – Mark McDaniel**

**Chief Financial Officer – Keidric Trimble**

**City Attorney – Gary Landers**



## **FINANCIAL SECTION**

**HENRY & PETERS, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tyler, Texas' management. Our responsibility is to express an opinion on these financial statements based upon our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas as of September 30, 2012, and the respective changes in financial position, cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2013, on our consideration of the City of Tyler, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages 3 through 12 and 61 through 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tyler, Texas' financial statements as a whole. The introductory section, additional supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Uniform Grant Management Standards Chapter IV, *Texas State Single Audit Circular*, and are also not a required part of the financial statements. The additional supplemental information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Henry + Peters, P.C.

Tyler, Texas  
March 18, 2013

## **CITY OF TYLER, TEXAS**

Management's Discussion and Analysis  
For Year Ended September 30, 2012  
(Unaudited)

As management of the City of Tyler, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Tyler exceeded its liabilities at the close of the most recent fiscal year by \$452,992,544 (net assets). Of this amount, \$38,486,344 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$11,354,899, including a prior period adjustment of \$6,250,505.
- As of the close of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$32,721,714. (\$11,856,089 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 \$11,856,089. The general fund operating reserve targeted amount was \$8,841,664 (15% of general fund expenditures).
- The City's revenue bond payable had a net decrease of \$2,945,000 due to the payment of revenue bond liabilities. The City has no general obligation bond payable.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, public services and culture and recreation. The business-type activities of the City include utilities, airport and sanitation operations. The government-wide financial statements can be found on pages 14-15 of this report.

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

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 19 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and the Capital Projects ½ Cent Sales Tax Fund, both of which are considered to be major funds. Data from the other 17 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 16-21.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utilities, airport and sanitation funds as they are considered to be major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Tyler's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 25-26 of this report. Individual fund data for the fiduciary funds is provided in the form of combining statements elsewhere in this report. An additional fiduciary fund was created in 2009 for the Other Post Employment Benefit Trust. Information about Other Post Employment Benefits and the related trust can be found in note 5 on pages 55-

58. The Fireman’s Relief and Retirement Fund as of 2012 is reported in the City’s financial statements as a blended component unit. This information is included in the basic fiduciary fund statement on page 25-26. A separate independent audit of the Fund’s financial condition is completed each fiscal year and details can be found in note 5 on pages 52-55.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-59.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 61-62 of this report.

The combining statements referred to earlier in connection with general governmental funds, non-major governmental funds, enterprise funds, internal service funds and fiduciary funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 64-117 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of government’s financial position. In the case of the City of Tyler, assets exceeded liabilities by \$452,992,544 as of September 30, 2012.

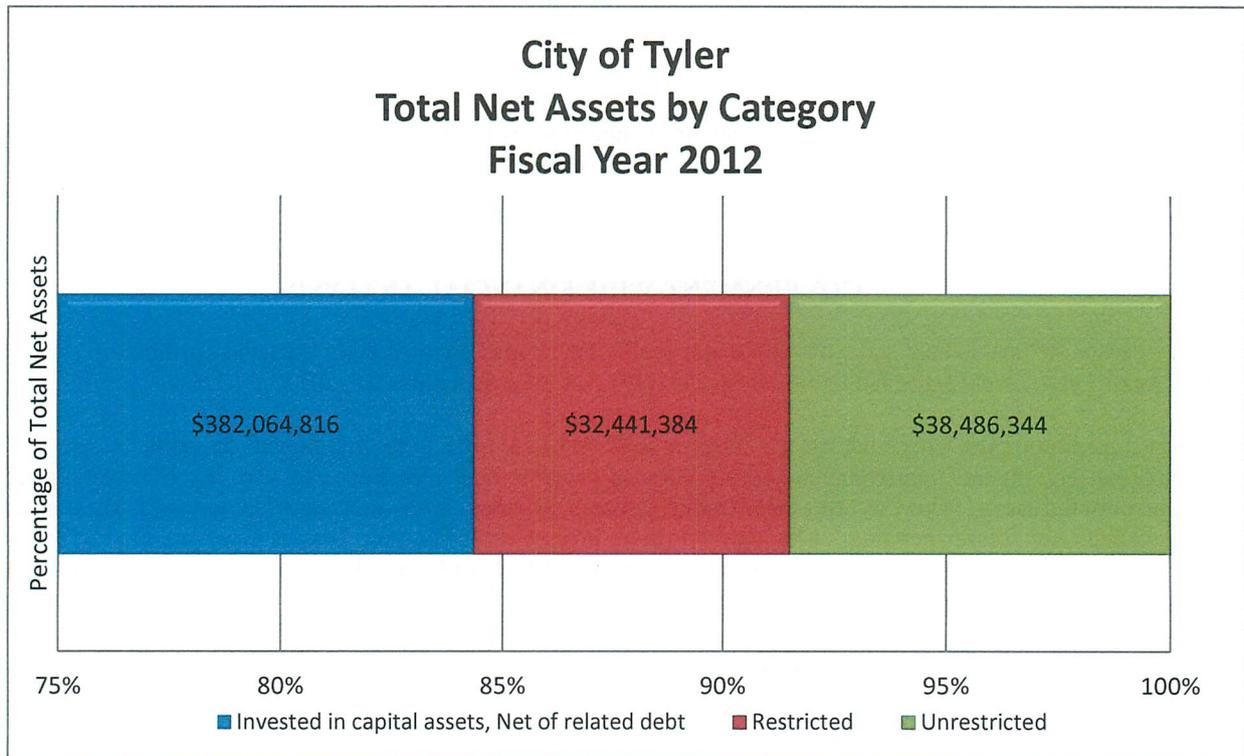
The largest portion of the City’s net assets, 84%, or \$382,064,816, reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire the assets. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### CITY OF TYLER’S NET ASSETS – Fiscal Year 2012

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 61,473,673	\$ 52,106,610	\$ 33,699,669	\$ 34,334,681	\$95,173,342	\$ 86,441,291
Capital assets	239,338,732	242,785,267	213,302,213	209,561,945	452,640,945	452,347,212
<b>Total Assets</b>	<b>300,812,405</b>	<b>294,891,877</b>	<b>247,001,882</b>	<b>243,896,626</b>	<b>547,814,287</b>	<b>538,788,503</b>
Non-current liabilities	14,837,737	14,067,518	65,406,636	68,460,656	80,244,373	82,528,668
Other liabilities	8,109,634	7,959,984	6,467,736	6,662,700	14,577,370	14,622,190
<b>Total Liabilities</b>	<b>22,947,371</b>	<b>22,027,502</b>	<b>71,874,372</b>	<b>75,123,356</b>	<b>94,821,743</b>	<b>97,150,858</b>
<b>Net Assets:</b>						
Invested in capital assets,						
Net of related debt	235,722,589	239,531,725	146,342,227	139,645,933	382,064,816	379,177,658
Restricted	18,144,679	17,671,823	14,296,705	15,567,963	32,441,384	33,239,786
Unrestricted	23,997,766	15,660,827	14,488,578	13,559,374	38,486,344	29,220,201
<b>Total Net Assets</b>	<b>\$277,865,034</b>	<b>\$ 272,864,375</b>	<b>\$ 175,127,510</b>	<b>\$ 168,773,270</b>	<b>\$ 452,992,544</b>	<b>\$ 441,637,645</b>

An additional portion of the City's net assets 7% or \$32,441,384 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$38,486,344 may be used to meet the government's ongoing obligations to citizens and creditors.

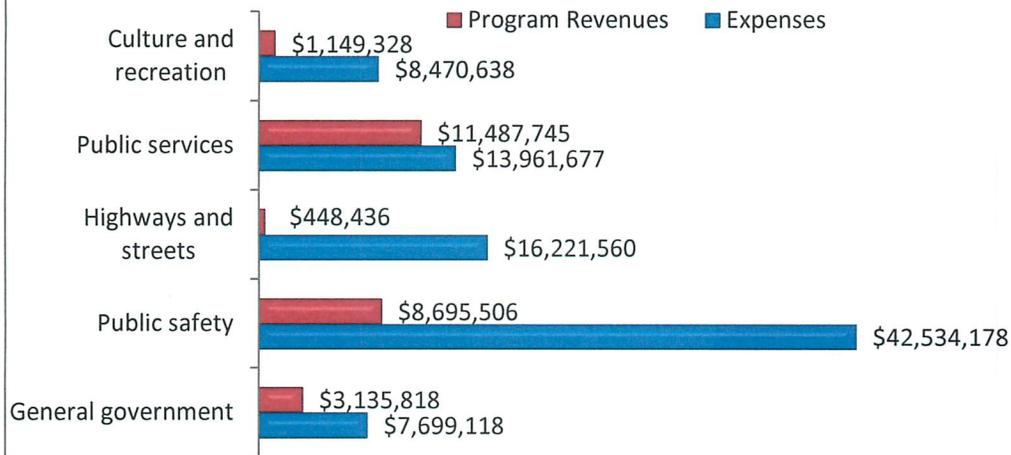
As of September 30, 2012 the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The following chart illustrates for the current fiscal year the percentage of total net assets each category encompasses.



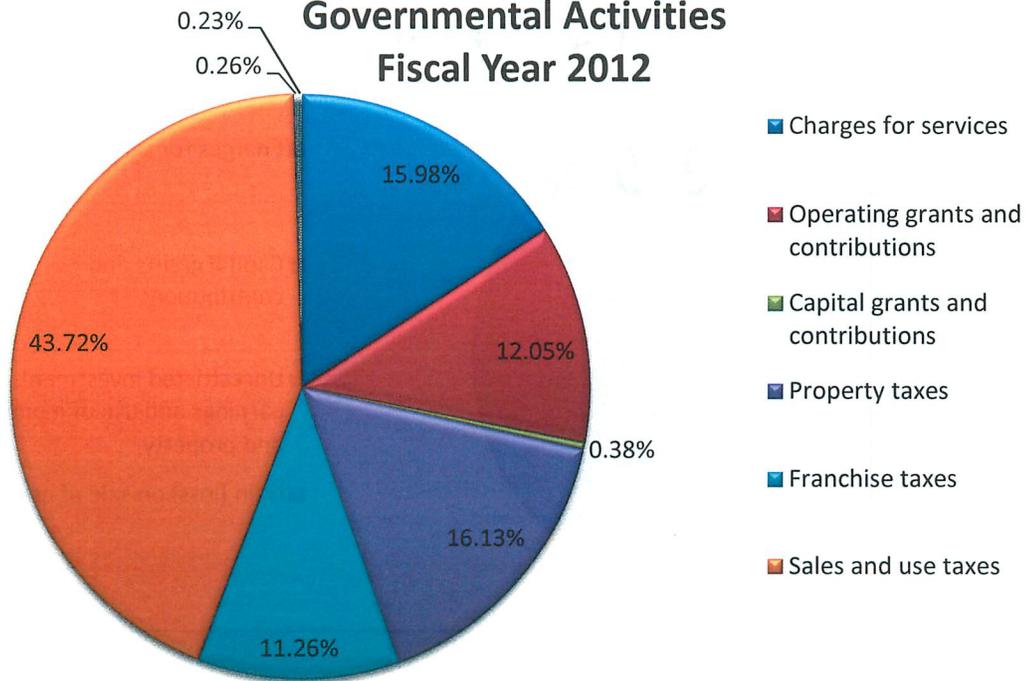
**Analysis of the City's Operations** - Overall the City had an increase in net assets of \$11,354,899, including a prior period adjustment of \$6,250,505.

Governmental Activities: Governmental activities increased total net assets by \$5,000,659. Net assets invested in capital assets, net of related debt decreased by \$3,809,136 due to retirements and depreciation exceeding additions. Restricted net assets increased by \$472,856 primarily due to remaining grant and capital project funds yet to be spent and increases in court special funds. Unrestricted net assets increased by \$8,336,939 mainly due to prior period adjustment for the newly recorded court receivable in the amount of \$6,250,505.

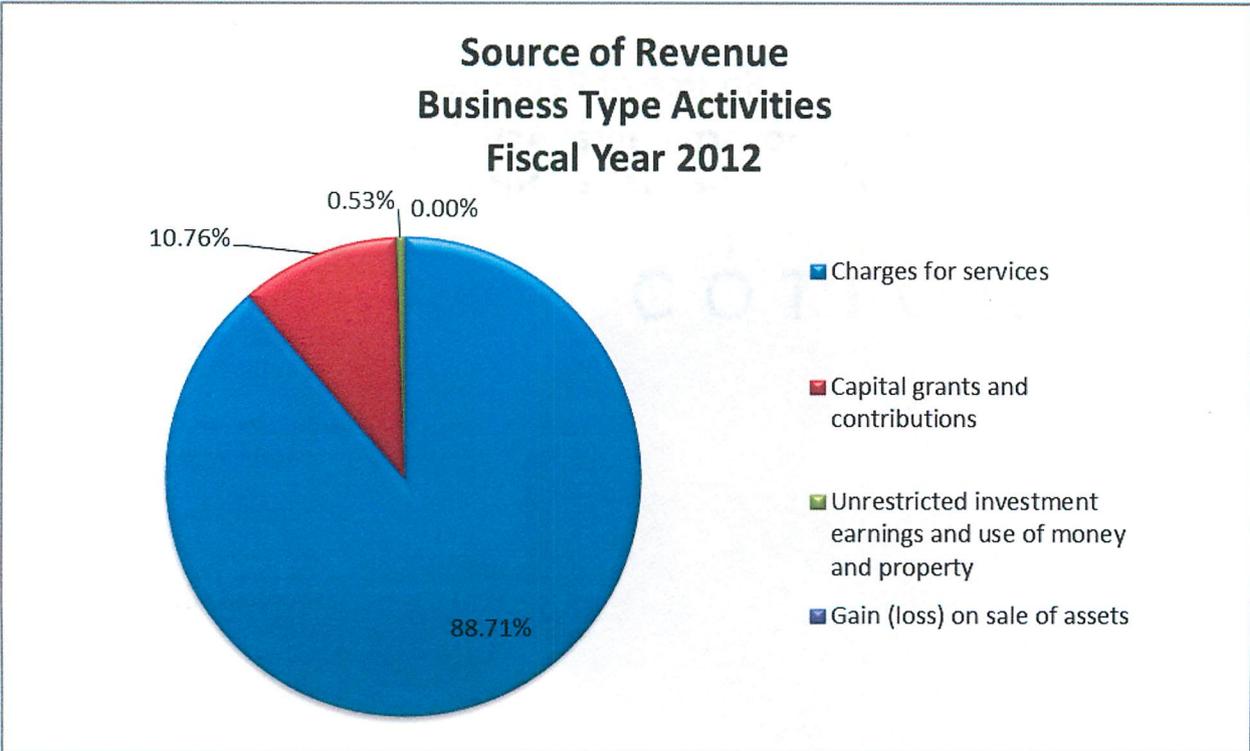
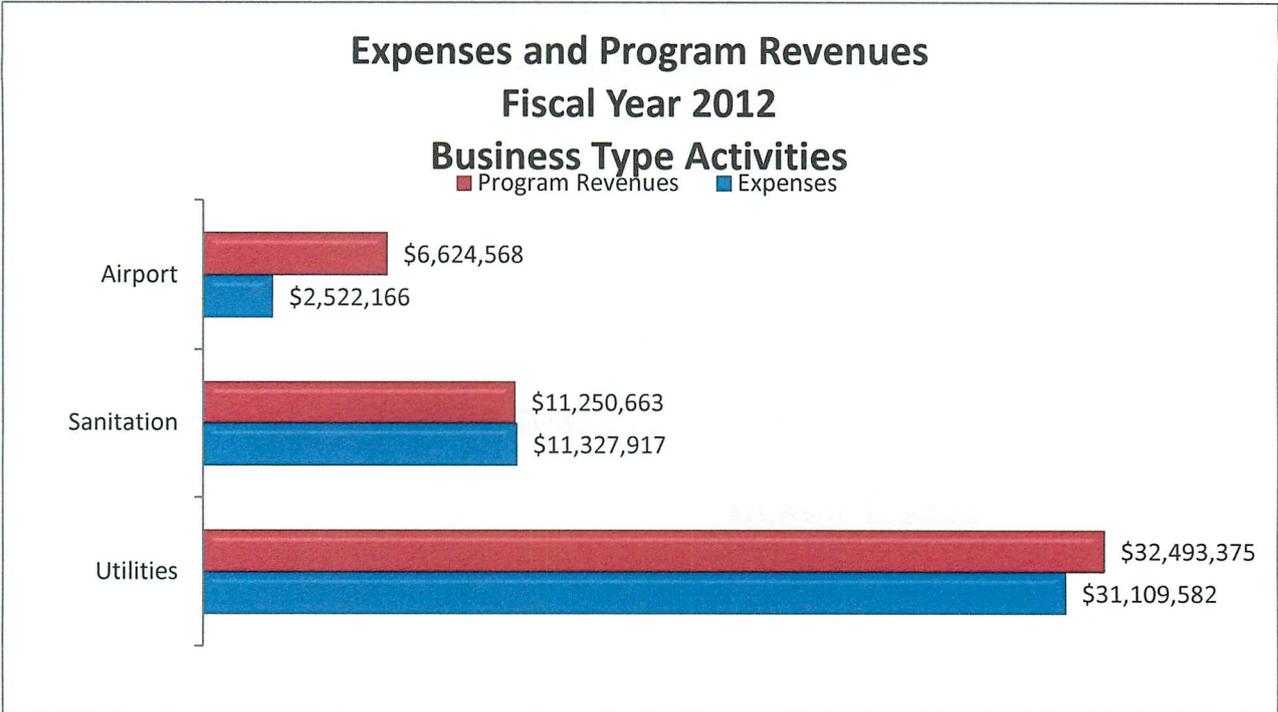
## Expenses and Program Revenues Fiscal Year 2012 Governmental Activities



## Source of Revenue Governmental Activities Fiscal Year 2012



Business-type Activities: Net Assets from business-type activities increased by \$6,354,240. This increase was primarily due to Water Utilities and Airport capital contributions related to grant assets.



The following table provides a summary of the City's operations for the year ended September 30, 2012 with comparative totals for the year ended September 30, 2011.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 14,018,444	\$ 12,781,067	\$ 44,918,879	\$ 46,533,862	\$ 58,937,323	\$ 59,314,929
Operating grants and contributions	10,569,298	11,483,945	-	-	10,569,298	11,124,637
Capital grants and contributions	329,091	2,033,980	5,449,727	1,861,673	5,778,818	3,895,653
<b>General revenues:</b>						
Property taxes	14,155,402	14,037,311	-	-	14,155,402	14,037,311
Franchise taxes	9,882,588	10,010,620	-	-	9,882,588	10,010,311
Sales and use taxes	38,362,310	36,902,058	-	-	38,362,310	36,902,058
Investment earnings and use of money and property	226,322	249,064	266,145	305,330	492,467	554,394
Gain on sale of assets	550,466	244,895	-	11,461	550,466	256,356
Miscellaneous	328,963	3,352,240	-	-	328,963	3,352,240
<b>Total revenues</b>	<b>88,422,884</b>	<b>91,095,180</b>	<b>50,634,751</b>	<b>48,712,326</b>	<b>129,545,265</b>	<b>139,807,506</b>
<b>Expenses:</b>						
General government	7,699,118	9,389,003	-	-	7,699,118	9,389,003
Public safety	42,534,178	41,169,622	-	-	42,534,178	41,169,622
Streets	16,221,560	15,033,649	-	-	16,221,560	15,033,649
Public services	13,961,677	14,814,548	-	-	13,961,677	14,814,548
Culture and recreation	8,470,638	8,497,285	-	-	8,470,638	8,497,285
Interest on long-term debt	106,407	117,564	-	-	106,407	117,564
Water and sewer	-	-	31,109,582	30,449,882	31,109,582	30,449,882
Sanitation	-	-	11,327,917	11,324,625	11,327,917	11,324,625
Airport	-	-	2,522,166	2,632,814	2,522,166	2,632,814
<b>Total Expenses</b>	<b>88,993,578</b>	<b>89,021,671</b>	<b>44,959,665</b>	<b>44,407,321</b>	<b>133,953,243</b>	<b>133,428,992</b>
Increases in net assets before transfers	(570,694)	2,073,509	5,675,086	4,305,005	5,104,392	6,378,514
Transfers	(679,152)	674,061	(679,152)	(674,061)	-	-
<b>Change in net assets</b>	<b>(1,249,846)</b>	<b>2,747,570</b>	<b>6,354,238</b>	<b>3,630,944</b>	<b>5,104,392</b>	<b>6,378,514</b>
Net assets – October 1	272,864,375	270,116,805	168,773,272	165,536,156	441,637,647	435,259,131
Prior Period Adjustment	6,250,505	-	-	-	6,250,505	-
<b>Net assets – September 30</b>	<b>\$ 277,865,034</b>	<b>\$ 272,864,375</b>	<b>\$ 175,127,510</b>	<b>\$ 168,773,270</b>	<b>\$ 452,992,544</b>	<b>\$441,637,645</b>

## 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 \$32,721,714. Approximately 36% of this total amount, \$11,856,089, constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or assigned 1) to pay for capital projects, \$13,024,377; 2) to pay for the perpetual care of city cemeteries, \$2,614,350; 3) to purchase items restricted under grant and donation terms, \$1,851,132 and 4) to pay for other miscellaneous restrictions, \$3,375,766. The City of Tyler also self imposes an operating designation in the general fund equivalent to approximately 15 percent of total expenditures, \$8,841,664.

In the general fund, the City's original budget planned to increase the fund balance on a budget basis by \$184,821. Additional amendments were made to fund various expenses required for operations for a net budgeted decrease in fund balance of \$977,623. Due to both revenue and expenditure budget variances the actual net increase in fund balance for fiscal year 2012 was \$34,865. Capital Projects ½ Cent Sales Tax Fund balance increased in 2012 by \$2,609,059, from \$8,151,725 to \$10,760,784 primarily due to the continuation of several multi-year construction projects and a slight increase of current sales tax collections. Other non-major governmental fund balances increased in 2012 by \$169,420, from \$9,523,869 to \$9,693,289.

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

Unrestricted net assets of the respective proprietary funds are Utilities - \$12,560,342, Sanitation - \$1,770,480 and Airport - \$238,261. The following funds had a net asset increase in 2012 as follows: Utilities \$1,293,973, Sanitation \$89,423, and Airport- \$4,450,808.

**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 revenues of \$16,695.

Actual revenues were below the final budgeted amounts by a total of \$18,341. Actual expenditures not including transfers were below final budgeted amounts by a total of \$1,010,070.

## CAPITAL ASSETS

The City of Tyler's investment in capital assets for its governmental and business-type activities as of September 30, 2012 amounts to \$452,640,945, (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 \$293,732 or .065 %.

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

- \$6,426,323 Roadway improvement projects
- \$375,913 Traffic signal improvement projects
- \$5,594,666 Airport capital projects
- \$8,049,809 Water and Sewer capital projects

<b>Capital Assets at Year End</b>						
<b>Net of Accumulated Depreciation</b>						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$15,948,258	\$15,942,258	\$10,128,173	\$10,084,364	\$26,076,431	\$26,026,622
Water rights	-	-	12,524,200	12,524,200	12,524,200	12,524,200
Building	28,080,801	26,000,891	31,341,014	31,572,017	59,421,815	57,572,908
Improvements	25,149,551	31,635,639	134,687,034	127,859,435	159,836,585	159,495,174
Machinery & equipment	15,192,458	14,399,986	3,888,694	4,215,398	19,081,152	18,615,384
Infrastructure	135,744,529	129,883,138	4,985,652	5,169,178	140,730,181	135,052,316
Construction in progress	19,223,135	24,923,355	15,747,446	18,137,353	34,970,581	43,060,708
<b>Total</b>	<b>\$239,338,732</b>	<b>\$242,785,267</b>	<b>\$213,302,213</b>	<b>\$209,561,945</b>	<b>\$452,640,945</b>	<b>\$452,347,212</b>

Additional information on the City of Tyler’s capital assets can be found in note 4 on page 42-43 of this report.

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City of Tyler had a total bonded debt of \$67,325,000 comprised solely of bonds secured by water and sewer revenues.

<b>Outstanding Debt at Year End</b>						
<b>Bonds and Notes Payable</b>						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital leases	\$3,616,143	\$3,253,542	\$ -	\$ -	\$ 3,616,143	\$ 3,253,542
Revenue bonds payable	-	-	67,325,000	70,270,000	67,325,000	70,270,000
<b>Total</b>	<b>\$3,616,143</b>	<b>\$3,253,542</b>	<b>\$ 67,325,000</b>	<b>\$ 70,270,000</b>	<b>\$ 70,941,143</b>	<b>\$ 73,523,542</b>

During the fiscal year, the City’s revenue bond debt decreased by \$2,945,000 or 4.191%.

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

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

Please see note 4 on page 46 for an explanation of reserve requirements for the City of Tyler. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Tyler is \$673,058,080. The City of Tyler has no outstanding general obligation bond debt.

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

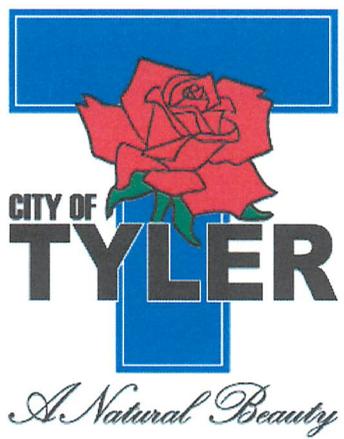
**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

- The unemployment rate for the City of Tyler is currently 6.2%, which is a decrease from 7.3% a year ago. This compares to the state’s average unemployment rate of 6.0% and the national average rate of 7.8%.
- The office space occupancy rate for the City of Tyler decreased slightly in 2012 to 86% from 88% occupancy last year.
- Sales tax receipt growth over a ten year average declined slightly to 3.60%. Property value rates, due to a decline in current values, slowed to a ten year average growth rate of 4.39%.

All of these factors were considered in preparing the budget for the fiscal year 2012-2013 and the City of Tyler anticipates that total net assets will increase slightly by September 30, 2013.

**REQUEST FOR INFORMATION**

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



## **BASIC FINANCIAL STATEMENTS**

**CITY OF TYLER, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2012**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,319,984	\$ 12,535,123	\$ 38,855,107
Receivables (net of allowance for doubtful accounts)	18,465,152	6,101,952	24,567,104
Internal balances	80,505	(80,505)	-
Inventories	230,703	233,393	464,096
Prepaid items and deferred charges	127,190	564,606	691,796
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	11,572,100	14,172,172	25,744,272
Permanently restricted			
Cash and cash equivalents	2,613,685	-	2,613,685
Other post employment benefits asset	756,845	172,928	929,773
Investment in joint venture	1,307,509	-	1,307,509
Capital assets not being depreciated:			
Land	15,948,258	10,128,173	26,076,431
Water rights	-	12,524,200	12,524,200
Construction in progress	19,223,135	15,747,446	34,970,581
Capital assets net of accumulated depreciation:			
Buildings	28,080,801	31,341,014	59,421,815
Improvements other than buildings	25,149,551	134,687,034	159,836,585
Machinery and equipment	15,192,458	3,888,694	19,081,152
Infrastructure	135,744,529	4,985,652	140,730,181
Total Assets	<u>300,812,405</u>	<u>247,001,882</u>	<u>547,814,287</u>
<b>LIABILITIES</b>			
Accounts payable	4,320,374	2,871,882	7,192,256
Deposits and other refundable balances	1,209,009	34,274	1,243,283
Insurance claims payable	686,352	-	686,352
Accrued interest payable	54,720	278,725	333,445
Unearned revenues	71,425	-	71,425
Non-current liabilities:			
Due within one year	1,767,754	3,282,855	5,050,609
Due in more than one year	14,837,737	65,406,636	80,244,373
Total Liabilities	<u>22,947,371</u>	<u>71,874,372</u>	<u>94,821,743</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	235,722,589	146,342,227	382,064,816
Restricted for:			
Perpetual care - nonexpendable	2,614,350	-	2,614,350
Storm water management	-	739,587	739,587
Public safety	525,473	-	525,473
Capital improvements	3,203	-	3,203
Tourism and convention	1,629,743	-	1,629,743
Donor restrictions	888,902	-	888,902
Capital projects	10,760,784	12,582,167	23,342,951
Airport improvements	278,005	-	278,005
Communications	481,989	-	481,989
Housing assistance	692,145	-	692,145
Grant restrictions	270,085	-	270,085
Debt service	-	974,951	974,951
Unrestricted	23,997,766	14,488,578	38,486,344
Total Net Assets	<u>\$ 277,865,034</u>	<u>\$ 175,127,510</u>	<u>\$ 452,992,544</u>

**CITY OF TYLER, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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
<b>Governmental activities:</b>							
General government	\$ 7,699,118	\$ 2,262,331	\$ 773,487	\$ 100,000	\$ (4,563,300)	\$ -	\$ (4,563,300)
Public safety	42,534,178	8,427,569	267,937	-	(33,838,672)	-	(33,838,672)
Highways and streets	16,221,560	95,913	291,385	61,138	(15,773,124)	-	(15,773,124)
Public services	13,961,677	2,083,303	9,236,489	167,953	(2,473,932)	-	(2,473,932)
Culture and recreation	8,470,638	1,149,328	-	-	(7,321,310)	-	(7,321,310)
Interest on long term debt	106,407	-	-	-	(106,407)	-	(106,407)
Total governmental activities	<u>88,993,578</u>	<u>14,018,444</u>	<u>10,569,298</u>	<u>329,091</u>	<u>(64,076,745)</u>	<u>-</u>	<u>(64,076,745)</u>
<b>Business-type activities:</b>							
Utilities	31,109,582	32,493,375	-	-	-	1,383,793	1,383,793
Sanitation	11,327,917	11,250,663	-	-	-	(77,254)	(77,254)
Airport	2,522,166	1,174,841	-	5,449,727	-	4,102,402	4,102,402
Total business-type activities	<u>44,959,665</u>	<u>44,918,879</u>	<u>-</u>	<u>5,449,727</u>	<u>-</u>	<u>5,408,941</u>	<u>5,408,941</u>
Total primary government	<u>\$ 133,953,243</u>	<u>\$ 58,937,323</u>	<u>\$ 10,569,298</u>	<u>\$ 5,778,818</u>	<u>(64,076,745)</u>	<u>5,408,941</u>	<u>(58,667,804)</u>
<b>General revenues:</b>							
Property taxes					14,155,402	-	14,155,402
Franchise taxes					9,882,588	-	9,882,588
Sales and use taxes					38,362,310	-	38,362,310
Unrestricted investment earnings and use of money and property					226,322	266,145	492,467
Gain (loss) on sale of assets					550,466	-	550,466
Miscellaneous					328,963	-	328,963
Transfers					(679,152)	679,152	-
Total general revenues and transfers					<u>62,826,899</u>	<u>945,297</u>	<u>63,772,196</u>
Change in net assets					(1,249,846)	6,354,238	5,104,392
Net assets - beginning of year					272,864,375	168,773,272	441,637,647
Prior period adjustment					6,250,505	-	6,250,505
Net assets - end of year					<u>\$ 277,865,034</u>	<u>\$ 175,127,510</u>	<u>\$ 452,992,544</u>

**CITY OF TYLER, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

	MAJOR FUNDS		OTHER NON-MAJOR	TOTAL
	GENERAL	ONE-HALF CENT SALES TAX	GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,866,385	\$ -	\$ 4,477,922	\$ 13,344,307
Receivables (net of allowance for doubtful accounts) :				
Property taxes	509,922	-	-	509,922
Other	13,891,125	1,985,656	1,784,255	17,661,036
Due from other funds	1,129,472	-	-	1,129,472
Inventories	26,437	-	4,450	30,887
Prepaid items	23,330	-	-	23,330
Cash - restricted	-	9,211,628	4,974,157	14,185,785
<b>Total assets</b>	<b>\$ 24,446,671</b>	<b>\$ 11,197,284</b>	<b>\$ 11,240,784</b>	<b>\$ 46,884,739</b>
<b>LIABILITIES and FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 3,017,849	\$ 436,500	\$ 360,693	\$ 3,815,042
Deposits and other refundable balances	1,188,371	-	20,638	1,209,009
Due to other funds	-	-	1,129,472	1,129,472
Unearned revenue	34,733	-	36,692	71,425
Deferred revenue	7,938,077	-	-	7,938,077
<b>Total liabilities</b>	<b>12,179,030</b>	<b>436,500</b>	<b>1,547,495</b>	<b>14,163,025</b>
Fund Balances:				
Nonspendable:				
Inventories	26,437	-	4,450	30,887
Prepaid items	23,330	-	-	23,330
Permanent fund principal	-	-	2,614,350	2,614,350
Restricted for:				
Public safety	-	-	525,473	525,473
Capital improvements	-	-	3,203	3,203
Tourism and convention	-	-	1,629,743	1,629,743
Donor restrictions	-	-	888,902	888,902
Capital projects	-	10,760,784	-	10,760,784
Airport improvements	-	-	278,005	278,005
Communications	-	-	481,989	481,989
Housing assistance	-	-	692,145	692,145
Grant restrictions	-	-	270,085	270,085
Assigned to:				
Development services	6,111	-	-	6,111
Capital improvements	111,034	-	-	111,034
Capital projects	-	-	2,263,593	2,263,593
Cemetery maintenance	-	-	41,351	41,351
Tourism and convention	244,640	-	-	244,640
Unassigned	11,856,089	-	-	11,856,089
<b>Total fund balances</b>	<b>12,267,641</b>	<b>10,760,784</b>	<b>9,693,289</b>	<b>32,721,714</b>
<b>Total liabilities and fund balances</b>	<b>\$ 24,446,671</b>	<b>\$ 11,197,284</b>	<b>\$ 11,240,784</b>	<b>\$ 46,884,739</b>

**CITY OF TYLER, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	TOTAL GOVERNMENTAL FUNDS
Total fund balances governmental funds (Exhibit 3)	\$ 32,721,714
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)	677,674
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	227,611,021
Equity in an affiliated joint venture is included in governmental activities in the statement of net assets.	1,307,509
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,938,077
Internal service funds are used by management to charge the costs of various goods or services provided to other departments or agencies of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets (Net of the amount allocated to business-type activities).	21,168,599
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	(13,559,560)
Net assets of governmental activities (Exhibit 1)	\$ 277,865,034

**CITY OF TYLER, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	MAJOR FUNDS		OTHER	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX	NON-MAJOR GOVERNMENTAL FUNDS	
<b>REVENUES</b>				
Taxes:				
Property	\$ 14,208,852	\$ -	\$ 4,256	\$ 14,213,108
Franchise	9,627,790	-	254,798	9,882,588
Sales and use	23,723,116	11,696,200	2,942,994	38,362,310
Licenses and permits	981,449	-	5,490	986,939
Fines, forfeitures and penalties	6,409,654	-	804,097	7,213,751
Revenues from use of money or property	812,356	40,098	38,501	890,955
Charges for current services	1,940,830	-	728,645	2,669,475
Revenues from other agencies	834,670	-	9,773,349	10,608,019
Donations	-	-	181,932	181,932
Miscellaneous	435,099	-	794,091	1,229,190
<b>Total revenues</b>	<b>58,973,816</b>	<b>11,736,298</b>	<b>15,528,153</b>	<b>86,238,267</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,803,580	35,608	48,090	6,887,278
Public safety	39,089,273	-	635,588	39,724,861
Public services	1,119,504	-	11,532,954	12,652,458
Highways and streets	4,813,390	-	-	4,813,390
Culture and recreation	6,581,572	-	321,402	6,902,974
Capital outlay	537,105	8,412,125	3,409,381	12,358,611
Debt service:				
Principal retirement	-	19,515	77,816	97,331
Interest and fiscal charges	-	-	13,363	13,363
<b>Total expenditures</b>	<b>58,944,424</b>	<b>8,467,248</b>	<b>16,038,594</b>	<b>83,450,266</b>
Excess (deficiency) of revenues over (under) expenditures	29,392	3,269,050	(510,441)	2,788,001
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	1,029,095	1,029,095
Transfers in	1,370,759	96,083	1,223,686	2,690,528
Transfers out	(1,365,286)	(756,074)	(1,572,920)	(3,694,280)
<b>Total other financing sources (uses)</b>	<b>5,473</b>	<b>(659,991)</b>	<b>679,861</b>	<b>25,343</b>
Net change in fund balances	34,865	2,609,059	169,420	2,813,344
Fund balances - beginning of year	12,232,776	8,151,725	9,523,869	29,908,370
Fund balances - end of year	<u>\$ 12,267,641</u>	<u>\$ 10,760,784</u>	<u>\$ 9,693,289</u>	<u>\$ 32,721,714</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, 2012**

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

Net change in fund balances - total governmental funds	\$ 2,813,344
Governmental funds report all payments to other post employment benefits as expenditures. However, in the government-wide statement of activities, the actuarial annually required contribution is considered as expense. Any excess payment is recorded as an asset. Change in other post employment benefit asset.	(488,039)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(4,056,535)
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	285,010
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(34,371)
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.	1,156,112
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.	(931,763)
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. This amount reflects the change in the accrued liability for compensated absences, accrued legal expenses, and net pension expenses.	(958,117)
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 \$520,034.	964,513
Change in net assets of governmental activities	<u>\$ (1,249,846)</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, 2012**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property tax collections	\$ 14,140,688	\$ 14,140,688	\$ 14,208,852	\$ 68,164
Franchise fees	9,382,656	9,382,656	9,627,790	245,134
Sales and use taxes	23,921,514	23,921,514	23,723,116	(198,398)
Licenses and permits	1,197,460	1,105,280	981,449	(123,831)
Fines, forfeitures and penalties	6,309,298	6,309,298	6,409,654	100,356
Revenues from use of money or property	603,753	830,763	812,356	(18,407)
Charges for current services	2,348,051	1,945,721	1,940,830	(4,891)
Revenues from other agencies	778,642	798,637	834,670	36,033
Miscellaneous	293,400	557,600	435,099	(122,501)
<b>Total Revenues</b>	<b>58,975,462</b>	<b>58,992,157</b>	<b>58,973,816</b>	<b>(18,341)</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT:</b>				
General government services	4,913,140	4,635,718	4,395,164	240,554
Communications	239,470	238,645	260,430	(21,785)
Finance	1,045,567	1,045,567	949,748	95,819
Human Resources	390,554	390,404	372,073	18,331
Legal	752,582	802,582	826,165	(23,583)
<b>Total General Government</b>	<b>7,341,313</b>	<b>7,112,916</b>	<b>6,803,580</b>	<b>309,336</b>
<b>PUBLIC SAFETY:</b>				
Police	22,701,827	22,818,098	22,538,954	279,144
Fire	14,892,007	14,890,432	14,858,521	31,911
Municipal court	1,446,176	1,478,731	1,691,798	(213,067)
<b>Total Public Safety</b>	<b>39,040,010</b>	<b>39,187,261</b>	<b>39,089,273</b>	<b>97,988</b>
<b>PUBLIC SERVICES:</b>				
Planning	402,428	443,638	329,824	113,814
Development Services	796,306	907,799	789,680	118,119
<b>Total Public Services</b>	<b>1,198,734</b>	<b>1,351,437</b>	<b>1,119,504</b>	<b>231,933</b>
<b>HIGHWAYS AND STREETS:</b>				
Engineering	479,232	539,451	443,498	95,953
Street administration	2,236,376	2,294,248	1,974,733	319,515
Traffic operations	2,167,731	2,167,731	2,395,159	(227,428)
<b>Total Highways and Streets</b>	<b>4,883,339</b>	<b>5,001,430</b>	<b>4,813,390</b>	<b>188,040</b>
<b>CULTURE AND RECREATION:</b>				
Library	1,271,905	1,324,083	1,193,716	130,367
Parks administration	2,464,363	2,491,942	2,411,592	80,350
Indoor recreation	489,617	518,975	458,055	60,920
Outdoor recreation	431,833	415,355	374,478	40,877
Median maintenance and arborist	374,604	374,604	388,701	(14,097)
Rose Garden center	226,088	224,278	135,185	89,093
Rose Garden maintenance	483,610	506,853	572,043	(65,190)
Visitor Facilities	687,559	704,894	617,663	87,231

(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, 2012**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>CULTURE AND RECREATION:</b>				
Tourism Contingency	\$ 262,079	\$ 191,949	\$ 187,051	\$ 4,898
Main Street	240,473	239,723	243,088	(3,365)
Total Culture and Recreation	<u>6,932,131</u>	<u>6,992,656</u>	<u>6,581,572</u>	<u>411,084</u>
CAPITAL OUTLAY:	<u>219,650</u>	<u>308,794</u>	<u>537,105</u>	<u>(228,311)</u>
Total Expenditures	<u>59,615,177</u>	<u>59,954,494</u>	<u>58,944,424</u>	<u>1,010,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(639,715)</u>	<u>(962,337)</u>	<u>29,392</u>	<u>991,729</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,350,000	1,350,000	1,370,759	20,759
Transfers out	(528,464)	(1,365,286)	(1,365,286)	-
Sale of property and equipment	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>824,536</u>	<u>(15,286)</u>	<u>5,473</u>	<u>20,759</u>
Net change in fund balance	184,821	(977,623)	34,865	1,012,488
Fund Balance - October 1, 2011	<u>12,232,776</u>	<u>12,232,776</u>	<u>12,232,776</u>	<u>-</u>
Fund Balance - September 30, 2012	<u>\$ 12,417,597</u>	<u>\$ 11,255,153</u>	<u>\$ 12,267,641</u>	<u>\$ 1,012,488</u>

**CITY OF TYLER, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<b>ASSETS</b>					
Current Assets					
Unrestricted current assets:					
Cash and cash equivalents	\$ 9,327,161	\$ 2,862,152	\$ 345,810	\$ 12,535,123	\$ 12,975,677
Prepaid expenses	-	-	-	-	103,860
Accounts receivable (net of allowance for doubtful accounts)	4,131,009	1,348,070	622,873	6,101,952	294,194
Inventories - at average cost	233,393	-	-	233,393	199,816
<b>Total unrestricted current assets</b>	<b>13,691,563</b>	<b>4,210,222</b>	<b>968,683</b>	<b>18,870,468</b>	<b>13,573,547</b>
Restricted Current assets:					
Temporarily restricted					
Cash and cash equivalents for payment of current maturities of revenue bond principal and interest	1,260,470	-	-	1,260,470	-
<b>Total restricted current assets</b>	<b>1,260,470</b>	<b>-</b>	<b>-</b>	<b>1,260,470</b>	<b>-</b>
<b>Total current assets</b>	<b>14,952,033</b>	<b>4,210,222</b>	<b>968,683</b>	<b>20,130,938</b>	<b>13,573,547</b>
Noncurrent assets:					
Restricted assets:					
Temporarily restricted					
Cash and cash equivalents	12,911,702	-	-	12,911,702	-
<b>Total restricted assets</b>	<b>12,911,702</b>	<b>-</b>	<b>-</b>	<b>12,911,702</b>	<b>-</b>
Deferred charges (net of amortization)	564,606	-	-	564,606	-
Other post employment benefits asset	114,431	50,653	7,844	172,928	45,648
Capital assets:					
Land	5,793,375	3,285,312	1,049,486	10,128,173	65,000
Water rights	12,524,200	-	-	12,524,200	-
Buildings and infrastructure	34,811,560	684,028	25,754,612	61,250,200	1,126,973
Improvements other than buildings	196,994,154	561,324	23,710,225	221,265,703	615,085
Machinery and equipment	2,462,967	7,142,740	896,865	10,502,572	28,643,129
Construction in progress	9,309,710	12,865	6,424,871	15,747,446	95,506
Less accumulated depreciation	(99,081,759)	(5,201,402)	(13,832,920)	(118,116,081)	(18,817,982)
<b>Total capital assets net of accumulated depreciation</b>	<b>162,814,207</b>	<b>6,484,867</b>	<b>44,003,139</b>	<b>213,302,213</b>	<b>11,727,711</b>
<b>Total noncurrent assets</b>	<b>176,404,946</b>	<b>6,535,520</b>	<b>44,010,983</b>	<b>226,951,449</b>	<b>11,773,359</b>
<b>Total assets</b>	<b>191,356,979</b>	<b>10,745,742</b>	<b>44,979,666</b>	<b>247,082,387</b>	<b>25,346,906</b>
<b>LIABILITIES</b>					
Current liabilities					
Unrestricted current liabilities:					
Accounts and contracts payable	1,835,367	406,203	630,312	2,871,882	505,332
Insurance claims payable	-	-	-	-	686,352
Current portion of capital lease payable	-	-	-	-	989,470
Current portion of compensated absences payable	24,762	9,840	3,253	37,855	7,374
<b>Total unrestricted current liabilities</b>	<b>1,860,129</b>	<b>416,043</b>	<b>633,565</b>	<b>2,909,737</b>	<b>2,188,528</b>
Current liabilities payable from restricted assets:					
Revenue bonds payable	3,245,000	-	-	3,245,000	-
Customer deposits	34,274	-	-	34,274	-
Accrued interest	278,725	-	-	278,725	54,720
<b>Total current liabilities payable from restricted assets</b>	<b>3,557,999</b>	<b>-</b>	<b>-</b>	<b>3,557,999</b>	<b>54,720</b>
<b>Total current liabilities</b>	<b>5,418,128</b>	<b>416,043</b>	<b>633,565</b>	<b>6,467,736</b>	<b>2,243,248</b>
Noncurrent liabilities:					
Revenue bonds payable (net)	63,714,986	-	-	63,714,986	-
Capital lease payable	-	-	-	-	1,675,395
Net pension obligation	725,802	319,045	53,732	1,098,579	258,158
Compensated absences	387,938	154,164	50,969	593,071	115,534
<b>Total noncurrent liabilities</b>	<b>64,828,726</b>	<b>473,209</b>	<b>104,701</b>	<b>65,406,636</b>	<b>2,049,087</b>
<b>Total liabilities</b>	<b>70,246,854</b>	<b>889,252</b>	<b>738,266</b>	<b>71,874,372</b>	<b>4,292,335</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	95,854,221	6,484,867	44,003,139	146,342,227	9,062,846
Restricted net assets:					
Debt service	974,951	-	-	974,951	-
Storm water management	739,587	-	-	739,587	-
Capital projects	10,981,024	1,601,143	-	12,582,167	-
Unrestricted	12,560,342	1,770,480	238,261	14,569,083	11,991,725
<b>Total net assets</b>	<b>\$ 121,110,125</b>	<b>\$ 9,856,490</b>	<b>\$ 44,241,400</b>	<b>175,208,015</b>	<b>\$ 21,054,571</b>
Reconciliation to government-wide statements of net assets:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				Prior years (600,539)	
				Current year 520,034	
<b>Net assets of business-type activities</b>				<b>\$ 175,127,510</b>	

**CITY OF TYLER, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL
	ENTERPRISE FUNDS				ACTIVITIES
	UTILITIES	SANITATION	AIRPORT		INTERNAL SERVICE FUNDS
<b>OPERATING REVENUES</b>					
Water and sewer operations	\$ 32,194,823	\$ -	\$ -	\$ 32,194,823	\$ -
Trash and garbage	-	10,828,950	-	10,828,950	-
Airport sales and rentals	-	-	1,171,696	1,171,696	-
Charges for services	-	-	-	-	14,430,690
Contributions	-	-	-	-	9,431,316
Miscellaneous	122,020	65,401	15,955	203,376	271,529
<b>Total operating revenues</b>	<b>32,316,843</b>	<b>10,894,351</b>	<b>1,187,651</b>	<b>44,398,845</b>	<b>24,133,535</b>
<b>OPERATING EXPENSES</b>					
Water and sewer operations	21,334,993	-	-	21,334,993	-
Sanitation operations	-	10,396,858	-	10,396,858	-
Municipal Airport operations	-	-	1,264,692	1,264,692	-
Garage operations	-	-	-	-	5,191,562
Depreciation	6,565,197	931,059	1,257,474	8,753,730	3,271,662
Insurance claims	-	-	-	-	9,133,678
Administrative	-	-	-	-	5,376,586
Special services	-	-	-	-	524,276
Maintenance	-	-	-	-	160,647
<b>Total operating expenses</b>	<b>27,900,190</b>	<b>11,327,917</b>	<b>2,522,166</b>	<b>41,750,273</b>	<b>23,658,411</b>
<b>Operating income (loss)</b>	<b>4,416,653</b>	<b>(433,566)</b>	<b>(1,334,515)</b>	<b>2,648,572</b>	<b>475,124</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Revenues from use of money and property	207,469	55,989	2,687	266,145	93,030
Gain (loss) on sale of assets	-	-	-	-	550,466
Interest expense	(3,209,392)	-	-	(3,209,392)	(93,044)
<b>Total non-operating revenues (expenses)</b>	<b>(3,001,923)</b>	<b>55,989</b>	<b>2,687</b>	<b>(2,943,247)</b>	<b>550,452</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>1,414,730</b>	<b>(377,577)</b>	<b>(1,331,828)</b>	<b>(294,675)</b>	<b>1,025,576</b>
Capital contributions	-	-	5,449,727	5,449,727	134,371
Transfers in	-	517,000	332,909	849,909	341,600
Transfers out	(120,757)	(50,000)	-	(170,757)	(17,000)
<b>Net capital contributions and transfers</b>	<b>(120,757)</b>	<b>467,000</b>	<b>5,782,636</b>	<b>6,128,879</b>	<b>458,971</b>
<b>Change in net assets</b>	<b>1,293,973</b>	<b>89,423</b>	<b>4,450,808</b>	<b>5,834,204</b>	<b>1,484,547</b>
<b>Net Assets - October 1, 2011</b>	<b>119,816,152</b>	<b>9,767,067</b>	<b>39,790,592</b>		<b>19,570,024</b>
<b>Net Assets - September 30, 2012</b>	<b>\$ 121,110,125</b>	<b>\$ 9,856,490</b>	<b>\$ 44,241,400</b>		<b>\$ 21,054,571</b>
Reconciliation to government-wide statements of net assets:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				520,034	
<b>Change in net assets of business-type activities</b>				<b>\$ 6,354,238</b>	

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

**CITY OF TYLER, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	UTILITIES	SANITATION	AIRPORT		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$ 33,790,584	\$ 10,927,301	\$ 630,171	\$ 45,348,056	\$ 24,182,072
Cash paid to suppliers for goods and services	(14,627,486)	(7,496,196)	(391,382)	(22,515,064)	(9,058,857)
Cash paid to employees for services	(7,237,225)	(2,868,287)	(501,581)	(10,607,093)	(2,289,701)
Insurance claims paid	-	-	-	-	(9,366,292)
Net cash provided by (used in) operating activities	<u>11,925,873</u>	<u>562,818</u>	<u>(262,792)</u>	<u>12,225,899</u>	<u>3,467,222</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	-	517,000	332,909	849,909	341,600
Transfers out to other funds	(120,757)	(50,000)	-	(170,757)	(17,000)
Net cash provided by (used in) non-capital financing activities	<u>(120,757)</u>	<u>467,000</u>	<u>332,909</u>	<u>679,152</u>	<u>324,600</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(6,642,657)	(222,563)	(5,628,776)	(12,493,996)	(3,503,254)
Proceeds from grants for capital purposes	-	-	5,449,727	5,449,727	100,000
Proceeds from sale of assets	-	-	-	-	650,015
Payments on debt	(3,005,000)	-	-	(3,005,000)	(1,047,119)
Interest paid	(3,160,418)	-	-	(3,160,418)	(93,044)
Net cash provided by (used in) capital and related financing activities	<u>(12,808,075)</u>	<u>(222,563)</u>	<u>(179,049)</u>	<u>(13,209,687)</u>	<u>(3,893,402)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments	207,469	55,989	2,687	266,145	93,030
Net cash provided by (used in) investing activities	<u>207,469</u>	<u>55,989</u>	<u>2,687</u>	<u>266,145</u>	<u>93,030</u>
Net increase (decrease) in cash and cash equivalents	(795,490)	863,244	(106,245)	(38,491)	(8,550)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>24,294,823</u>	<u>1,998,908</u>	<u>452,055</u>	<u>26,745,786</u>	<u>12,984,227</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 23,499,333</u>	<u>\$ 2,862,152</u>	<u>\$ 345,810</u>	<u>\$ 26,707,295</u>	<u>\$ 12,975,677</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	<u>\$ 4,416,653</u>	<u>\$ (433,566)</u>	<u>\$ (1,334,515)</u>	<u>\$ 2,648,572</u>	<u>\$ 475,124</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	6,565,197	931,059	1,257,474	8,753,730	3,271,662
(Increase) decrease in accounts receivable	1,513,811	50,050	(557,480)	1,006,381	60,246
(Increase) decrease in prepaids	7,570	-	-	7,570	3,783
(Increase) decrease in inventories	(53,267)	-	-	(53,267)	(11,709)
(Increase) decrease in deferred charges	11,015	-	-	11,015	-
(Increase) decrease in other post employment benefit asset	98,650	39,039	7,168	144,857	33,523
Increase (decrease) in accounts payable	(712,393)	(51,312)	359,255	(404,450)	(185,120)
Increase (decrease) in customer deposits	13,197	(17,100)	-	(3,903)	-
Increase (decrease) in claims payable	-	-	-	-	(232,614)
Increase (decrease) in accrued interest payable	(38,700)	-	-	(38,700)	(12,027)
Increase (decrease) in net pension obligation	113,948	45,094	8,279	167,321	38,721
Increase (decrease) in compensated absences payable	(9,808)	(446)	(2,973)	(13,227)	25,633
Total adjustments	<u>7,509,220</u>	<u>996,384</u>	<u>1,071,723</u>	<u>9,577,327</u>	<u>2,992,098</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 11,925,873</u>	<u>\$ 562,818</u>	<u>\$ (262,792)</u>	<u>\$ 12,225,899</u>	<u>\$ 3,467,222</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Borrowing under capital lease	\$ -	\$ -	\$ -	\$ -	\$ 477,957
Contributions of capital assets	-	-	-	-	34,371
Deferred loss on bond refunding	57,776	-	-	57,776	-
Total noncash investing, capital and financing activities	<u>\$ 57,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,776</u>	<u>\$ 512,328</u>

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE - PURPOSE TRUST FUNDS
<b>ASSETS</b>		
Equity in pooled cash	\$ 1,873,082	\$ 2,332,101
Investments, at fair value		
Equities	9,467,283	61,678
Mutual funds	45,155,137	-
Government securities	1,251,864	-
Total investments	<u>55,874,284</u>	<u>61,678</u>
Receivables		
Accounts receivable	6,277	-
Contributions receivable	142,046	-
Interest receivable	6,657	594
Total receivables	<u>154,980</u>	<u>594</u>
Total assets	<u>57,902,346</u>	<u>2,394,373</u>
<b>LIABILITIES</b>		
Accounts payable	<u>595,214</u>	-
Total liabilities	<u>595,214</u>	-
<b>NET ASSETS</b>		
Held in trust for OPEB benefits	4,993,613	-
Held in trust for pension benefits	52,137,690	-
Held in trust for other purposes	175,829	2,394,373
Total net assets	<u>\$ 57,307,132</u>	<u>\$ 2,394,373</u>

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

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE - PURPOSE TRUST FUNDS
<b>ADDITIONS</b>		
Contributions:		
Employees	\$ 1,543,626	\$ -
Employer	2,322,039	-
Other	-	36,000
Total contributions	<u>3,865,665</u>	<u>36,000</u>
Investment income		
Interest and dividend income	1,248,482	13,407
Net appreciation in fair value of investments	8,662,439	7,064
Less investment expense	(202,886)	(1,000)
Total investment income	<u>9,708,035</u>	<u>19,471</u>
Other income	6,396	-
Total additions	<u>13,580,096</u>	<u>55,471</u>
<b>DEDUCTIONS</b>		
Benefits	<u>3,564,867</u>	-
Total deductions	<u>3,564,867</u>	-
Change in net assets	10,015,229	55,471
Net Assets - October 1, 2011	4,123,528	2,338,902
Prior period adjustment	<u>43,168,375</u>	-
Net Assets - September 30, 2012	<u>\$ 57,307,132</u>	<u>\$ 2,394,373</u>

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

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**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

**A. General Statement**

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

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

**B. Blended Component Units**

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

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

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

**Tyler One-Half Cent Sales Tax Corporation, Inc.**

The Tyler One-Half Cent Sales Tax Corporation, Inc. was formed in 1996, and is governed by a seven-member board of directors. Each member of the City Council and the Mayor may nominate one member. Directors are appointed for a two-year term and are removable by the City Council at any time without cause. For financial reporting purposes, the Tyler One-Half Cent Sales Tax Corporation, Inc. has been presented as a blended component unit of the City. It is reported as a Capital Projects Fund, because its purpose is to account for construction activities funded by the revenues generated by the one-half cent sales tax. The Tyler One-Half Cent Sales Tax Corporation, Inc. does not issue separate financial statements. The City uses the proceeds of the one-half cent sales tax to pay for infrastructure, thereby removing the need for debt financing of such improvements which has resulted in the elimination of general obligation indebtedness and has enabled the City to reduce its property tax rate.

**Tyler Fire Department Relief and Retirement Fund**

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

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

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues, except grants and similar items, to be available if they are collected within 60 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

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

The government reports the following major proprietary funds:

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

The Sanitation Fund accounts for residential and commercial solid waste collection, disposal services, and recycling operations of the City.

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

Additionally, the government reports the following fund types:

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

The City of Tyler reports the following Internal Service Funds:

1. Productivity Improvement Fund – tracks the performance pay of City employees.
2. Fleet Maintenance and Replacement Fund – tracks the acquisition, maintenance and repairs on vehicles for all City departments.
3. Property and Liability Insurance Fund – accounts for the City’s property, casualty, liability, disability and workers’ compensation insurance programs.
4. Employee Benefits Fund – accounts for the City’s self-insurance program for health and dental insurance as well as life insurance for current employees.
5. Retiree Benefits Fund – accounts for the City’s self-insurance program for health and dental insurance as well as life insurance for retired employees.
6. Property and Facility Management Fund – accounts for maintenance on City facilities including roof and HVAC repairs and replacement.
7. Technology Fund – accounts for the City’s investment and maintenance of technology and office automation.

Fiduciary Funds:

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

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

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

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

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

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, and Net Assets or Equity**

**1. Equity in Pooled Cash and Investments**

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

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

**2. Investments**

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

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

2. Investments - continued

Methods and Assumptions used to Estimate Fair Value

The City maintains investment accounting records and adjusts those records to "fair value" on an annual basis. This information is provided by the City's investment custodian. The investments held by the City are widely traded in the financial markets and trading values are readily available from numerous published sources. Material unrealized gains and losses are recorded on an annual basis and the carrying value of its investments is considered "fair value."

Investment Pools

The City holds investments in two external investment pools, TexPool and TexStar. Texas Local Government Investment Pool (TexPool) was created by the Texas Treasury Safekeeping Trust Company, which was authorized by the Texas Legislature in 1986. Only local governments having contracted to participate in TexPool have an undivided beneficial interest in its pool of assets. TexPool is not registered with the Securities and Exchange Commission as an investment company. In May 2003, the City Council approved joining the Texas Short Term Asset Reserve Program (TexStar), an investment pool established to provide for the joint investments of public funds. TexStar was created under the authority of applicable Texas law, including the Cooperation Act and the Investment Act.

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

Other

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. The City is authorized by its governing board to invest in the obligations of the United States government, bonds guaranteed by the United States government, certificates of deposit at financial institutions, local government investment pools, direct obligations of the State of Texas, no load government money market mutual funds, and repurchase agreements. Investments are stated at cost or amortized cost.

3. Receivables and Payables

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

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

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

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

3. Receivables and Payables - continued

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

The City Charter limits the City's ad valorem tax rate to \$1.75 per \$100 of assessed valuation. The tax rate for the year ended September 30, 2012, was \$.208865 per \$100, which means that the City has a tax margin of \$1.541135 per \$100 and could raise up to \$103,727,337 additional taxes a year from the present valuation of \$6,730,580,806 before the limit is reached.

4. Inventories and Prepaid Items

Inventories of materials and supplies are accounted for using the consumption method. Under the consumption method, inventories are recorded as expenditures when they are used with significant amounts on hand reported on the balance sheet at average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

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

5. Due from Other Funds

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 (amount not rounded) and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets are reported retroactively based on estimated historical cost.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

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

6. Capital Assets - continued

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

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

7. Construction-in-Progress

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

8. Restricted Assets

Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The Utilities Fund is used to report those proceeds of revenue bond issuances that are restricted for use in water and sewer projects. The Utilities Fund is also used to segregate resources accumulated for debt service payments over the life of the bonds. The City also classifies other cash and cash equivalents as restricted because of the restrictions due to enabling legislation and trust agreements established to govern the spending of funds for the permanent care of the City’s cemeteries.

9. Compensated Absences

Non-Civil Service Employees

Full-time, permanent, non-civil service employees earn paid time off (PTO), which may be used as vacation, sick time or personal time. The PTO is accrued in hourly increments at the end of each pay period. The total amounts accrued annually depend on the number of years of service with the City. Maximums are from 18 to 24 days. All existing non-civil service employees at January 1, 1999, with accumulated vacation and sick time, were allowed to carryover accrued vacation into the PTO program at a maximum of 240 hours. The employees with accrued sick time were allowed to carryover up to 720 hours, only to be paid after 10 years of service. The employees eligible to receive accrued sick leave balance upon termination would be paid at the pay rate applicable when the PTO program was implemented.

Any non-civil service employees hired after January 1, 1999 are enrolled into the PTO program and may only carryover 30 days of PTO per year. Any amount accrued above the 30 days carryover is lost as of December 31 of that year. Unused PTO up to 30 days will be paid to the employee upon termination at employee’s current pay rate.

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

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

9. Compensated Absences - continued

Civil Service Employees

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

Civil and Non-Civil Service Employees

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

10. Long-Term Obligations

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

11. Fund Equity

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

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

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

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

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

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

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

11. Fund Equity - continued

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.

12. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of the City's capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets less unspent cash acquired through debt at year-end. Net assets reported as restricted are those amounts which have limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations. The government-wide statement of net assets reports \$32,441,384 of restricted net assets, of which \$10,760,784 is restricted by enabling legislation.

13. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in Governmental Funds. However, encumbrances in the Governmental Funds lapse at the end of the each year and are re-budgeted during the next fiscal year.

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

15. New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which improves financial reporting by addressing issues related to service concession arrangements (SCAs) which are typical public-private or public-public partnerships. This statement is effective for periods beginning after December 15, 2011. The City is evaluating the impact of this statement on the City's financial statements for fiscal year 2013.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, which improves financial reporting by modifying certain requirements for inclusion of component units in the financial reporting entity. This statement is effective for periods beginning after June 15, 2012. The City is evaluating the impact of this statement on the City's financial statements for fiscal year 2013.

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

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

15. New Accounting Pronouncements - continued

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations, 2) Accounting Principles Board Opinions, 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The City anticipates no significant impact of this statement on the City's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This statement is effective for periods beginning after December 15, 2011. The City is evaluating the impact of this statement on the City's financial statements for fiscal year 2013.

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

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

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

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

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$13,559,560 difference are as follows:

Claims and judgment	\$ 100,000
Capital leases	951,278
Net pension obligation	3,860,103
Compensated absences	<u>8,648,179</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$13,559,560</u>

Another element of that reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this \$7,938,077 difference are as follows:

Deferred property tax revenues	\$ 473,754
Deferred municipal court revenues	<u>7,464,323</u>
Net adjustment to increase balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 7,938,077</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,056,535 difference are as follows:

Capital outlay	\$12,358,611
Depreciation expense	<u>(16,415,146)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$(4,056,535)</u>

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

**A. Budgetary Information**

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

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in Council chambers at City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – continued**

**A. Budgetary Information - continued**

4. Budgetary control is established at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Charter prohibits budgeting total proposed expenditures in excess of total anticipated revenues and any unencumbered funds from prior years; therefore, expenditures may not legally exceed revenues and unencumbered fund balances from prior years for each fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds (Police Forfeiture Fund, Court Technology Fund, Hotel-Motel Occupancy Tax Fund, Passenger and Customer Facility Charge Fund, Homeownership and Housing Fund, CDBG Fund, Home Grant Fund, Housing Assistance Payment Fund, Transit System Fund, TIF / TIRZ #2 Fund, TIF / TIRZ #3 Fund), General Debt Services Fund, Capital Projects Fund, all Enterprise Funds, all Internal Service Funds and Permanent Funds.

Budgets for the General Fund, certain Special Revenue Funds (Police Forfeiture Fund, Court Technology Fund, Hotel-Motel Occupancy Tax Fund, Passenger and Customer Facility Charge Fund, Homeownership and Housing Fund, CDBG Fund, Home Grant Fund, Housing Assistance Payment Fund, Transit System Fund, TIF / TIRZ #2 Fund, TIF / TIRZ #3 Fund), General Debt Services Fund, Capital Projects Fund, and Permanent Funds are adopted by the Council and presented in this report on a basis consistent with generally accepted accounting principles (GAAP). Budgeted expenditures for the General Fund's current fiscal year as adopted in the original budget and amendments thereto were \$59,954,494. Appropriations, which are not expended or encumbered at year-end, must be re-budgeted in the succeeding year.

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

**B. Expenditures Over Appropriations**

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

<u>Individual Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures In Excess of Appropriations</u>
Capital Projects Fund	\$ 1,784,747	\$ 1,210,278	\$ 574,469
Retiree Benefits Fund	3,544,603	3,532,375	12,228

**C. Deficit Fund Equity**

As of September 30, 2012, there were no funds with a deficit fund balance.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**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, 2012, are as follows:

Statement of net assets:	
Primary Government	
Cash and cash equivalents	\$ 38,855,107
Restricted cash and cash equivalents	28,357,957
Fiduciary Funds	
Cash and cash equivalents	4,205,183
Investments	<u>55,935,962</u>
Total Cash and Investments	<u>\$ 127,354,209</u>
Cash on hand	\$ 2,632
Savings and checking accounts	25,692,277
Cash and cash equivalents held in investment accounts	1,108,316
Investments	<u>100,550,984</u>
Total Cash and Investments	<u>\$ 127,354,209</u>

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Risk
Primary Government			
Certificates of Deposit	\$ 36,481,767	0.26	N/A
TexPool	3,145,000	0.23	AAAm
TexStar	<u>4,988,255</u>	0.13	AAAm
Total Primary Government	44,615,022		
Fiduciary Funds			
Equities	9,528,961	N/A	N/A
Mutual funds	45,155,137	N/A	N/A
Government securities	<u>1,251,864</u>	N/A	N/A
Total Fiduciary Funds	55,935,962		
Total Reporting Entity	<u>\$ 100,550,984</u>		
Portfolio weighted average maturity (years)		0.02	

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

**A. Deposits and Investments - continued**

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

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

Custodial Credit Risk – Deposits – At September 30, 2012, 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 \$25,692,277 and the bank balances totaled \$27,333,536. As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act), which provides unlimited FDIC insurance for non-interest bearing transaction accounts from December 31, 2010 through December 31, 2012, the City’s non-interest bearing accounts were fully insured as of September 30, 2012. The City’s NOW account was insured for \$250,000 and the remaining balance was covered by collateral held in the pledging financial institutions’ trust department in the City’s name. In accordance with the City’s deposit and investment policy, all deposits placed at a financial institution shall be insured or collateralized in compliance with applicable State law. The City requires market value of pledged securities in excess of 102% of all uninsured deposits.

**B. Receivables**

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

Receivables:	General	One-Half Cent	Utilities	Sanitation	Airport	Non-Major	Internal	Total
	Fund	Sales Tax Fund	Fund	Fund	Fund	Governmental Funds	Service Funds	
Accounts	\$ 14,991,447	\$ -	\$ 4,298,107	\$ 1,394,264	\$ 622,873	\$ 329,164	\$ 294,194	\$ 21,930,049
Grants	132,950	-	-	-	-	1,453,842	-	1,586,792
Taxes	6,783,966	1,983,311	-	-	-	-	-	8,767,277
Miscellaneous	2,841	2,345	-	-	-	1,249	-	6,435
Gross receivables	21,911,204	1,985,656	4,298,107	1,394,264	622,873	1,784,255	294,194	32,290,553
Less: allowance for uncollectibles	(7,510,157)	-	(167,098)	(46,194)	-	-	-	(7,723,449)
Net total receivables	\$ 14,401,047	\$ 1,985,656	\$ 4,131,009	\$ 1,348,070	\$ 622,873	\$ 1,784,255	\$ 294,194	\$ 24,567,104

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

	Unavailable	Unearned
Unearned revenues from other agencies	\$ -	\$ 61,076
Unearned charges for services revenue	-	140
Unearned rent revenue	-	867
Unearned forfeiture revenue	-	9,342
Deferred property tax revenue	473,754	-
Deferred municipal court revenue	7,464,323	-
	<u>\$ 7,938,077</u>	<u>\$ 71,425</u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

**C. Lindsey Trust Fund**

The S.A. Lindsey Police And Firemen's Trust was created by Louise Lindsey Merrick on July 20, 1971 for the charitable purpose of making awards to police officers and firefighters employed by the City of Tyler for outstanding service and to aid those and their families injured in the line of duty. The S.A. Lindsey Police and Firemen's Trust was terminated by court order on September 24, 2007, on the petition of the Trustee, Bank of America, due to new legislation making continuation of the trust economically infeasible. As a result, the Lindsey Police and Firemen's Board contracted with the East Texas Communities Foundation to receive and manage the assets distributed from the termination of the S.A. Lindsey Police And Firemen's Trust, to create an Endowment Fund, to be known as the Lindsey Police and Firemen's Endowment Fund (Fund), designed to meet the primary purposes outlined in the originating trust document. The Lindsey Trust Fund was created to account for this Fund, as reflected in the Private-Purpose Trust Funds Combining Statement of Net Assets and Combining Statement of Changes in Net Assets, 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, 2012, the net appreciation on investments of the Fund was \$36,678.

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 15,942,258	\$ 6,000	\$ -	\$ 15,948,258
Construction in progress	24,923,356	9,312,374	(15,012,595)	19,223,135
Total capital assets, not being depreciated	<u>40,865,614</u>	<u>9,318,374</u>	<u>(15,012,595)</u>	<u>35,171,393</u>
Capital assets, being depreciated:				
Buildings	39,814,879	3,156,155	-	42,971,034
Improvements other than buildings	87,801,275	473,660	-	88,274,935
Machinery and equipment	46,382,634	5,293,179	(2,112,029)	49,563,784
Infrastructure	287,754,571	13,017,012	-	300,771,583
Total capital assets being depreciated	<u>461,753,359</u>	<u>21,940,006</u>	<u>(2,112,029)</u>	<u>481,581,336</u>
Less accumulated depreciation for:				
Buildings	(13,813,988)	(1,076,245)	-	(14,890,233)
Improvements other than buildings	(56,165,636)	(6,959,748)	-	(63,125,384)
Machinery and equipment	(31,982,648)	(4,495,194)	2,106,516	(34,371,326)
Infrastructure	(157,871,433)	(7,155,621)	-	(165,027,054)
Total accumulated depreciation	<u>(259,833,705)</u>	<u>(19,686,808)</u>	<u>2,106,516</u>	<u>(277,413,997)</u>
Total capital assets, being depreciated, net	<u>201,919,654</u>	<u>2,253,198</u>	<u>(5,513)</u>	<u>204,167,339</u>
Governmental activities capital assets, net	<u>\$ 242,785,268</u>	<u>\$ 11,571,572</u>	<u>\$ (15,018,108)</u>	<u>\$ 239,338,732</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,084,364	\$ 43,809	\$ -	\$ 10,128,173
Water rights	12,524,200	-	-	12,524,200
Construction in progress	18,137,353	9,856,128	(12,246,035)	15,747,446
Total capital assets, not being depreciated	<u>40,745,917</u>	<u>9,899,937</u>	<u>(12,246,035)</u>	<u>38,399,819</u>
Capital assets, being depreciated:				
Buildings	54,498,530	1,147,251	-	55,645,781
Improvements other than buildings	212,313,219	12,835,041	(3,882,557)	221,265,703
Machinery and equipment	10,834,426	944,488	(1,276,342)	10,502,572
Infrastructure	5,604,419	-	-	5,604,419
Total capital assets being depreciated	<u>283,250,594</u>	<u>14,926,780</u>	<u>(5,158,899)</u>	<u>293,018,475</u>
Less accumulated depreciation for:				
Buildings	(22,926,514)	(1,378,253)	-	(24,304,767)
Improvements other than buildings	(84,453,784)	(6,007,442)	3,882,557	(86,578,669)
Machinery and equipment	(6,619,027)	(1,184,509)	1,189,658	(6,613,878)
Infrastructure	(435,241)	(183,526)	-	(618,767)
Total accumulated depreciation	<u>(114,434,566)</u>	<u>(8,753,730)</u>	<u>5,072,215</u>	<u>(118,116,081)</u>
Total capital assets, being depreciated, net	<u>168,816,028</u>	<u>6,173,050</u>	<u>(86,684)</u>	<u>174,902,394</u>
Business-type activities capital assets, net	<u>\$ 209,561,945</u>	<u>\$ 16,072,987</u>	<u>\$ (12,332,719)</u>	<u>\$ 213,302,213</u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

**D. Capital Assets - continued**

**Water Rights**

In 1965, the City purchased the right to 40% of the perpetual annual water yield of Lake Palestine from the Upper Neches River Municipal Water Authority. The City paid \$12,524,200 for the water rights. Management believes there is no impairment in the value of the water rights at September 30, 2012.

**Depreciation**

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

Governmental activities:	
General Government	\$ 719,752
Public Safety	1,473,309
Highways and streets, including depreciation of general infrastructure assets	11,377,153
Public Services	1,319,843
Culture and recreation	1,525,089
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,271,662</u>
Total depreciation expense - governmental activities	<u><u>\$ 19,686,808</u></u>
Business-type activities:	
Utilities	\$ 6,565,197
Sanitation	931,059
Airport	1,257,474
Total depreciation expense - business-type activities	<u><u>\$ 8,753,730</u></u>

**Construction Commitments**

As of September 30, 2012, the City has active construction projects. The projects include street construction, housing projects, airport improvements, and sanitation and waterline additions. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Estimated Remaining Commitment</u>
Earl Campbell Parkway	\$ 13,469,861	\$ 610,867
Pavement Enhancement	218,641	1,621,995

The street construction projects for public purposes are either funded from existing resources held by the General Fund or by resources held in the One-Half Cent Sales Tax Fund.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

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

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

The composition of interfund balances as of September 30, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,129,472

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, 2012, is as follows:

	Transfers In						Total
	General Fund	One-Half Cent Sales Tax Fund	Nonmajor Governmental Funds	Airport Enterprise Funds	Sanitation Enterprise Funds	Internal Service Fund	
Transfers Out:							
General Fund	\$ -	\$ -	\$ 1,223,686	\$ -	\$ -	\$ 141,600	\$ 1,365,286
One-Half Cent Sales Tax Fund	-	-	-	256,074	500,000	-	756,074
Nonmajor Governmental Funds	1,200,002	96,083	-	76,835	-	200,000	1,572,920
Utilities Enterprise Funds	120,757	-	-	-	-	-	120,757
Sanitation Enterprise Funds	50,000	-	-	-	-	-	50,000
Internal Service Funds	-	-	-	-	17,000	-	17,000
Totals	\$ 1,370,759	\$ 96,083	\$ 1,223,686	\$ 332,909	\$ 517,000	\$ 341,600	\$ 3,882,037

**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, 2012, were approximately \$330,000.

Capital Leases

The City has entered into various lease agreements as the lessee for financing the acquisition of a telephone system, fire trucks, radio equipment and multiple computer and copier purchases. The lease agreements qualify as capital leases for accounting purposes. The assets acquired through the capital leases are as follows:

Asset:	Governmental Activities
Machinery and equipment	\$ 8,309,399
Less: Accumulated depreciation	(4,659,257)
	\$ 3,650,142

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

**F. Leases - continued**

Capital Leases - continued

The future minimum lease obligations as of September 30, 2012, were as follows:

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2013	\$ 1,418,747
2014	857,939
2015	600,197
2016	272,614
2017	272,613
2018-2019	<u>545,227</u>
Total amount of minimum lease payments	3,967,337
Less: amount representing interest	<u>(351,194)</u>
Present value of minimum lease payments	<u><u>\$ 3,616,143</u></u>

**G. Long-Term Debt**

Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The revenue bonds issued by the City in prior years were to fund construction projects to improve or expand the water system and to refund prior issuances. The original amount of the outstanding revenue bonds was \$82,510,000 with maturities ranging from 2013 to 2034.

During the 2012 fiscal year the City issued \$2,205,000 *Water and Sewer System Revenue Refunding Bonds, New Series 2012*. The proceeds from the sale of the bonds were used to refund \$2,145,000 of the City's outstanding revenue bonds to achieve debt service savings, and to pay the cost related to the issuance of the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$57,776. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is shorter than the life of the old debt. The advance refunding generated net present savings of \$532,234 and reduced total debt service payments by \$1,053,951.

Revenue bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2003	Water meter replacement	2.00 to 5.00%	\$ 1,705,000
Series 2005	Advance refunding	3.00 to 5.00%	27,515,000
Series 2008	Water and sewer infrastructure	4.00 to 4.15%	5,120,000
Series 2009	Water and sewer infrastructure	2.75 to 4.38%	21,610,000
Series 2011	Water and sewer refunding	2.00 to 4.00%	9,170,000
Series 2012	Water and sewer refunding	1.50 to 2.63%	<u>2,205,000</u>
Total outstanding revenue bonds			<u><u>\$ 67,325,000</u></u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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

**G. Long-Term Debt - continued**

Revenue Bonds - continued

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

Year Ending September 30	Principal	Interest
2013	\$ 3,245,000	\$ 2,970,978
2014	2,480,000	2,854,972
2015	2,550,000	2,764,284
2016	2,655,000	2,663,610
2017	2,765,000	2,556,634
2018-2022	15,685,000	10,935,782
2023-2027	19,555,000	7,096,322
2028-2032	15,390,000	2,549,086
2033-2034	3,000,000	215,406
Total	<u>\$ 67,325,000</u>	<u>\$ 34,607,074</u>

Cash in the amount of \$14,172,172 was restricted at September 30, 2012 in order to fund the City's annual debt service requirements, to meet the debt service reserve fund requirements of bond covenants and for construction costs in connection with the Series 2008 and 2009 Water & Sewer Revenue Bonds. Revenue bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest tax regulations under these provisions.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2012, was as follows:

	Beginning Balance 10/1/2011	Additions	Reductions	Ending Balance 9/30/2012	Due Within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Claims and judgments	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Capital leases	3,253,542	1,507,052	1,144,451	3,616,143	1,306,397	2,309,746
Net pension obligation	3,515,822	602,439	-	4,118,261	-	4,118,261
Compensated absences	8,351,056	825,363	405,332	8,771,087	361,357	8,409,730
<b>Governmental Activities Long-Term Liabilities</b>	<u>\$ 15,220,420</u>	<u>\$ 2,934,854</u>	<u>\$ 1,549,783</u>	<u>\$ 16,605,491</u>	<u>\$ 1,767,754</u>	<u>\$ 14,837,737</u>
<b>Business-Type Activities:</b>						
Revenue bonds payable	\$ 70,270,000	\$ 2,205,000	\$ 5,150,000	\$ 67,325,000	\$ 3,245,000	\$ 64,080,000
Bond (premium)/discount	(353,988)	(52,793)	(41,767)	(365,014)	-	(365,014)
Net pension obligation	931,258	167,321	-	1,098,579	-	1,098,579
Compensated absences	644,152	25,299	38,525	630,926	37,855	593,071
<b>Business-Type Activities Long-Term Liabilities</b>	<u>\$ 71,491,422</u>	<u>\$ 2,344,827</u>	<u>\$ 5,146,758</u>	<u>\$ 68,689,491</u>	<u>\$ 3,282,855</u>	<u>\$ 65,406,636</u>

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION**

**A. Risk Management**

Property and Liability Plans

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. A comprehensive insurance plan for property and casualty coverage has been established. Third party administrators handle property and casualty claims review and processing. Deductibles for property claims are \$5,000 per occurrence for all perils per the coverage form, except individual deductibles for flood and earth movement of \$100,000; and for casualty claims of \$50,000 for claims involving automobile liability, general liability, employee benefits plan errors and omissions liability, law enforcement liability, management professional liability, and employment practices liability. Airport liability is covered on a first dollar basis. The amount of settlements has not exceeded insurance coverage for the last three fiscal years.

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 maintains a comprehensive self-insurance worker's compensation plan. Third party administrators also coordinate excess coverage claims with insurance companies that provide excess worker's compensation insurance for claims at \$450,000 and aggregate protection at \$2,000,000. The City tracks worker's compensation premiums and claim payments in the Property and Liability Insurance Fund.

Health, Dental and Life Plans

**HEALTH**

Employee/Dependents and Non-Medicare Eligible Retirees/Dependents

The City implemented a partially self-insured health plan for employees, their dependents and retirees/dependents, who are non-Medicare eligible. Employees can choose between two (2) PPO Plans. Non-Medicare Retirees and/or their dependents that have been continuously covered under the City's health plan may elect to continue their coverage at retirement. Active employees pay a portion of current premiums with the City paying the remainder. In an effort to reduce long term liabilities, the City elected to eliminate the subsidy for Non-Medicare Retiree premiums for those employees hired after 1/1/1997. For those employees hired before 1/1/1997, the same apportionment of premiums continues at retirement. For those employees hired after 1/1/1997, the employee is responsible for the full cost of current premiums.

The City has retained an insurance policy for specific and aggregate stop-loss coverage. There is an individual stop-loss of \$300,000 per illness. A third-party administrator administers health claims and payments.

Medicare Eligible Retirees/Dependents

Retirees and/or their spouses who become eligible for Medicare and have been continuously covered under the City's health insurance plan may elect to participate in the City's self-funded prescription drug card plan and the Medicare Supplement Insurance Program. The retirees hired before 1/1/1997 pay 40% and their dependents pay 70% of the current premiums. The City pays the remainder. Retirees hired after 1/1/1997 pay the full cost of the prescription card program and Medicare supplement. The insurance provider for the Medicare Supplement Plan processes and pays health claims. A third-party administrator administers prescription claims and payments.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**A. Risk Management - continued**

Health, Dental and Life Plans - continued

**DENTAL**

Employees/Retirees

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

**LIFE INSURANCE**

Employees/Retirees

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

For employees actively at work, benefit amounts reduce to 65% of original coverage at age 65, 50% of original coverage at age 70 and to 30% of original coverage at age 75 for both the personal and spouse life coverage. Supplemental life coverage is eligible for portability. The insurance provider processes and pays life insurance claims.

Other Self-Insurance Plans

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

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

**B. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's management and collective legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City. City management and the collective legal counsel have determined the estimated liability for outstanding lawsuit contingencies at September 30, 2012, 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, 2012 and 2011:

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**B. Contingent Liabilities - continued**

	Insurance Claims Payable At <u>Beginning of Year</u>	Current Year Claims and Changes <u>In Estimates</u>	Actual Claim <u>Payments</u>	Insurance Claims Payable At <u>End of Year</u>
Employee Benefits Fund				
FYE 2011	\$ 678,820	\$ 7,497,028	\$ 7,537,703	\$ 638,145
FYE 2012	638,145	6,222,917	6,460,482	400,580
Retiree Benefits Fund				
FYE 2011	-	1,565,857	1,565,857	-
FYE 2012	-	1,922,354	1,824,248	98,106

**C. Joint Venture**

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

For the year ended September 30, 2012, the City budgeted funding of \$409,500 for the District and \$350,000 for Animal/Vector Control contractual services to be provided by the District. The City’s equity interest in the District at September 30, 2012 is \$1,307,509. Financial statements for the Health District may be obtained at the entity’s administrative offices.

**D. Deferred Compensation**

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

The market value and carrying value of deferred compensation plan assets is \$11,219,842 as of September 30, 2012.

**E. Pension Plans**

**1. Texas Municipal Retirement System Plan**

**TMRS Plan Description**

The City provides pension benefits for all of its eligible employees with the exception of firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

Firefighters are covered by a separate pension plan (see Note 5 E: 2); therefore, they are not included in the Texas Municipal Retirement System Plan. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS’ website at [www.TMRS.com](http://www.TMRS.com).

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**TMRS Plan Description - 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 2011</u>	<u>Plan Year 2012</u>
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**Contributions**

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation as of September 30, 2012 are as follows:

	<u>9/30/2012</u>
Annual Required Contribution (ARC)	\$ 6,892,916
Interest on Net Pension Obligation	311,296
Adjustment to the ARC	<u>(739,060)</u>
Annual Pension Cost (APC)	6,465,152
Contributions made	<u>(5,695,392)</u>
Increase (decrease) in net pension	769,760
Net Pension Obligation/(Asset), beginning of year	<u>4,447,080</u>
Net Pension Obligation/(Asset), end of year	<u><u>\$ 5,216,840</u></u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**Contributions - continued**

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

**Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation / (Asset)
9/30/2010	\$ 6,657,300	\$ 5,094,540	77%	\$ 2,725,299
9/30/2011	7,102,520	5,380,739	76%	4,447,080
9/30/2012	6,465,152	5,695,392	88%	5,216,840

**Actuarial Method and Assumptions**

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

<u>Valuation date</u>	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	28.1 years; closed period	27.2 years; closed period	26.2 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions:			
Investment rate of return *	7.5%	7.0%	7.0%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**Funding Status and Progress**

The funded status as of December 31, 2011, the most recent actuarial valuation date is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2011	\$ 124,746,743	\$175,268,369	71.2%	\$50,521,626	\$29,112,185	173.5%

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**2. Tyler Fire Department Relief and Retirement Fund**

**Plan Description**

The Board of Trustees of the Tyler Fire Department Relief and Retirement Fund (TFDRRF) is the administrator of a single-employer defined benefit pension plan. All assumptions for valuations at December 31, 2011, are contained in the 2011 Tyler Fire Department Relief and Retirement Fund audited financial statements, a copy of which may be obtained at the Fire Pension Board, 1718 West Houston St., Tyler, Texas 75702.

Firefighters in the Tyler Fire Department are covered by the TFDRRF. The table below summarizes the membership of the Fund at December 31, 2011:

<u>Group</u>	<u>December 31, 2011</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	87
Current employees:	
Vested	42
Non-vested	112
Total	<u>241</u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

**2. Tyler Fire Department Relief and Retirement Fund - continued**

**Plan Description - continued**

The TFDRRF provides service retirement, death, disability and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 25 years of service, or at age 55 with 20 years of service. The plan effective July 1, 2011 provides a monthly normal form of service retirement benefit as (a) a Joint and 66 2/3% Spouse Annuity for those firefighters with less than 20 years of service as of January 1, 2005, or (b) a Joint and 100% Spouse Annuity for those firefighters with 20 or more years of service as of January 1, 2005. The monthly benefit is 71.5% of Highest 60-Month Average Salary plus an additional \$113 per year of service in excess of 20 years.

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

**Funding Policy**

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

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

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

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

**Annual Pension Cost**

For the fiscal year ending September 30, 2012, the City of Tyler's annual pension cost was equal to the annual required contribution and was \$2,019,031. Based on the results of the December 31, 2011 actuarial valuation of the plan effective July 1, 2011, the Board's actuary found that the fund has an adequate contribution arrangement based on the current level of the firefighter and City of Tyler contribution rates. The funding policy of the fund requires the firefighters to contribute 13.50% of pay and the City to contribute the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees. These contributions rates were reflected in the December 31, 2011 actuarial valuation.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

**2. Tyler Fire Department Relief and Retirement Fund - continued**

**Actuarial Method and Assumptions**

The annual required contributions (ARC) by the City for the fiscal year ending September 30, 2012 were based on the results of the actuarial valuations as of December 31, 2009 and as of December 31, 2011 using the entry age actuarial cost method and were determined in compliance with Governmental Accounting Standards Board (GASB) Statement No. 27 parameters. The actuarial methods and assumptions used for these two valuations are shown below:

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

**Trend Information**

Fiscal Year Ending	Annual Pension Cost	Annual Contribution as a Percentage of Payroll	Percentage Contributed	Net Pension Obligation / (Asset)
9/30/2010	\$ 1,683,866	16.20%/17.55%	100%	\$ -
9/30/2011	1,873,843	17.55%/18.96%	100%	-
9/30/2012	2,019,031	18.96%/19.85%	100%	-

**Funding Status and Progress**

The funded status of the plan as of December 31, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2011	\$ 49,221,368	\$ 70,472,278	69.8%	\$21,250,910	\$ 10,300,425	206.3%

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

**2. Tyler Fire Department Relief and Retirement Fund - continued**

**Funding Status and Progress - continued**

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

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

**1. Health Plan**

**Plan Description**

In addition to providing pension benefits, the City allows eligible retirees and dependents the option to continue participation in the same partially self-insured health plans available to active employees until they become eligible for Medicare Coverage. Retirees who became employees prior to January 1, 1997 pay the same subsidized premiums as active employees. Retirees who became employees after January 1, 1997 are required to pay the full cost of current premiums. The 2012 claims for the 119 non-Medicare retirees and their dependents participating in this coverage were \$1,739,402.

When retirees and spouses become eligible for Medicare they are no longer allowed to participate in the same plan as the active employees. If they have been continuously covered under the City's health insurance plan they may choose to participate in the City's self-funded prescription drug card plan and the Medicare Supplement Insurance Program. Retirees hired before January 1, 1997 are required to pay 40% of the current total premium and their spouses are required to pay 70% of the current total premiums with the City paying the remaining costs. Retirees that become eligible for Medicare who were hired after January 1, 1997 are required to pay the full current cost of the prescription card program and the full cost of the Medicare supplement coverage should they choose to continue participation in this coverage. The 2012 claims for the 269 Medicare retirees and their dependents, which include those with an Rx card, participating in this coverage were \$1,198,601.

The City also offers fully self-funded dental benefits to eligible retirees and their dependents. Retirees hired before January 1, 1997 pay the same subsidized premium as active employees. Retirees hired after January 1, 1997 are required to pay the full cost of the current premium. The 2012 claims for the 388 retirees and their dependents participating in this coverage were \$134,585.

Additionally the City provides eligible retirees with \$5,000 in basic life insurance coverage at no cost to the retirees. The 2012 insurance cost for the 388 retirees with this coverage was \$48,367.

**Funding Policy**

The City participates in the Public Agency Retirement Services (PARS) Post Retirement Health Funding Plan Trust which is a multi-employer irrevocable trust that has a private letter ruling confirming it is in full compliance with the requirements of section 115 of the Internal Revenue Code.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

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

**1. Health Plan - continued**

**Annual OPEB Cost and Net OPEB Obligation**

The City’s annual other post employment benefits (OPEB) is a single-employer plan. The annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City’s annual OPEB cost for the fiscal year ending September 30, 2012 is as follows:

	<u>9/30/2012</u>
Annual required contribution (ARC)	\$ 3,398,769
Interest on net OPEB obligation (asset)	(119,714)
Adjustment to annual required contribution	<u>95,831</u>
Annual OPEB cost	3,374,886
Contributions made	<u>(2,708,467)</u>
Change in OPEB obligation	666,419
Net OPEB obligation (asset) - beginning of year	<u>(1,596,192)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (929,773)</u></u>

**Trend Information**

Fiscal Year Ended <u>December 31</u>	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net Pension Obligation / (Asset)
2010	\$ 2,864,426	71.75%	\$(2,081,592)
2011	3,268,630	85.15%	(1,596,192)
2012	3,374,886	80.25%	(929,773)

**Funding Status and Funding Progress**

The funded status of the plan as of December 31, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2011	\$ 4,209,405	\$ 42,067,510	10.0%	\$37,858,105	\$40,103,499	94.4%

Under the reporting parameters, the City’s retiree health care plan was 10.0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$37,858,105 at December 31, 2011. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 94.4%. As of September 30, 2012, the OPEB trust had assets of \$4,993,613.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

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

**1. Health Plan - continued**

**Funding Status and Funding Progress - continued**

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

**Actuarial Methods and Assumptions**

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

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

**Actuarial Methods and Assumptions**

Inflation rate	3.00% per annum
Investment rate of return	7.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year, open amortization
Actuarial Value of Assets	Market Value
Payroll Growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 8.5% declining to an ultimate rate of 4.50% after 8 years

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

**2. Supplemental Death Benefits Plan**

**Plan Description**

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

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

**Actuarial Methods and Assumptions - continued**

**2. Supplemental Death Benefits Plan - continued**

**Plan Description - continued**

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

**Funding Policy**

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

The City’s contributions to the TMRS SDBF for the years ended September 30, 2012, 2011 and 2010 were \$62,081, \$72,216 and \$75,365, respectively, which equaled the required contributions each year.

**Schedule of Contribution Rates:**

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

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actuarial Contribution Made (Rate)	Percentage of ARC Contributed
2010	0.08%	0.08%	100%
2011	0.07%	0.07%	100%
2012	0.07%	0.07%	100%

**G. Commitments**

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2012, are as follows:

Greenwood Landfill TX, L.P. – The City established a trust fund in January 2001 to ensure the eventual closure and post-closure expenditure requirements. The trust fund will be 100% funded by Greenwood Landfill TX, L.P. (Greenwood). The initial agreement was that Greenwood would fund the trust at the annual rate of \$400,000 per year for 5 years. In January 2005 the agreement was amended to reduce the annual funding rate to \$36,000 per year beginning October 1, 2004 to allow Greenwood to actively pursue authorization to expand the Landfill from the appropriate regulatory agencies. The funding will be re-evaluated periodically to determine future needs. The trust is set up as an expendable trust with expenditures restricted to closure and post-closure costs. Liability for closure and post-closure costs are the responsibility of Greenwood and will be calculated annually under requirements established by the Texas Commission on Environmental Quality.

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 5: OTHER INFORMATION – continued**

**G. Commitments - continued**

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

**H. Landfill Closure and Postclosure Costs**

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

**I. Prior Period Adjustments**

Net assets of the primary government have been restated in order to reflect an adjustment for municipal court receivables that had been omitted in prior years. The prior period adjustment for governmental activities was \$6,250,505, which resulted in an increase to net assets.

Net assets of the Employee Benefit Trust Funds have been restated in order to reflect the inclusion of the Tyler Fire Department Relief and Retirement Fund that had not been included as a blended component unit in prior years. The prior period adjustment for Employee Benefit Trust Funds was \$43,168,375, which resulted in an increase to net assets of the fiduciary funds.

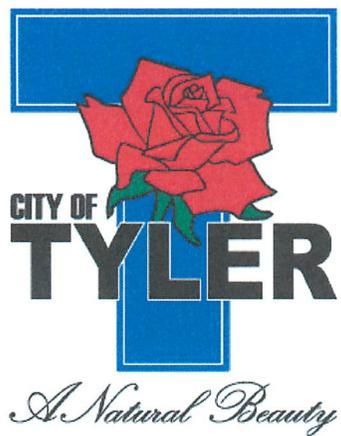
**J. Subsequent Event**

On Feb 27, 2013, the City council approved the issuance of \$1,180,000 in Airport Customer Facility Charge 2013 revenue bonds for a rental car wash bay facility at Tyler Pounds Regional Airport.

On March 6, 2013, the City Council authorized a \$4.5 million nine-year lease purchase agreement for the acquisition of fire trucks and dispatch equipment. Funding will be appropriated when the first payments are due in fiscal year 2014.

Subsequent events were evaluated through March 18, 2013, the date on which the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTAL INFORMATION**

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

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL (UAAL) (c) = (b - a)</b>	<b>Covered Payroll (d)</b>	<b>UAAL as a Percentage of covered payroll (e) = (c / d)</b>
12/31/2009	\$ 62,444,549	\$ 120,504,498	51.8%	\$ 58,059,949	\$ 30,279,097	191.7%
12/31/2010	116,036,178	166,337,490	69.8%	50,301,312	29,060,848	173.1%
12/31/2011	124,746,743	175,268,369	71.2%	50,521,626	29,112,185	173.5%

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

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

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

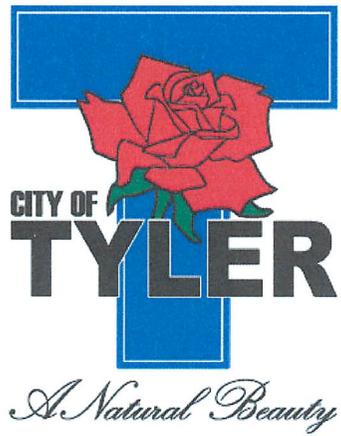
A copy of the separately issued Tyler Firefighter's Relief and Retirement Fund audited financial statements may be obtained at the Fire Pension Board, 1718 West Houston St., Tyler, Texas 75702.

(continued)

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

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL (UAAL) (c) = (b - a)</b>	<b>(1) Covered Payroll (d)</b>	<b>UAAL as a Percentage of covered payroll (e) = (c / d)</b>
10/1/2008	\$ -	\$ 35,265,511	0.0%	\$ 35,265,511	\$ 35,936,698	98.1%
12/31/2009	3,252,222	44,364,159	7.3%	41,111,937	40,010,195	102.8%
12/31/2011	4,209,405	42,067,510	10.0%	37,858,105	40,103,499	94.4%



**ADDITIONAL SUPPLEMENTAL INFORMATION**

**CITY OF TYLER, TEXAS  
COMBINING BALANCE SHEET  
GENERAL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR BUILDING	TOTAL GENERAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,381,211	\$ 1,159,212	\$ 401,968	\$ 2,807,874	\$ 116,120	\$ 8,866,385
Receivables (net of allowance for doubtful accounts) :						
Property taxes	509,922	-	-	-	-	509,922
Other	13,857,060	276	92	15,022	18,675	13,891,125
Due from other funds	1,129,472	-	-	-	-	1,129,472
Inventories	26,437	-	-	-	-	26,437
Prepaid items	-	-	23,330	-	-	23,330
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 19,904,102</u>	<u>\$ 1,159,488</u>	<u>\$ 425,390</u>	<u>\$ 2,822,896</u>	<u>\$ 134,795</u>	<u>\$ 24,446,671</u>
<b>LIABILITIES and FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 2,825,896	\$ 43,521	\$ 125,538	\$ -	\$ 22,894	\$ 3,017,849
Deposits and other refundable balances	41,773	1,109,856	31,742	5,000	-	1,188,371
Unearned revenue	33,726	-	140	-	867	34,733
Deferred revenue	7,938,077	-	-	-	-	7,938,077
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>10,839,472</u>	<u>1,153,377</u>	<u>157,420</u>	<u>5,000</u>	<u>23,761</u>	<u>12,179,030</u>
Fund Balances:						
Nonspendable:						
Inventories	26,437	-	-	-	-	26,437
Prepaid items	-	-	23,330	-	-	23,330
Assigned to:						
Development services	-	6,111	-	-	-	6,111
Capital improvements	-	-	-	-	111,034	111,034
Tourism and convention	-	-	244,640	-	-	244,640
Unassigned:	9,038,193	-	-	2,817,896	-	11,856,089
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>9,064,630</u>	<u>6,111</u>	<u>267,970</u>	<u>2,817,896</u>	<u>111,034</u>	<u>12,267,641</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 19,904,102</u>	<u>\$ 1,159,488</u>	<u>\$ 425,390</u>	<u>\$ 2,822,896</u>	<u>\$ 134,795</u>	<u>\$ 24,446,671</u>

**CITY OF TYLER, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR BUILDING	TRANSFER ELIMINATIONS	TOTAL GENERAL GOVERNMENTAL FUNDS
<b>REVENUES</b>							
Taxes:							
Property	\$ 14,208,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,208,852
Franchise	9,627,790	-	-	-	-	-	9,627,790
Sales and use	23,723,116	-	-	-	-	-	23,723,116
Licenses and permits	236,896	744,553	-	-	-	-	981,449
Fines, forfeitures and penalties	6,409,654	-	-	-	-	-	6,409,654
Revenues from use of money or property	84,156	1,439	352,807	14,174	359,780	-	812,356
Charges for current services	1,700,739	29,738	210,353	-	-	-	1,940,830
Revenues from other agencies	797,722	2,000	34,948	-	-	-	834,670
Miscellaneous	278,272	33,892	33,341	89,544	50	-	435,099
<b>Total revenues</b>	<b>57,067,197</b>	<b>811,622</b>	<b>631,449</b>	<b>103,718</b>	<b>359,830</b>	<b>-</b>	<b>58,973,816</b>
<b>EXPENDITURES</b>							
Current:							
General government	6,557,374	-	-	-	246,206	-	6,803,580
Public safety	39,089,273	-	-	-	-	-	39,089,273
Public services	-	1,119,504	-	-	-	-	1,119,504
Highways and streets	4,813,390	-	-	-	-	-	4,813,390
Culture and recreation	4,826,542	-	1,755,030	-	-	-	6,581,572
Capital outlay	385,084	-	116,859	-	35,162	-	537,105
<b>Total expenditures</b>	<b>55,671,663</b>	<b>1,119,504</b>	<b>1,871,889</b>	<b>-</b>	<b>281,368</b>	<b>-</b>	<b>58,944,424</b>
Excess (deficiency) of revenues over (under) expenditures	1,395,534	(307,882)	(1,240,440)	103,718	78,462	-	29,392
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	20,759	250,000	1,232,000	-	-	(132,000)	1,370,759
Transfers out	(1,497,286)	-	-	-	-	132,000	(1,365,286)
<b>Total other financing sources (uses)</b>	<b>(1,476,527)</b>	<b>250,000</b>	<b>1,232,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,473</b>
Net change in fund balances	(80,993)	(57,882)	(8,440)	103,718	78,462	-	34,865
Fund balances - beginning of year	9,145,623	63,993	276,410	2,714,178	32,572	-	12,232,776
Fund balances - end of year	<b>\$ 9,064,630</b>	<b>\$ 6,111</b>	<b>\$ 267,970</b>	<b>\$ 2,817,896</b>	<b>\$ 111,034</b>	<b>\$ -</b>	<b>\$ 12,267,641</b>

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

The ***Donations Fund*** was established to account for the receipt and disbursement of funds for specified miscellaneous projects.

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

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

The ***Homeownership and Housing Fund*** was established to account for the receipt and disbursement of overhead allowances in excess of actual costs in the Section 8 Grant Program.

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

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

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

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

## **SPECIAL REVENUE FUNDS, CONTINUED**

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

The *TIF/TIRZ #2 Fund* was established to encourage economic development in the Downtown area. This fund accounts for additional value and associated taxes received from property tax and sales tax on improvements and new construction within the zone.

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

## **DEBT SERVICES FUND**

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

## **CAPITAL PROJECTS FUND**

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

## **PERMANENT FUND**

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

CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2012

SPECIAL REVENUE FUNDS

	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL-MOTEL OCCUPANCY TAX	DONATIONS	PASSENGER AND CUSTOMER FACILITY CHARGE	PEG FEE	HOME- OWNERSHIP AND HOUSING	CDBG	HOME GRANT
<b>ASSETS</b>									
Equity in pooled cash and investments	\$ -	\$ -	\$ 1,399,098	\$ -	\$ 288,172	\$ 418,391	\$ -	\$ -	\$ -
Accounts and grants receivable	15,790	71	238,145	-	-	63,598	14	286,540	16,001
Inventories	-	-	-	-	-	-	-	-	4,450
Cash - restricted	312,290	267,119	-	903,069	-	-	55,569	-	154,325
<b>Total assets</b>	<b>\$ 328,080</b>	<b>\$ 267,190</b>	<b>\$ 1,637,243</b>	<b>\$ 903,069</b>	<b>\$ 288,172</b>	<b>\$ 481,989</b>	<b>\$ 55,583</b>	<b>\$ 286,540</b>	<b>\$ 174,776</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 4,492	\$ 35,325	\$ 7,500	\$ 14,167	\$ 10,167	\$ -	\$ -	\$ 55,484	\$ 12,688
Deposits and other refundable balances	20,638	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	194,290	-
Deferred revenue	9,342	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>34,472</b>	<b>35,325</b>	<b>7,500</b>	<b>14,167</b>	<b>10,167</b>	<b>-</b>	<b>-</b>	<b>249,774</b>	<b>12,688</b>
Fund balances:									
Nonspendable:									
Inventories	-	-	-	-	-	-	-	-	4,450
Permanent fund principal	-	-	-	-	-	-	-	-	-
Restricted for:									
Public safety	293,608	231,865	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-	-
Tourism and convention	-	-	1,629,743	-	-	-	-	-	-
Donor restrictions	-	-	-	888,902	-	-	-	-	-
Airport improvements	-	-	-	-	278,005	-	-	-	-
Communications	-	-	-	-	-	481,989	-	-	-
Housing assistance	-	-	-	-	-	-	55,583	-	-
Grant restrictions	-	-	-	-	-	-	-	36,766	157,638
Assigned to:									
Capital projects	-	-	-	-	-	-	-	-	-
Cemetery maintenance	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>293,608</b>	<b>231,865</b>	<b>1,629,743</b>	<b>888,902</b>	<b>278,005</b>	<b>481,989</b>	<b>55,583</b>	<b>36,766</b>	<b>162,088</b>
<b>Total liabilities and fund balances</b>	<b>\$ 328,080</b>	<b>\$ 267,190</b>	<b>\$ 1,637,243</b>	<b>\$ 903,069</b>	<b>\$ 288,172</b>	<b>\$ 481,989</b>	<b>\$ 55,583</b>	<b>\$ 286,540</b>	<b>\$ 174,776</b>

(continued)

CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2012

	SPECIAL REVENUE FUNDS (continued)					OTHER FUNDS		PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	HOUSING ASSISTANCE PAYMENT	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TOTAL SPECIAL REVENUE FUNDS	GENERAL DEBT SERVICES	GENERAL CAPITAL PROJECTS	CEMETERIES	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>										
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 3,202	\$ 2,108,863	\$ -	\$ 2,311,754	\$ 57,305	\$ 4,477,922
Accounts and grants receivable	11,654	109,130	1,042,171	-	1	1,783,115	-	458	682	1,784,255
Inventories	-	-	-	-	-	4,450	-	-	-	4,450
Cash - restricted	668,000	-	100	-	-	2,360,472	-	-	2,613,685	4,974,157
<b>Total assets</b>	<b>\$ 679,654</b>	<b>\$ 109,130</b>	<b>\$ 1,042,271</b>	<b>\$ -</b>	<b>\$ 3,203</b>	<b>\$ 6,256,900</b>	<b>\$ -</b>	<b>\$ 2,312,212</b>	<b>\$ 2,671,672</b>	<b>\$ 11,240,784</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 43,092	\$ 17,148	\$ 96,040	\$ -	\$ -	\$ 296,103	\$ -	\$ 48,619	\$ 15,971	\$ 360,693
Deposits and other refundable balances	-	-	-	-	-	20,638	-	-	-	20,638
Due to other funds	-	89,283	845,899	-	-	1,129,472	-	-	-	1,129,472
Deferred revenue	-	2,699	24,651	-	-	36,692	-	-	-	36,692
<b>Total liabilities</b>	<b>43,092</b>	<b>109,130</b>	<b>966,590</b>	<b>-</b>	<b>-</b>	<b>1,482,905</b>	<b>-</b>	<b>48,619</b>	<b>15,971</b>	<b>1,547,495</b>
<b>Fund balances:</b>										
<b>Nonspendable:</b>										
Inventories	-	-	-	-	-	4,450	-	-	-	4,450
Permanent fund principal	-	-	-	-	-	-	-	-	2,614,350	2,614,350
<b>Restricted for:</b>										
Public safety	-	-	-	-	-	525,473	-	-	-	525,473
Capital improvements	-	-	-	-	3,203	3,203	-	-	-	3,203
Tourism and convention	-	-	-	-	-	1,629,743	-	-	-	1,629,743
Donor restrictions	-	-	-	-	-	888,902	-	-	-	888,902
Airport improvements	-	-	-	-	-	278,005	-	-	-	278,005
Communications	-	-	-	-	-	481,989	-	-	-	481,989
Housing assistance	636,562	-	-	-	-	692,145	-	-	-	692,145
Grant restrictions	-	-	75,681	-	-	270,085	-	-	-	270,085
<b>Assigned to:</b>										
Capital projects	-	-	-	-	-	-	-	2,263,593	-	2,263,593
Cemetery maintenance	-	-	-	-	-	-	-	-	41,351	41,351
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>636,562</b>	<b>-</b>	<b>75,681</b>	<b>-</b>	<b>3,203</b>	<b>4,773,995</b>	<b>-</b>	<b>2,263,593</b>	<b>2,655,701</b>	<b>9,693,289</b>
<b>Total liabilities and fund balances</b>	<b>\$ 679,654</b>	<b>\$ 109,130</b>	<b>\$ 1,042,271</b>	<b>\$ -</b>	<b>\$ 3,203</b>	<b>\$ 6,256,900</b>	<b>\$ -</b>	<b>\$ 2,312,212</b>	<b>\$ 2,671,672</b>	<b>\$ 11,240,784</b>

**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, 2012**

**SPECIAL REVENUE FUNDS**

	<u>POLICE FORFEITURE</u>	<u>COURT SPECIAL FEE</u>	<u>HOTEL-MOTEL OCCUPANCY TAX</u>	<u>DONATIONS</u>	<u>PASSENGER AND CUSTOMER FACILITY CHARGE</u>	<u>PEG FEE</u>	<u>HOME- OWNERSHIP AND HOUSING</u>	<u>CDBG</u>	<u>HOME GRANT</u>
<b>REVENUES</b>									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise	-	-	-	-	-	254,798	-	-	-
Sales and use	-	-	2,942,994	-	-	-	-	-	-
Licenses & permits	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	1,231,722	282,488
Fines, forfeitures and penalties	154,497	649,600	-	-	-	-	-	-	-
Revenues from use of money and property	1,504	1,701	4,117	-	44	1,721	283	-	-
Donations	-	-	-	181,932	-	-	-	-	-
Charges for services	-	-	-	-	390,704	-	-	-	-
Miscellaneous	-	-	31,221	-	-	-	-	5,884	541,994
<b>Total revenues</b>	<u>156,001</u>	<u>651,301</u>	<u>2,978,332</u>	<u>181,932</u>	<u>390,748</u>	<u>256,519</u>	<u>283</u>	<u>1,237,606</u>	<u>824,482</u>
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	3,282	-	1,444	-	-	-
Public safety	13,248	603,143	-	19,197	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	69,714	-	-	-	-	-
Public services	-	-	858,061	-	-	-	-	610,167	732,190
Capital outlay	86,337	152,037	57,337	536,525	-	39,524	-	628,350	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	398	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>99,983</u>	<u>755,180</u>	<u>915,398</u>	<u>628,718</u>	<u>-</u>	<u>40,968</u>	<u>-</u>	<u>1,238,517</u>	<u>732,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,018</u>	<u>(103,879)</u>	<u>2,062,934</u>	<u>(446,786)</u>	<u>390,748</u>	<u>215,551</u>	<u>283</u>	<u>(911)</u>	<u>92,292</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Capital lease proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(1,400,000)	-	(172,918)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(1,400,000)</u>	<u>-</u>	<u>(172,918)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>56,018</u>	<u>(103,879)</u>	<u>662,934</u>	<u>(446,786)</u>	<u>217,830</u>	<u>215,551</u>	<u>283</u>	<u>(911)</u>	<u>92,292</u>
<b>Fund balances - October 1, 2011</b>	<u>237,590</u>	<u>335,744</u>	<u>966,809</u>	<u>1,335,688</u>	<u>60,175</u>	<u>266,438</u>	<u>55,300</u>	<u>37,677</u>	<u>69,796</u>
<b>Fund balances - September 30, 2012</b>	<u>\$ 293,608</u>	<u>\$ 231,865</u>	<u>\$ 1,629,743</u>	<u>\$ 888,902</u>	<u>\$ 278,005</u>	<u>\$ 481,989</u>	<u>\$ 55,583</u>	<u>\$ 36,766</u>	<u>\$ 162,088</u>

(continued)

**CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	SPECIAL REVENUE FUNDS (continued)					OTHER FUNDS		PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS		
	HOUSING ASSISTANCE PAYMENT	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TOTAL SPECIAL REVENUE FUNDS	GENERAL DEBT SERVICES	GENERAL CAPITAL PROJECTS	CEMETERIES		
<b>REVENUES</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ 4,256	\$ 4,256	\$ -	\$ -	\$ -	\$ 4,256	
Franchise	-	-	-	-	-	254,798	-	-	-	254,798	
Sales and use	-	-	-	-	-	2,942,994	-	-	-	2,942,994	
Licenses & permits	-	-	-	-	-	-	-	-	5,490	5,490	
Grants	6,310,587	411,788	1,536,764	-	-	9,773,349	-	-	-	9,773,349	
Fines, forfeitures and penalties	-	-	-	-	-	804,097	-	-	-	804,097	
Revenues from use of money and property	3,689	-	-	-	24	13,083	-	11,512	13,906	38,501	
Donations	-	-	-	-	-	181,932	-	-	-	181,932	
Charges for services	-	-	199,087	-	-	589,791	-	-	138,854	728,645	
Miscellaneous	8,281	25,925	352	-	-	613,657	-	180,104	330	794,091	
<b>Total revenues</b>	<b>6,322,557</b>	<b>437,713</b>	<b>1,736,203</b>	<b>-</b>	<b>4,280</b>	<b>15,177,957</b>	<b>-</b>	<b>191,616</b>	<b>158,580</b>	<b>15,528,153</b>	
<b>EXPENDITURES</b>											
Current											
General government	-	-	-	4,044	3,368	12,138	-	35,952	-	48,090	
Public safety	-	-	-	-	-	635,588	-	-	-	635,588	
Highways and streets	-	-	-	-	-	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	69,714	-	-	251,688	321,402	
Public services	7,001,319	353,301	1,977,916	-	-	11,532,954	-	-	-	11,532,954	
Capital outlay	19,794	86,877	138,586	-	-	1,745,367	-	1,658,014	6,000	3,409,381	
Debt service:											
Principal	-	-	-	-	-	-	-	77,816	-	77,816	
Interest and fiscal charges	-	-	-	-	-	398	-	12,965	-	13,363	
<b>Total expenditures</b>	<b>7,021,113</b>	<b>440,178</b>	<b>2,116,502</b>	<b>4,044</b>	<b>3,368</b>	<b>13,996,159</b>	<b>-</b>	<b>1,784,747</b>	<b>257,688</b>	<b>16,038,594</b>	
Excess (deficiency) of revenues over (under) expenditures	(698,556)	(2,465)	(380,299)	(4,044)	912	1,181,798	-	(1,593,131)	(99,108)	(510,441)	
<b>OTHER FINANCING SOURCES (USES)</b>											
Capital lease proceeds	-	-	-	-	-	-	-	1,029,095	-	1,029,095	
Transfers in	-	-	446,864	-	-	446,864	-	550,000	226,822	1,223,686	
Transfers out	-	-	-	-	-	(1,572,918)	(2)	-	-	(1,572,920)	
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>446,864</b>	<b>-</b>	<b>-</b>	<b>(1,126,054)</b>	<b>(2)</b>	<b>1,579,095</b>	<b>226,822</b>	<b>679,861</b>	
Net change in fund balances	(698,556)	(2,465)	66,565	(4,044)	912	55,744	(2)	(14,036)	127,714	169,420	
Fund balances - October 1, 2011	1,335,118	2,465	9,116	4,044	2,291	4,718,251	2	2,277,629	2,527,987	9,523,869	
Fund balances - September 30, 2012	<u>\$ 636,562</u>	<u>\$ -</u>	<u>\$ 75,681</u>	<u>\$ -</u>	<u>\$ 3,203</u>	<u>\$ 4,773,995</u>	<u>\$ -</u>	<u>\$ 2,263,593</u>	<u>\$ 2,655,701</u>	<u>\$ 9,693,289</u>	

**CITY OF TYLER, TEXAS  
POLICE FORFEITURE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fines, forfeitures and penalties	\$ 82,000	\$ 154,497	\$ 72,497
Revenues from use of money and property	2,000	1,504	(496)
<b>Total revenues</b>	<b>84,000</b>	<b>156,001</b>	<b>72,001</b>
<b>EXPENDITURES</b>			
Public safety:			
Supplies and services	5,700	13,248	(7,548)
Capital outlay	118,551	86,337	32,214
Debt Service:			
Interest	-	398	(398)
<b>Total expenditures</b>	<b>124,251</b>	<b>99,983</b>	<b>24,268</b>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (40,251)</u>	56,018	<u>\$ 96,269</u>
Fund balance - October 1, 2011		<u>237,590</u>	
Fund balance - September 30, 2012		<u>\$ 293,608</u>	

**CITY OF TYLER, TEXAS  
COURT SPECIAL FEE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fines, forfeitures and penalties	\$ 639,000	\$ 649,600	\$ 10,600
Revenues from use of money and property	1,700	1,701	1
Total revenues	<u>640,700</u>	<u>651,301</u>	<u>10,601</u>
<b>EXPENDITURES</b>			
Public safety:			
Salaries and benefits	244,803	197,236	47,567
Supplies and services	421,200	402,482	18,718
Maintenance	2,000	3,425	(1,425)
Capital outlay	<u>173,000</u>	<u>152,037</u>	<u>20,963</u>
Total expenditures	<u>841,003</u>	<u>755,180</u>	<u>85,823</u>
Excess of revenues over (under) expenditures and other financing uses - GAAP basis	<u>\$ (200,303)</u>	(103,879)	<u>\$ 96,424</u>
Fund balance - October 1, 2011		<u>335,744</u>	
Fund balance - September 30, 2012		<u>\$ 231,865</u>	

**CITY OF TYLER, TEXAS**  
**HOTEL-MOTEL OCCUPANCY TAX FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes	\$ 2,710,311	\$ 2,942,994	\$ 232,683
Revenue from use of money and property	1,100	4,117	3,017
Miscellaneous	80,000	31,221	(48,779)
<b>Total revenues</b>	<b>2,791,411</b>	<b>2,978,332</b>	<b>186,921</b>
<b>EXPENDITURES</b>			
Hotel-motel administration:			
Tourism operations	1,200,000	-	1,200,000
Texas Rose Festival	9,000	9,000	-
Conference Promotions	7,000	7,000	-
Discovery Place	32,400	32,400	-
East Texas Symphony	25,000	25,000	-
Tyler Museum of Art	44,550	44,550	-
Historical Museum	13,500	13,500	-
Smith County Historical Society	13,500	13,500	-
Visitors and Convention Bureau	654,762	668,512	(13,750)
McClendon House	4,500	4,500	-
Supplies and services	96,000	40,099	55,901
Capital outlay	-	57,337	(57,337)
<b>Total expenditures</b>	<b>2,100,212</b>	<b>915,398</b>	<b>1,184,814</b>
Excess of revenues over expenditures	691,199	2,062,934	1,371,735
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(200,000)	(1,400,000)	(1,200,000)
<b>Total other financing sources (uses)</b>	<b>(200,000)</b>	<b>(1,400,000)</b>	<b>(1,200,000)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	\$ 491,199	662,934	\$ 171,735
Fund balance - October 1, 2011		966,809	
Fund balance - September 30, 2012		\$ 1,629,743	

**CITY OF TYLER, TEXAS**  
**PASSENGER AND CUSTOMER FACILITY CHARGE FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenue from use of money and property	\$ 125	\$ 44	\$ (81)
Charges for services	<u>378,000</u>	<u>390,704</u>	<u>12,704</u>
Total revenues	<u>378,125</u>	<u>390,748</u>	<u>12,623</u>
<b>EXPENDITURES</b>			
Public safety:			
Supplies and services	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total expenditures	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>OTHER FINANCING (USES)</b>			
Transfers out	<u>(288,125)</u>	<u>(172,918)</u>	<u>115,207</u>
Total other financing (uses)	<u>(288,125)</u>	<u>(172,918)</u>	<u>115,207</u>
Excess of revenues over (under) expenditures and other financing uses - GAAP basis	<u>\$ (60,000)</u>	217,830	<u>\$ 277,830</u>
Fund balance - October 1, 2011		<u>60,175</u>	
Fund balance - September 30, 2012		<u>\$ 278,005</u>	

**CITY OF TYLER, TEXAS  
 HOMEOWNERSHIP AND HOUSING FUND  
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenue from use of money and property	<u>\$ 150</u>	<u>\$ 283</u>	<u>\$ 133</u>
Total revenues	<u>150</u>	<u>283</u>	<u>133</u>
<b>EXPENDITURES</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ 150</u>	<u>283</u>	<u>\$ 133</u>
Fund balance - October 1, 2011		<u>55,300</u>	
Fund balance - September 30, 2012		<u>\$ 55,583</u>	

**CITY OF TYLER, TEXAS  
CDBG FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,752,329	\$ 1,231,722	\$ (520,607)
Miscellaneous	9,000	5,884	(3,116)
Total revenues	<u>1,761,329</u>	<u>1,237,606</u>	<u>(523,723)</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	238,716	225,595	13,121
Supplies and services	1,358,255	374,222	984,033
Utilities	3,750	7,201	(3,451)
Maintenance	3,600	3,149	451
Capital outlay	-	628,350	(628,350)
Total expenditures	<u>1,604,321</u>	<u>1,238,517</u>	<u>365,804</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ 157,008</u>	(911)	<u>\$ (157,919)</u>
Fund balance - October 1, 2011		<u>37,677</u>	
Fund balance - September 30, 2012		<u>\$ 36,766</u>	

**CITY OF TYLER, TEXAS**  
**HOME GRANT FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,397,966	\$ 282,488	\$ (1,115,478)
Miscellaneous	440,000	541,994	101,994
Total revenues	<u>1,837,966</u>	<u>824,482</u>	<u>(1,013,484)</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	39,400	47,745	(8,345)
Supplies and services	1,132,149	684,445	447,704
Total expenditures	<u>1,171,549</u>	<u>732,190</u>	<u>439,359</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ 666,417</u>	92,292	<u>\$ (574,125)</u>
Fund balance - October 1, 2011		<u>69,796</u>	
Fund balance - September 30, 2012		<u>\$ 162,088</u>	

**CITY OF TYLER, TEXAS  
HOUSING ASSISTANCE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 7,684,802	\$ 6,310,587	\$ (1,374,215)
Revenue from use of money and property	6,000	3,689	(2,311)
Miscellaneous	10,000	8,281	(1,719)
Total revenues	<u>7,700,802</u>	<u>6,322,557</u>	<u>(1,378,245)</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	588,067	470,840	117,227
Supplies and services	8,217,886	6,506,060	1,711,826
Utilities	15,073	13,014	2,059
Maintenance	12,211	11,405	806
Capital outlay	-	19,794	(19,794)
Total expenditures	<u>8,833,237</u>	<u>7,021,113</u>	<u>1,812,124</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (1,132,435)</u>	(698,556)	<u>\$ 433,879</u>
Fund balance - October 1, 2011		<u>1,335,118</u>	
Fund balance - September 30, 2012		<u>\$ 636,562</u>	

**CITY OF TYLER, TEXAS  
TRANSIT SYSTEM FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,930,691	\$ 1,536,764	\$ (393,927)
Charges for services	239,130	199,087	(40,043)
Miscellaneous	1	352	351
<b>Total revenues</b>	<u>2,169,822</u>	<u>1,736,203</u>	<u>(433,619)</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	1,014,027	783,280	230,747
Supplies and services	902,121	899,994	2,127
Utilities	25,998	12,877	13,121
Maintenance	238,344	281,765	(43,421)
Capital outlay	575,560	138,586	436,974
<b>Total expenditures</b>	<u>2,756,050</u>	<u>2,116,502</u>	<u>639,548</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	446,864	446,864	-
<b>Total other financing sources</b>	<u>446,864</u>	<u>446,864</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures - GAAP basis	<u>\$ (139,364)</u>	66,565	<u>\$ 205,929</u>
Fund balance - October 1, 2011		<u>9,116</u>	
Fund balance - September 30, 2012		<u>\$ 75,681</u>	

**CITY OF TYLER, TEXAS**  
**TIF/TIRZ #2 FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 200	\$ -	\$ (200)
Total revenues	<u>200</u>	<u>-</u>	<u>(200)</u>
<b>EXPENDITURES</b>			
Supplies and services	<u>4,047</u>	<u>4,044</u>	<u>3</u>
Total expenditures	<u>4,047</u>	<u>4,044</u>	<u>3</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (3,847)</u>	<u>(4,044)</u>	<u>\$ 197</u>
Fund balance - October 1, 2011		<u>4,044</u>	
Fund balance - September 30, 2012		<u>\$ -</u>	

**CITY OF TYLER, TEXAS  
TIF/TIRZ #3 FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes	\$ 1,240	\$ 4,256	\$ 3,016
Revenues from use of money and property	20	24	4
Total revenues	<u>1,260</u>	<u>4,280</u>	<u>3,020</u>
<b>EXPENDITURES</b>			
Special Services	<u>3,368</u>	<u>3,368</u>	<u>-</u>
Total expenditures	<u>3,368</u>	<u>3,368</u>	<u>-</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (2,108)</u>	912	<u>\$ 3,020</u>
Fund balance - October 1, 2011		<u>2,291</u>	
Fund balance - September 30, 2012		<u>\$ 3,203</u>	

**CITY OF TYLER, TEXAS**  
**GENERAL DEBT SERVICES FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING (USES)</b>			
Transfers out	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Total other financing (uses)	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Excess of revenues over (under) expenditures and other financing uses - GAAP basis	<u><u>\$ -</u></u>	<u>(2)</u>	<u><u>\$ (2)</u></u>
Fund balance - October 1, 2011		<u>2</u>	
Fund balance - September 30, 2012		<u><u>\$ -</u></u>	

**CITY OF TYLER, TEXAS  
CAPITAL PROJECTS FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenue from use of money and property	\$ 3,000	\$ 11,512	\$ 8,512
Miscellaneous	72,000	180,104	108,104
Total revenues	<u>75,000</u>	<u>191,616</u>	<u>116,616</u>
<b>EXPENDITURES</b>			
General government services	229,461	35,952	193,509
Capital Outlay	980,817	1,658,014	(677,197)
Debt Service:			
Principal	-	77,816	(77,816)
Interest and fiscal charges	-	12,965	(12,965)
Total expenditures	<u>1,210,278</u>	<u>1,784,747</u>	<u>(574,469)</u>
Deficiency of revenues under expenditures	<u>(1,135,278)</u>	<u>(1,593,131)</u>	<u>(457,853)</u>
<b>OTHER FINANCING SOURCES</b>			
Capital lease proceeds	-	1,029,095	1,029,095
Transfers in	550,000	550,000	-
Transfers out	-	-	-
Total other financing sources	<u>550,000</u>	<u>1,579,095</u>	<u>1,029,095</u>
Excess of revenues and other financing sources over (under) expenditures - GAAP basis	<u>\$ (585,278)</u>	<u>(14,036)</u>	<u>\$ 571,242</u>
Fund balance - October 1, 2011		<u>2,277,629</u>	
Fund balance - September 30, 2012		<u>\$ 2,263,593</u>	

**CITY OF TYLER, TEXAS  
CEMETERIES FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Trust Fund:			
Revenues from use of money and property	\$ 12,500	\$ 13,197	\$ 697
Mausoleum and lot sales	33,500	83,072	49,572
Operations:			
Revenues from use of money and property	3,000	709	(2,291)
Licenses and permits	2,500	5,490	2,990
Mausoleum and lot sales	34,000	56,112	22,112
Total revenues	85,500	158,580	73,080
<b>EXPENDITURES</b>			
Operations:			
Salaries and benefits	173,287	166,664	6,623
Supplies and services	33,570	26,677	6,893
Utilities	28,100	41,522	(13,422)
Maintenance	27,563	16,825	10,738
Capital outlay	6,000	6,000	-
Total expenditures	268,520	257,688	10,832
Deficiency of revenues under expenditures	(183,020)	(99,108)	83,912
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	226,822	226,822	-
Total other financing sources (uses)	226,822	226,822	-
Excess of revenues over (under) expenditures - GAAP basis	\$ 43,802	127,714	\$ 83,912
Fund balance - October 1, 2011		2,527,987	
Fund balance - September 30, 2012		\$ 2,655,701	

## INTERNAL SERVICE FUNDS

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

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

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

The ***Property and Liability Insurance Fund*** accounts for the City's property, casualty, liability, disability and worker's compensation insurance programs.

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

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

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

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

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
<b>ASSETS</b>								
Current assets:								
Equity in pooled cash and investments	\$ 925,142	\$ 6,487,707	\$ 914,973	\$ 2,264,014	\$ 991,396	\$ 787,433	\$ 605,012	\$ 12,975,677
Prepaid expenses	646	-	560	42,351	60,303	-	-	103,860
Accounts receivable (net)	294	24,710	23,905	244,629	275	206	175	294,194
Inventories - at average cost	-	199,816	-	-	-	-	-	199,816
Total current assets	<u>926,082</u>	<u>6,712,233</u>	<u>939,438</u>	<u>2,550,994</u>	<u>1,051,974</u>	<u>787,639</u>	<u>605,187</u>	<u>13,573,547</u>
Noncurrent assets:								
Other post employment benefits asset	3,559	16,057	3,434	2,184	-	3,029	17,385	45,648
Capital assets:								
Land	-	65,000	-	-	-	-	-	65,000
Buildings	-	370,967	-	-	-	752,739	3,267	1,126,973
Improvements other than buildings	-	328,783	-	-	-	286,302	-	615,085
Machinery and equipment	-	21,287,254	-	-	-	15,450	7,340,425	28,643,129
Construction in progress	-	-	-	-	-	95,506	-	95,506
Less accumulated depreciation	-	(14,119,803)	-	-	-	(280,779)	(4,417,400)	(18,817,982)
Total Capital assets (net of accumulated depreciation)	<u>-</u>	<u>7,932,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>869,218</u>	<u>2,926,292</u>	<u>11,727,711</u>
Total assets	<u>929,641</u>	<u>14,660,491</u>	<u>942,872</u>	<u>2,553,178</u>	<u>1,051,974</u>	<u>1,659,886</u>	<u>3,548,864</u>	<u>25,346,906</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts and contracts payable	14,900	134,645	27,287	22,582	5,081	22,478	278,359	505,332
Insurance claims payable	-	-	187,666	400,580	98,106	-	-	686,352
Accrued interest payable	-	7,775	-	-	-	-	46,945	54,720
Current portion of compensated absences payable	340	2,349	113	-	-	836	3,736	7,374
Current portion of capital lease	-	498,952	-	-	-	-	490,518	989,470
Total current liabilities	<u>15,240</u>	<u>643,721</u>	<u>215,066</u>	<u>423,162</u>	<u>103,187</u>	<u>23,314</u>	<u>819,558</u>	<u>2,243,248</u>
Noncurrent liabilities:								
Compensated absences payable	5,323	36,803	1,773	-	-	13,097	58,538	115,534
Net pension obligation	28,511	86,251	20,583	5,595	-	13,225	103,993	258,158
Capital lease payable	-	-	-	-	-	-	1,675,395	1,675,395
Total noncurrent liabilities	<u>33,834</u>	<u>123,054</u>	<u>22,356</u>	<u>5,595</u>	<u>-</u>	<u>26,322</u>	<u>1,837,926</u>	<u>2,049,087</u>
Total liabilities	<u>49,074</u>	<u>766,775</u>	<u>237,422</u>	<u>428,757</u>	<u>103,187</u>	<u>49,636</u>	<u>2,657,484</u>	<u>4,292,335</u>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	-	7,433,249	-	-	-	869,218	760,379	9,062,846
Unrestricted	<u>880,567</u>	<u>6,460,467</u>	<u>705,450</u>	<u>2,124,421</u>	<u>948,787</u>	<u>741,032</u>	<u>131,001</u>	<u>11,991,725</u>
Total net assets	<u>\$ 880,567</u>	<u>\$ 13,893,716</u>	<u>\$ 705,450</u>	<u>\$ 2,124,421</u>	<u>\$ 948,787</u>	<u>\$ 1,610,250</u>	<u>\$ 891,380</u>	<u>\$ 21,054,571</u>

**CITY OF TYLER, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
<b>OPERATING REVENUES</b>								
Charges for services	\$ 950,000	8,211,612	\$ 1,290,049	\$ 4,221	\$ -	\$ 354,172	\$ 3,620,636	\$ 14,430,690
Contributions	-	-	-	6,664,942	2,766,374	-	-	9,431,316
Miscellaneous	-	67,243	-	-	154,037	37,496	12,753	271,529
Total operating revenues	950,000	8,278,855	1,290,049	6,669,163	2,920,411	391,668	3,633,389	24,133,535
<b>OPERATING EXPENSES</b>								
Garage operations	-	5,191,562	-	-	-	-	-	5,191,562
Depreciation	-	2,150,540	-	-	-	54,844	1,066,278	3,271,662
Insurance claims	-	-	988,407	6,222,917	1,922,354	-	-	9,133,678
Administrative	255,153	-	124,595	513,313	1,613,240	308,260	2,562,025	5,376,586
Special services	466,068	-	-	49,199	9,009	-	-	524,276
Maintenance	-	-	-	-	-	160,647	-	160,647
Total operating expenses	721,221	7,342,102	1,113,002	6,785,429	3,544,603	523,751	3,628,303	23,658,411
Operating income (loss)	228,779	936,753	177,047	(116,266)	(624,192)	(132,083)	5,086	475,124
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Revenues from use of money and property	7,066	39,354	3,777	11,064	12,112	4,980	14,677	93,030
Gain (loss) on sale of assets	-	547,258	-	-	-	4,586	(1,378)	550,466
Interest expense	-	-	-	-	-	-	(93,044)	(93,044)
Total non-operating revenues (expenses)	7,066	586,612	3,777	11,064	12,112	9,566	(79,745)	550,452
Income (loss) before transfers	235,845	1,523,365	180,824	(105,202)	(612,080)	(122,517)	(74,659)	1,025,576
Capital contributions	-	134,371	-	-	-	-	-	134,371
Transfers in	-	-	-	-	-	341,600	-	341,600
Transfers out	-	(17,000)	-	-	-	-	-	(17,000)
Change in net assets	235,845	1,640,736	180,824	(105,202)	(612,080)	219,083	(74,659)	1,484,547
Total Net Assets - October 1, 2011	644,722	12,252,980	524,626	2,229,623	1,560,867	1,391,167	966,039	19,570,024
Total Net Assets - September 30, 2012	\$ 880,567	\$ 13,893,716	\$ 705,450	\$ 2,124,421	\$ 948,787	\$ 1,610,250	\$ 891,380	\$ 21,054,571

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL (EXHIBIT 9)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from customers and users	\$ 950,359	\$ 8,273,304	\$ 1,286,892	\$ 6,641,016	\$ 2,980,770	\$ 391,902	\$ 3,657,829	\$ 24,182,072
Cash paid to suppliers for goods and services	(437,504)	(4,353,549)	9,839	(652,714)	(1,753,813)	(429,755)	(1,441,361)	(9,058,857)
Cash paid to employees for services	(268,078)	(821,433)	(123,025)	(462)	-	(114,590)	(962,113)	(2,289,701)
Insurance claims paid	-	-	(1,081,562)	(6,460,482)	(1,824,248)	-	-	(9,366,292)
Net cash provided by (used in) operating activities	244,777	3,098,322	92,144	(472,642)	(597,291)	(152,443)	1,254,355	3,467,222
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>								
Transfers in from other funds	-	-	-	-	-	341,600	-	341,600
Transfers out to other funds	-	(17,000)	-	-	-	-	-	(17,000)
Net cash provided by (used in) non-capital financing activities	-	(17,000)	-	-	-	341,600	-	324,600
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition, construction, and retirement of capital assets	-	(3,027,094)	-	-	-	(108,766)	(367,394)	(3,503,254)
Proceeds from grants for capital purposes	-	100,000	-	-	-	-	-	100,000
Interest paid	-	-	-	-	-	-	(93,044)	(93,044)
Payment of capital lease obligations	-	(480,965)	-	-	-	-	(566,154)	(1,047,119)
Proceeds from sale of assets	-	645,429	-	-	-	4,586	-	650,015
Net cash provided by (used in) capital and related financing activities	-	(2,762,630)	-	-	-	(104,180)	(1,026,592)	(3,893,402)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest and dividends on investments	7,066	39,354	3,777	11,064	12,112	4,980	14,677	93,030
Net cash provided by investing activities	7,066	39,354	3,777	11,064	12,112	4,980	14,677	93,030
Net increase (decrease) in cash and cash equivalents	251,843	358,046	95,921	(461,578)	(585,179)	89,957	242,440	(8,550)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	673,299	6,129,661	819,052	2,725,592	1,576,575	697,476	362,572	12,984,227
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 925,142	\$ 6,487,707	\$ 914,973	\$ 2,264,014	\$ 991,396	\$ 787,433	\$ 605,012	\$ 12,975,677

(continued)

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL (EXHIBIT 9)
Operating income (loss)	\$ 228,779	\$ 936,753	\$ 177,047	\$ (116,266)	\$ (624,192)	\$ (132,083)	\$ 5,086	\$ 475,124
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	-	2,150,540	-	-	-	54,844	1,066,278	3,271,662
(Increase) decrease in accounts receivable	359	6,158	(3,157)	(28,147)	60,359	234	24,440	60,246
(Increase) decrease in prepaid expenses	823	-	(25)	(829)	3,814	-	-	3,783
(Increase) decrease in inventories	-	(11,709)	-	-	-	-	-	(11,709)
(Increase) decrease in other post employment benefits asset	4,185	10,990	1,911	-	-	1,679	14,758	33,523
Increase (decrease) in accounts payable	1,890	2,094	7,277	(89,835)	(135,378)	(81,657)	110,489	(185,120)
Increase (decrease) in claims payable	-	-	(93,155)	(237,565)	98,106	-	-	(232,614)
Increase (decrease) in accrued interest payable	-	(7,495)	-	-	-	-	(4,532)	(12,027)
Increase (decrease) in compensated absences payable	3,907	(1,703)	39	-	-	2,601	20,789	25,633
Increase (decrease) in net pension obligation	4,834	12,694	2,207	-	-	1,939	17,047	38,721
Total adjustments	<u>15,998</u>	<u>2,161,569</u>	<u>(84,903)</u>	<u>(356,376)</u>	<u>26,901</u>	<u>(20,360)</u>	<u>1,249,269</u>	<u>2,992,098</u>
Net cash provided by (used in) operating activities	<u>\$ 244,777</u>	<u>\$ 3,098,322</u>	<u>\$ 92,144</u>	<u>\$ (472,642)</u>	<u>\$ (597,291)</u>	<u>\$ (152,443)</u>	<u>\$ 1,254,355</u>	<u>\$ 3,467,222</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>								
Borrowing under capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,957	\$ 477,957
Contributions of capital assets	-	34,371	-	-	-	-	-	34,371
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ 34,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477,957</u>	<u>\$ 512,328</u>

**CITY OF TYLER, TEXAS  
PRODUCTIVITY IMPROVEMENT FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 5,000	\$ 7,066	\$ 2,066
Intergovernmental revenue	950,000	950,000	-
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u>\$ 955,000</u>	<u>\$ 957,066</u>	<u>\$ 2,066</u>
<b>EXPENSES</b>			
Salaries and benefits	\$ 253,378	\$ 255,153	\$ (1,775)
Special services	769,661	466,068	303,593
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u>\$ 1,023,039</u>	<u>\$ 721,221</u>	<u>\$ 301,818</u>

**CITY OF TYLER, TEXAS**  
**FLEET MAINTENANCE AND REPLACEMENT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 35,000	\$ 39,354	\$ 4,354
Current service charges	8,659,875	8,273,715	(386,160)
Miscellaneous	1,000	5,140	4,140
Capital contributions	100,000	134,371	34,371
Sale of assets	206,000	645,429	439,429
<b>TOTAL REVENUES - BUDGET BASIS</b>	<b>\$ 9,001,875</b>	<b>9,098,009</b>	<b>\$ 96,134</b>
Financial statement adjustments:			
Retirement of assets sold		(98,171)	
<b>TOTAL REVENUES - GAAP BASIS</b>		<b>\$ 8,999,838</b>	
<b>EXPENSES</b>			
Garage administration and operations:			
Salaries and benefits	\$ 845,137	\$ 799,452	\$ 45,685
Supplies and services	4,906,686	4,284,310	622,376
Utilities	275	533	(258)
Maintenance	157,975	107,267	50,708
Capital outlay	3,629,930	3,547,291	82,639
Total garage administration	9,540,003	8,738,853	801,150
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b>\$ 9,540,003</b>	<b>8,738,853</b>	<b>\$ 801,150</b>
Financial statement adjustments:			
Transfer out		17,000	
Capital outlay items not expensed		(3,547,291)	
Depreciation expense		2,150,540	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b>\$ 7,359,102</b>	

**CITY OF TYLER, TEXAS**  
**PROPERTY AND LIABILITY INSURANCE FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 9,000	\$ 3,777	\$ (5,223)
Intergovernmental revenue	1,279,792	1,290,049	10,257
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u>\$ 1,288,792</u>	<u>\$ 1,293,826</u>	<u>\$ 5,034</u>
<b>EXPENSES</b>			
Claims and premiums	\$ 1,331,794	\$ 988,407	\$ 343,387
Administrative	145,471	124,595	20,876
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u>\$ 1,477,265</u>	<u>\$ 1,113,002</u>	<u>\$ 364,263</u>

**CITY OF TYLER, TEXAS  
EMPLOYEE BENEFITS FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 20,000	\$ 11,064	\$ (8,936)
Charges for services	4,221	4,221	-
Contributions from City of Tyler	5,019,180	4,983,808	(35,372)
Contributions from employees	1,993,081	1,681,134	(311,947)
Total revenues	<u>7,036,482</u>	<u>6,680,227</u>	<u>(356,255)</u>
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u>\$ 7,036,482</u>	<u>\$ 6,680,227</u>	<u>\$ (356,255)</u>
<b>EXPENSES</b>			
Employee insurance fund administration:			
Special services	\$ 73,000	\$ 49,199	\$ 23,801
Claims	6,981,684	6,026,558	955,126
Administrative fees	577,138	513,313	63,825
Life insurance	181,200	196,359	(15,159)
Total employee insurance fund administration	<u>7,813,022</u>	<u>6,785,429</u>	<u>1,027,593</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<u>\$ 7,813,022</u>	6,785,429	<u>\$ 1,027,593</u>
<b>TOTAL EXPENSES - GAAP BASIS</b>		<u>\$ 6,785,429</u>	

**CITY OF TYLER, TEXAS  
RETIREE BENEFITS FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 15,400	\$ 12,112	\$ (3,288)
Contributions from City of Tyler	2,032,159	2,032,159	-
Contributions from employees	900,619	734,215	(166,404)
Miscellaneous	147,050	154,037	6,987
<b>Total revenues</b>	<u>3,095,228</u>	<u>2,932,523</u>	<u>(162,705)</u>
<b>TOTAL REVENUES - BUDGET BASIS</b>	<u>\$ 3,095,228</u>	2,932,523	<u>\$ (162,705)</u>
<b>TOTAL REVENUES - GAAP BASIS</b>		<u>\$ 2,932,523</u>	
<b>EXPENSES</b>			
Employee insurance fund administration:			
Special services	\$ 11,400	\$ 9,009	\$ 2,391
Claims	1,435,770	1,873,987	(438,217)
Administrative fees	2,030,150	1,613,240	416,910
Life insurance	55,055	48,367	6,688
<b>Total employee insurance fund administration</b>	<u>3,532,375</u>	<u>3,544,603</u>	<u>(12,228)</u>
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u>\$ 3,532,375</u>	<u>\$ 3,544,603</u>	<u>\$ (12,228)</u>

**CITY OF TYLER, TEXAS**  
**PROPERTY AND FACILITY MANAGEMENT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 12,900	\$ 4,980	\$ (7,920)
Charges for services	350,526	354,172	3,646
Grants	-	37,496	37,496
Sale of assets	16,000	4,585	(11,415)
Total revenues	379,426	401,233	21,807
<b>TOTAL REVENUES - BUDGET BASIS</b>	<b>\$ 379,426</b>	<b>401,233</b>	<b>\$ 21,807</b>
Financial statement adjustments:			
Transfer in		341,600	
<b>TOTAL REVENUES - GAAP BASIS</b>		<b>\$ 742,833</b>	
<b>EXPENSES</b>			
Property and facility administration:			
Salaries and benefits	\$ 91,229	\$ 108,371	\$ (17,142)
Supplies and services	140,335	75,075	65,260
Utilities	-	94,649	(94,649)
Maintenance	239,875	190,812	49,063
Capital Outlay	102,995	22,100	80,895
Total property and facility administration	574,434	491,007	83,427
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b>\$ 574,434</b>	<b>491,007</b>	<b>\$ 83,427</b>
Financial statement adjustments:			
Capital outlay items not expensed		(22,100)	
Depreciation expense		54,844	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b>\$ 523,751</b>	

**CITY OF TYLER, TEXAS  
TECHNOLOGY FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 32,820	\$ 14,677	\$ (18,143)
Charges for services	3,620,563	3,620,636	73
Miscellaneous	-	12,753	12,753
<b>TOTAL REVENUES - BUDGET BASIS</b>	<b><u>\$ 3,653,383</u></b>	<b>3,648,066</b>	<b><u>\$ (5,317)</u></b>
Financial statement adjustments:			
Retirement of assets sold		<u>(1,378)</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>		<b><u>\$ 3,646,688</u></b>	
<b>EXPENSES</b>			
Office technology fund administration:			
Salaries and benefits	\$ 894,022	\$ 909,519	\$ (15,497)
Supplies and services	51,341	119,792	(68,451)
Utilities	300	550	(250)
Maintenance	7,494	7,836	(342)
Total office technology fund administration	<u>953,157</u>	<u>1,037,697</u>	<u>(84,540)</u>
Office technology services:			
Supplies and services	1,117,893	489,895	627,998
Utilities	294,530	192,470	102,060
Maintenance	1,358,836	841,963	516,873
Total office technology services	<u>2,771,259</u>	<u>1,524,328</u>	<u>1,246,931</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b><u>\$ 3,724,416</u></b>	<b>2,562,025</b>	<b><u>\$ 1,162,391</u></b>
Financial statement adjustments:			
Interest		93,044	
Depreciation		<u>1,066,278</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b><u>\$ 3,721,347</u></b>	

## **FIDUCIARY FUNDS**

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

### **Employee Benefit Trust Funds**

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

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

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

### **Private Purpose Trust Funds**

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

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

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	EMPLOYEE BENEFIT TRUST (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
<b>ASSETS</b>				
Equity in pooled cash	\$ 764,766	\$ 186,619	\$ 921,697	\$ 1,873,082
Investments, at fair value				
Equities	-	-	9,467,283	9,467,283
Mutual funds	-	4,806,994	40,348,143	45,155,137
Government securities	-	-	1,251,864	1,251,864
Total investments	-	4,806,994	51,067,290	55,874,284
Receivables				
Accounts receivable	6,277	-	-	6,277
Contributions receivable	-	-	142,046	142,046
Interest receivable	-	-	6,657	6,657
Total receivables	6,277	-	148,703	154,980
Total assets	771,043	4,993,613	52,137,690	57,902,346
<b>LIABILITIES</b>				
Accounts payable	595,214	-	-	595,214
Total liabilities	595,214	-	-	595,214
<b>NET ASSETS</b>				
Held in trust for OPEB benefits	-	4,993,613	-	4,993,613
Held in trust for pension benefits	-	-	52,137,690	52,137,690
Held in trust for other purposes	175,829	-	-	175,829
Total net assets	\$ 175,829	\$ 4,993,613	\$ 52,137,690	\$ 57,307,132

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	EMPLOYEE BENEFIT TRUST (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
<b>ADDITIONS</b>				
Contributions:				
Employees	\$ 154,758	\$ -	\$ 1,388,868	\$ 1,543,626
Employer	4,551	300,000	2,017,488	2,322,039
Total contributions	<u>159,309</u>	<u>300,000</u>	<u>3,406,356</u>	<u>3,865,665</u>
Investment income				
Interest and dividend income	-	-	1,248,482	1,248,482
Net appreciation in fair value of investments	-	789,338	7,873,101	8,662,439
Less investment expense	-	(23,813)	(179,073)	(202,886)
Total investment income	<u>-</u>	<u>765,525</u>	<u>8,942,510</u>	<u>9,708,035</u>
Other income	-	-	6,396	6,396
Total additions	<u>159,309</u>	<u>1,065,525</u>	<u>12,355,262</u>	<u>13,580,096</u>
<b>DEDUCTIONS</b>				
Benefits	<u>178,920</u>	<u>-</u>	<u>3,385,947</u>	<u>3,564,867</u>
Total deductions	<u>178,920</u>	<u>-</u>	<u>3,385,947</u>	<u>3,564,867</u>
Change in net assets	(19,611)	1,065,525	8,969,315	10,015,229
Net Assets - October 1, 2011	195,440	3,928,088	-	4,123,528
Prior period adjustment	-	-	43,168,375	43,168,375
Net Assets - September 30, 2012	<u>\$ 175,829</u>	<u>\$ 4,993,613</u>	<u>\$ 52,137,690</u>	<u>\$ 57,307,132</u>

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
<b>ASSETS</b>			
Equity in pooled cash	\$ 2,332,101	\$ -	\$ 2,332,101
Investments, at fair value			
Equities	-	61,678	61,678
Total investments	-	61,678	61,678
Receivables			
Interest receivable	594	-	594
Total receivables	594	-	594
Total assets	2,332,695	61,678	2,394,373
<b>LIABILITIES</b>			
Total liabilities	-	-	-
<b>NET ASSETS</b>			
Held in trust for other purposes	\$ 2,332,695	\$ 61,678	\$ 2,394,373

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
<b>ADDITIONS</b>			
Contributions	\$ 36,000	\$ -	\$ 36,000
Investment income			
Interest and dividend income	11,827	1,580	13,407
Net appreciation in fair value of investments	-	7,064	7,064
Less investment expense	-	(1,000)	(1,000)
Total investment income	<u>11,827</u>	<u>7,644</u>	<u>19,471</u>
Total additions	<u>47,827</u>	<u>7,644</u>	<u>55,471</u>
<b>DEDUCTIONS</b>			
Benefits	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	47,827	7,644	55,471
Net Assets - October 1, 2011	<u>2,284,868</u>	<u>54,034</u>	<u>2,338,902</u>
Net Assets - September 30, 2012	<u>\$ 2,332,695</u>	<u>\$ 61,678</u>	<u>\$ 2,394,373</u>

## **DETAILED BUDGETARY COMPARISONS**

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

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>PROPERTY TAX COLLECTIONS</b>			
Current taxes	\$ 13,789,788	\$ 13,799,858	\$ 10,070
Delinquent taxes	150,000	226,757	76,757
Penalty and interest	150,000	132,435	(17,565)
Tax collection fee	50,900	49,802	(1,098)
<b>Total property tax collections</b>	<b>14,140,688</b>	<b>14,208,852</b>	<b>68,164</b>
<b>FRANCHISE FEES</b>			
Franchise - light and power	4,368,250	4,463,031	94,781
Franchise - natural gas	922,740	715,577	(207,163)
Franchise - telephone	907,110	898,471	(8,639)
Franchise - cable television	1,129,180	1,284,082	154,902
Franchise - street use fee	513,539	522,435	8,896
Franchise - water and sewer	1,541,837	1,744,194	202,357
<b>Total franchise fees</b>	<b>9,382,656</b>	<b>9,627,790</b>	<b>245,134</b>
<b>SALES AND USE TAXES</b>			
General sales tax	23,587,614	23,392,401	(195,213)
Mixed drink tax	301,000	272,769	(28,231)
Bingo tax	32,900	57,946	25,046
<b>Total sales and use taxes</b>	<b>23,921,514</b>	<b>23,723,116</b>	<b>(198,398)</b>
<b>LICENSES AND PERMITS</b>			
Parking meter	98,870	95,913	(2,957)
Wrecker	400	170	(230)
Taxicab and limousine	300	1,360	1,060
Burglar alarm	140,000	139,453	(547)
Building	450,000	399,223	(50,777)
Electrical	130,000	112,144	(17,856)
Plumbing	90,000	77,199	(12,801)
Zoning	62,710	37,721	(24,989)
Mechanical	60,000	52,836	(7,164)
Cert. of occupancy	17,000	17,150	150
Sign	16,000	16,215	215
Contractor license	39,000	31,095	(7,905)
House moving	500	470	(30)
Permit fee - clearing	500	500	-
<b>Total licenses and permits</b>	<b>1,105,280</b>	<b>981,449</b>	<b>(123,831)</b>
<b>FINES, FORFEITURES AND PENALTIES</b>			
Moving violation fines	3,613,898	3,486,418	(127,480)
Tax service fees on fines	220,000	274,082	54,082
Arrest fee fines	176,800	168,008	(8,792)
Municipal court administrative fees	216,900	174,637	(42,263)
Warrant fees	719,200	754,623	35,423
Child safety fees	185,600	188,597	2,997
Municipal court security	-	(21)	(21)
Miscellaneous municipal court fines	20,000	20,321	321
Special court fees	719,900	846,070	126,170
Collection firm fee	90,000	303,387	213,387
Court fee - clearing	12,000	11,109	(891)
Partners for youth program	-	(4)	(4)
Parking fees	280,000	127,838	(152,162)
Omnibase program	55,000	54,589	(411)
<b>Total fines, forfeitures and penalties</b>	<b>6,309,298</b>	<b>6,409,654</b>	<b>100,356</b>

(Continued)

CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES FROM USE OF MONEY OR PROPERTY</b>			
Rent - miscellaneous	\$ 933,220	\$ 757,663	\$ (175,557)
Distributed interest	47,543	54,693	7,150
Total revenues from use of money or property	980,763	812,356	(168,407)
<b>CHARGES FOR CURRENT SERVICES</b>			
Swimming pool admissions	1,000	175	(825)
Fire inspection fees	23,400	21,421	(1,979)
False alarm fees	435	675	240
Lot mowing	50,000	32,635	(17,365)
Glass membership fees	51,500	46,035	(5,465)
Copying fees	18,100	16,380	(1,720)
Open records	70,000	33,805	(36,195)
Participant fees	147,000	172,235	25,235
Field rental	3,000	15,725	12,725
Sports field maintenance	27,000	22,980	(4,020)
Recreation classes and events	45,000	37,592	(7,408)
Reimbursement of overhead from tourism and convention fund	41,840	41,840	-
Half cent administration costs	50,633	50,633	-
Reimbursement of overhead from water and sewer operating fund	966,533	966,533	-
Reimbursement of overhead from sanitation fund	192,000	192,000	-
Maps, plans and specs fee	250	209	(41)
Platting	38,830	29,298	(9,532)
HOT membership	40,000	40,000	-
Main street festivals	65,000	90,411	25,411
Liberty hall tickets sales	64,800	79,942	15,142
Tourism from fund 211	1,200,000	-	(1,200,000)
Library	49,400	50,306	906
Total charges for current services	3,145,721	1,940,830	(1,204,891)
<b>REVENUES FROM OTHER AGENCIES</b>			
State government	10,000	15,559	5,559
County hazardous material service	5,000	5,000	-
Prior year restitution income	200	656	456
DEA Project reimbursement	54,000	64,107	10,107
Auto theft task force grant	89,300	98,227	8,927
Bullet proof vest grant	13,000	16,010	3,010
Safe and Sober grant	65,000	49,447	(15,553)
Click it or ticket grant	4,995	7,427	2,432
School crossing guards	217,527	223,268	5,741
US Marshal grant	-	8,225	8,225
Historic commission grant	-	2,000	2,000
Income from restitution	600	1,553	953
COPS 2010	263,470	266,665	3,195
Fire TCLEOSE allocation	-	981	981
JAG 2011-2012 grant	42,150	42,150	-
Miscellaneous grant revenue	33,395	33,395	-
Total revenues from other agencies	798,637	834,670	36,033

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>MISCELLANEOUS</b>			
Oil and lease royalties	\$ 50,000	\$ 127,143	\$ 77,143
Miscellaneous charges	188,600	190,411	1,811
Unclaimed property revenue	27,000	28,641	1,641
Returned check fees	2,400	1,941	(459)
Funeral escorts	20,000	20,600	600
Contractor testing fees	50,000	32,083	(17,917)
Merchandise sales	10,000	16,670	6,670
Sale of equipment	59,000	16,671	(42,329)
Junked vehicle	600	939	339
Total miscellaneous	<u>407,600</u>	<u>435,099</u>	<u>27,499</u>
Total revenues before other financing sources	<u>60,192,157</u>	<u>58,973,816</u>	<u>(1,218,341)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer from debt service	-	20,759	20,759
Transfer from special revenue	-	1,200,000	1,200,000
Transfer from enterprise	150,000	150,000	-
Total other financing sources	<u>150,000</u>	<u>1,370,759</u>	<u>1,220,759</u>
<b>TOTAL REVENUES</b>	<u>\$ 60,342,157</u>	<u>\$ 60,344,575</u>	<u>\$ 2,418</u>

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>GENERAL GOVERNMENT</b>			
<b>GENERAL GOVERNMENT SERVICES:</b>			
Salaries and benefits	\$ 1,837,669	\$ 1,775,771	\$ 61,898
Supplies and services	2,578,756	2,398,041	180,715
Utilities	162,950	169,092	(6,142)
Maintenance	56,343	52,260	4,083
<b>Total general government services</b>	<b>4,635,718</b>	<b>4,395,164</b>	<b>240,554</b>
<b>COMMUNICATIONS:</b>			
Salaries and benefits	162,738	184,931	(22,193)
Supplies and services	75,547	75,355	192
Utilities	360	144	216
<b>Total communications</b>	<b>238,645</b>	<b>260,430</b>	<b>(21,785)</b>
<b>FINANCE:</b>			
Salaries and benefits	567,958	453,584	114,374
Supplies and services	477,249	495,655	(18,406)
Utilities	360	509	(149)
<b>Total finance</b>	<b>1,045,567</b>	<b>949,748</b>	<b>95,819</b>
<b>HUMAN RESOURCES:</b>			
Salaries and benefits	339,288	321,732	17,556
Supplies and services	51,116	50,341	775
<b>Total human resources</b>	<b>390,404</b>	<b>372,073</b>	<b>18,331</b>
<b>LEGAL:</b>			
Salaries and benefits	646,075	677,109	(31,034)
Supplies and services	155,622	147,908	7,714
Utilities	160	365	(205)
Maintenance	725	783	(58)
<b>Total legal</b>	<b>802,582</b>	<b>826,165</b>	<b>(23,583)</b>
<b>Total general government</b>	<b>7,112,916</b>	<b>6,803,580</b>	<b>309,336</b>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>PUBLIC SAFETY</b>			
<b>POLICE:</b>			
Salaries and benefits	\$ 19,966,829	\$ 19,695,971	\$ 270,858
Supplies and services	1,816,021	1,782,834	33,187
Utilities	178,038	151,586	26,452
Maintenance	857,210	908,563	(51,353)
<b>Total police</b>	<b>22,818,098</b>	<b>22,538,954</b>	<b>279,144</b>
<b>FIRE:</b>			
Salaries and benefits	13,598,685	13,622,585	(23,900)
Supplies and services	844,732	818,691	26,041
Utilities	142,625	149,905	(7,280)
Maintenance	304,390	267,340	37,050
<b>Total fire</b>	<b>14,890,432</b>	<b>14,858,521</b>	<b>31,911</b>
<b>MUNICIPAL COURT:</b>			
Salaries and benefits	756,477	719,776	36,701
Supplies and services	670,586	921,672	(251,086)
Utilities	12,900	12,040	860
Maintenance	38,768	38,310	458
<b>Total municipal court</b>	<b>1,478,731</b>	<b>1,691,798</b>	<b>(213,067)</b>
<b>Total public safety</b>	<b>39,187,261</b>	<b>39,089,273</b>	<b>97,988</b>
<b>PUBLIC SERVICES</b>			
<b>PLANNING:</b>			
Salaries and benefits	336,134	253,935	82,199
Supplies and services	103,389	72,429	30,960
Utilities	250	174	76
Maintenance	3,865	3,286	579
<b>Total planning</b>	<b>443,638</b>	<b>329,824</b>	<b>113,814</b>
<b>DEVELOPMENT SERVICES:</b>			
Salaries and benefits	779,702	673,669	106,033
Supplies and services	109,211	95,084	14,127
Utilities	-	293	(293)
Maintenance	18,886	20,634	(1,748)
<b>Total development services</b>	<b>907,799</b>	<b>789,680</b>	<b>118,119</b>
<b>Total public services</b>	<b>1,351,437</b>	<b>1,119,504</b>	<b>231,933</b>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>HIGHWAYS AND STREETS</b>			
<b>ENGINEERING:</b>			
Salaries and benefits	\$ 448,599	\$ 371,450	\$ 77,149
Supplies and services	75,362	59,268	16,094
Utilities	150	189	(39)
Maintenance	15,340	12,591	2,749
<b>Total engineering</b>	<b>539,451</b>	<b>443,498</b>	<b>95,953</b>
<b>STREET ADMINISTRATION:</b>			
Salaries and benefits	1,195,202	803,226	391,976
Supplies and services	307,392	441,930	(134,538)
Utilities	8,730	5,713	3,017
Maintenance	782,924	723,864	59,060
<b>Total street administration</b>	<b>2,294,248</b>	<b>1,974,733</b>	<b>319,515</b>
<b>TRAFFIC OPERATIONS:</b>			
Salaries and benefits	849,565	778,909	70,656
Supplies and services	120,975	111,804	9,171
Utilities	985,668	1,328,702	(343,034)
Maintenance	211,523	175,744	35,779
<b>Total traffic operations</b>	<b>2,167,731</b>	<b>2,395,159</b>	<b>(227,428)</b>
<b>Total highways and streets</b>	<b>5,001,430</b>	<b>4,813,390</b>	<b>188,040</b>
<b>CULTURE AND RECREATION</b>			
<b>LIBRARY:</b>			
Salaries and benefits	1,013,701	893,554	120,147
Supplies and services	178,363	198,134	(19,771)
Utilities	76,755	70,290	6,465
Maintenance	55,264	31,738	23,526
<b>Total library</b>	<b>1,324,083</b>	<b>1,193,716</b>	<b>130,367</b>
<b>PARKS ADMINISTRATION:</b>			
Salaries and benefits	787,456	670,720	116,736
Supplies and services	469,396	440,191	29,205
Utilities	650,276	765,915	(115,639)
Maintenance	584,814	534,766	50,048
<b>Total parks administration</b>	<b>2,491,942</b>	<b>2,411,592</b>	<b>80,350</b>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>CULTURE AND RECREATION (cont'd)</b>			
<b>INDOOR RECREATION:</b>			
Salaries and benefits	\$ 385,495	\$ 342,731	\$ 42,764
Supplies and services	102,030	84,757	17,273
Utilities	200	175	25
Maintenance	31,250	30,392	858
<b>Total indoor recreation</b>	<b>518,975</b>	<b>458,055</b>	<b>60,920</b>
<b>OUTDOOR RECREATION:</b>			
Salaries and benefits	138,340	142,597	(4,257)
Supplies and services	277,015	231,881	45,134
<b>Total outdoor recreation</b>	<b>415,355</b>	<b>374,478</b>	<b>40,877</b>
<b>MEDIAN MAINTENANCE AND ARBORIST:</b>			
Salaries and benefits	192,334	156,977	35,357
Supplies and services	142,435	191,123	(48,688)
Maintenance	39,835	40,601	(766)
<b>Total median maintenance and arborist</b>	<b>374,604</b>	<b>388,701</b>	<b>(14,097)</b>
<b>ROSE GARDEN CENTER:</b>			
Salaries and benefits	101,802	101,774	28
Supplies and services	20,225	13,850	6,375
Utilities	75,000	8,255	66,745
Maintenance	27,251	11,306	15,945
<b>Total rose garden center</b>	<b>224,278</b>	<b>135,185</b>	<b>89,093</b>
<b>ROSE GARDEN MAINTENANCE:</b>			
Salaries and benefits	290,603	257,904	32,699
Supplies and services	106,069	130,917	(24,848)
Utilities	42,650	114,510	(71,860)
Maintenance	67,531	68,712	(1,181)
<b>Total rose garden maintenance</b>	<b>506,853</b>	<b>572,043</b>	<b>(65,190)</b>
<b>VISITOR FACILITIES:</b>			
Salaries and benefits	374,510	315,255	59,255
Supplies and services	119,546	135,433	(15,887)
Utilities	142,375	102,031	40,344
Maintenance	68,463	64,944	3,519
<b>Total visitor facilities</b>	<b>704,894</b>	<b>617,663</b>	<b>87,231</b>
<b>TOURISM CONTINGENCY:</b>			
Salaries and benefits	63,794	55,848	7,946
Supplies and services	104,355	114,170	(9,815)
Utilities	18,300	15,893	2,407
Maintenance	5,500	1,140	4,360
<b>Total tourism contingency</b>	<b>191,949</b>	<b>187,051</b>	<b>4,898</b>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>CULTURE AND RECREATION (cont'd)</b>			
<b>MAIN STREET:</b>			
Salaries and benefits	\$ 117,071	\$ 115,220	\$ 1,851
Supplies and services	114,652	120,592	(5,940)
Utilities	8,000	7,276	724
<b>Total main street</b>	<u>239,723</u>	<u>243,088</u>	<u>(3,365)</u>
<b>Total culture and recreation</b>	<u>6,992,656</u>	<u>6,581,572</u>	<u>411,084</u>
<b>OTHER FINANCING USES</b>			
Transfer to transit system	446,864	446,864	-
Transfer to capital projects	550,000	550,000	-
Transfer to property and facility	141,600	141,600	-
Transfer to permanent	226,822	226,822	-
<b>Total other financing uses</b>	<u>1,365,286</u>	<u>1,365,286</u>	<u>-</u>
<b>CAPITAL OUTLAY</b>	<u>308,794</u>	<u>537,105</u>	<u>(228,311)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 61,319,780</u>	<u>\$ 60,309,710</u>	<u>\$ 1,010,070</u>

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF REVENUES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenues from use of money or property	\$ 122,827	\$ 207,469	\$ 84,642
Charges for current services	30,641,821	32,194,823	1,553,002
Miscellaneous income	<u>34,500</u>	<u>122,020</u>	<u>87,520</u>
<b>TOTAL REVENUES - BUDGET BASIS</b>	<u>\$ 30,799,148</u>	32,524,312	<u>\$ 1,725,164</u>
<b>TOTAL REVENUES GAAP BASIS</b>		<u>\$ 32,524,312</u>	

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>WATER ADMINISTRATION AND SUNDRY</b>			
Salaries and benefits	\$ 885,885	\$ 880,915	\$ 4,970
Supplies and services	9,964,836	4,237,875	5,726,961
Utilities	10,600	14,923	(4,323)
Maintenance	44,293	37,940	6,353
Total water administration and sundry	<u>10,905,614</u>	<u>5,171,653</u>	<u>5,733,961</u>
<b>WATER OFFICE</b>			
Salaries and benefits	741,066	752,887	(11,821)
Supplies and services	615,438	746,025	(130,587)
Utilities	336	132	204
Maintenance	45,552	44,278	1,274
Total water office	<u>1,402,392</u>	<u>1,543,322</u>	<u>(140,930)</u>
<b>WATER DISTRIBUTION</b>			
Salaries and benefits	1,091,472	1,054,102	37,370
Supplies and services	197,517	328,087	(130,570)
Utilities	18,940	19,208	(268)
Maintenance	438,007	396,752	41,255
Total water distribution	<u>1,745,936</u>	<u>1,798,149</u>	<u>(52,213)</u>
<b>WATER PLANT</b>			
Salaries and benefits	1,129,499	1,212,899	(83,400)
Supplies and services	1,387,473	1,222,649	164,824
Utilities	2,003,880	2,330,446	(326,566)
Maintenance	408,980	237,140	171,840
Total water plant	<u>4,929,832</u>	<u>5,003,134</u>	<u>(73,302)</u>
<b>WASTE COLLECTION</b>			
Salaries and benefits	742,103	727,503	14,600
Supplies and services	148,753	246,919	(98,166)
Utilities	175	48	127
Maintenance	566,892	556,139	10,753
Total waste collection	<u>1,457,923</u>	<u>1,530,609</u>	<u>(72,686)</u>

(Continued)

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>WASTE TREATMENT PLANT</b>			
Salaries and benefits	\$ 1,345,949	\$ 1,280,446	\$ 65,503
Supplies and services	1,956,906	1,787,586	169,320
Utilities	1,034,459	820,124	214,335
Maintenance	270,818	168,672	102,146
Total waste treatment plant	<u>4,608,132</u>	<u>4,056,828</u>	<u>551,304</u>
<b>LAKE TYLER</b>			
Salaries and benefits	426,386	434,056	(7,670)
Supplies and services	421,902	291,499	130,403
Utilities	14,610	15,286	(676)
Maintenance	401,563	113,056	288,507
Total Lake Tyler	<u>1,264,461</u>	<u>853,897</u>	<u>410,564</u>
<b>STORM WATER MANAGEMENT</b>			
Salaries and benefits	589,134	481,524	107,610
Supplies and services	108,089	131,439	(23,350)
Maintenance	448,743	395,783	52,960
Total Storm Water Management	<u>1,145,966</u>	<u>1,008,746</u>	<u>137,220</u>
<b>GEOGRAPHICAL INFORMATION SYSTEMS</b>			
Salaries and benefits	266,694	210,106	56,588
Supplies and services	156,791	155,447	1,344
Maintenance	-	2,902	(2,902)
Utilities	-	200	(200)
Total Geographical Information Systems	<u>423,485</u>	<u>368,655</u>	<u>54,830</u>
<b>CAPITAL OUTLAY</b>	<u>9,556,200</u>	<u>5,327,783</u>	<u>4,228,417</u>
<b>TOTAL EXPENSES BUDGET BASIS</b>	<u>\$ 37,439,941</u>	26,662,776	<u>\$ 10,777,165</u>
Financial statement adjustments:			
Capital outlay items not expensed		(5,327,783)	
Transfers out		120,757	
Interest		3,209,392	
Depreciation expense		<u>6,565,197</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<u>\$ 31,230,339</u>	

**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Franchise fees	\$ 608,711	\$ 567,753	\$ (40,958)
Revenue from use of money or property	41,670	55,989	14,319
Charges for current services	10,035,905	10,261,197	225,292
Miscellaneous revenues	<u>65,868</u>	<u>65,401</u>	<u>(467)</u>
<b>TOTAL REVENUES - BUDGET BASIS</b>	<b><u>\$ 10,752,154</u></b>	<b>10,950,340</b>	<b><u>\$ 198,186</u></b>
Financial statement adjustments:			
Transfers in		<u>517,000</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>		<b><u>\$ 11,467,340</u></b>	
<b>EXPENSES</b>			
Solid waste administration:			
Salaries and benefits	\$ 616,823	\$ 554,559	\$ 62,264
Supplies and services	834,548	822,254	12,294
Utilities	3,169	359	2,810
Maintenance	<u>9,825</u>	<u>5,515</u>	<u>4,310</u>
Total solid waste administration	<u>1,464,365</u>	<u>1,382,687</u>	<u>81,678</u>
Residential collections:			
Salaries and benefits	1,394,677	1,225,626	169,051
Supplies and services	2,189,808	2,210,878	(21,070)
Utilities	2,000	1,787	213
Maintenance	<u>1,751,348</u>	<u>1,978,053</u>	<u>(226,705)</u>
Total residential collections	<u>5,337,833</u>	<u>5,416,344</u>	<u>(78,511)</u>
Commercial collections:			
Salaries and benefits	734,914	659,347	75,567
Supplies and services	1,780,273	1,725,290	54,983
Utilities	3,000	3,321	(321)
Maintenance	<u>468,154</u>	<u>474,072</u>	<u>(5,918)</u>
Total commercial collections	<u>2,986,341</u>	<u>2,862,030</u>	<u>124,311</u>
Litter control:			
Supplies and services	170,300	141,095	29,205
Utilities	<u>500</u>	<u>1,136</u>	<u>(636)</u>
Total litter control	<u>170,800</u>	<u>142,231</u>	<u>28,569</u>

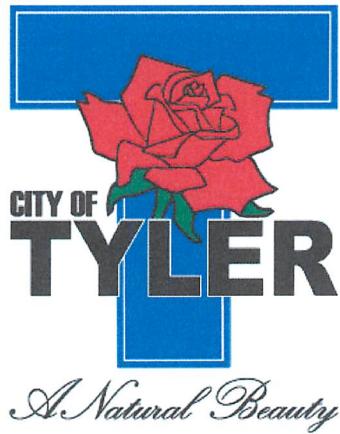
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**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Maintenance complex:			
Supplies and services	\$ 50,845	\$ 42,060	\$ 8,785
Utilities	85,038	61,805	23,233
Maintenance	<u>30,000</u>	<u>15,426</u>	<u>14,574</u>
Total maintenance complex	<u>165,883</u>	<u>119,291</u>	<u>46,592</u>
Code enforcement:			
Salaries and benefits	424,348	345,068	79,280
Supplies and services	104,079	75,490	28,589
Utilities	800	64	736
Maintenance	<u>50,660</u>	<u>53,653</u>	<u>(2,993)</u>
Total residential collections	<u>579,887</u>	<u>474,275</u>	<u>105,612</u>
Capital outlay	<u>360,400</u>	<u>210,654</u>	<u>149,746</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b><u>\$ 11,065,509</u></b>	<b>10,607,512</b>	<b><u>\$ 457,997</u></b>
Financial statement adjustments:			
Transfers out		50,000	
Capital outlay items not expensed		(210,654)	
Depreciation expense		<u>931,059</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b><u>\$ 11,377,917</u></b>	

**CITY OF TYLER, TEXAS  
AIRPORT FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Airport services	\$ 1,175,621	\$ 1,171,696	\$ (3,925)
Revenue from use of money or property	2,000	2,687	687
Capital contributions	103,100	5,449,727	5,346,627
Miscellaneous revenues	15,800	15,955	155
<b>Total Revenues</b>	<b>1,296,521</b>	<b>6,640,065</b>	<b>5,343,544</b>
Transfers in	192,000	332,909	140,909
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<b>\$ 1,488,521</b>	<b>\$ 6,972,974</b>	<b>\$ 5,484,453</b>
<b>EXPENSES</b>			
Municipal airport operations:			
Salaries and benefits	\$ 541,465	\$ 489,107	\$ 52,358
Supplies and services	839,374	429,619	409,755
Utilities	238,800	221,760	17,040
Maintenance	134,501	124,206	10,295
<b>Total municipal airport operations</b>	<b>1,754,140</b>	<b>1,264,692</b>	<b>489,448</b>
Capital Outlay	6,145,771	4,917,201	1,228,570
<b>TOTAL EXPENSES BUDGET BASIS</b>	<b>\$ 7,899,911</b>	<b>6,181,893</b>	<b>\$ 1,718,018</b>
Financial statement adjustments:			
Capital outlay items not expensed		(4,917,201)	
Depreciation expense		1,257,474	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b>\$ 2,522,166</b>	



**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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	120
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City’s most significant local revenue source, property taxes.	126
<b>Debt Capacity</b>	
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.	132
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	137
<b>Operating Information</b>	
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.	139

TABLE 1

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 213,663,400	\$ 211,924,238	\$ 208,396,601	\$ 207,182,671	\$ 210,591,077	\$ 227,755,201	\$ 239,906,695	\$ 239,107,580	\$ 239,531,725	\$ 235,722,589
Restricted	13,940,300	17,722,137	26,062,078	33,345,752	33,847,339	20,472,939	9,219,851	11,517,178	17,671,823	18,144,679
Unrestricted	13,824,023	18,090,555	20,124,780	23,641,384	24,690,983	25,250,120	22,863,133	19,492,047	15,660,827	23,997,766
<b>Total governmental activities net assets</b>	<u>\$ 241,427,723</u>	<u>\$ 247,736,930</u>	<u>\$ 254,583,459</u>	<u>\$ 264,169,807</u>	<u>\$ 269,129,399</u>	<u>\$ 273,478,260</u>	<u>\$ 271,989,679</u>	<u>\$ 270,116,805</u>	<u>\$ 272,864,375</u>	<u>\$ 277,865,034</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 113,796,393	\$ 126,955,956	\$ 130,848,615	\$ 132,481,137	\$ 136,990,101	\$ 145,115,746	\$ 146,154,811	\$ 133,928,119	\$ 139,645,933	\$ 146,342,227
Restricted	9,809,624	6,921,624	6,277,841	5,553,965	10,383,523	7,300,006	9,194,730	20,885,481	15,567,963	14,296,705
Unrestricted	36,385,067	26,619,426	26,279,373	27,994,475	20,912,997	12,746,703	10,186,615	10,328,726	13,559,374	14,488,578
<b>Total business-type activities net assets</b>	<u>\$ 159,991,084</u>	<u>\$ 160,497,006</u>	<u>\$ 163,405,829</u>	<u>\$ 166,029,577</u>	<u>\$ 168,286,621</u>	<u>\$ 165,162,455</u>	<u>\$ 165,536,156</u>	<u>\$ 165,142,326</u>	<u>\$ 168,773,270</u>	<u>\$ 175,127,510</u>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 327,459,793	\$ 338,880,194	\$ 339,245,216	\$ 339,663,808	\$ 347,581,178	\$ 372,870,947	\$ 386,061,506	\$ 373,035,699	\$ 379,177,658	\$ 382,064,816
Restricted	23,749,924	24,643,761	32,339,919	38,899,717	44,230,862	27,772,945	18,414,581	32,402,659	33,239,786	32,441,384
Unrestricted	50,209,090	44,709,981	46,404,153	51,635,859	45,603,980	37,996,823	33,049,748	29,820,773	29,220,201	38,486,344
<b>Total primary government net assets</b>	<u>\$ 401,418,807</u>	<u>\$ 408,233,936</u>	<u>\$ 417,989,288</u>	<u>\$ 430,199,384</u>	<u>\$ 437,416,020</u>	<u>\$ 438,640,715</u>	<u>\$ 437,525,835</u>	<u>\$ 435,259,131</u>	<u>\$ 441,637,645</u>	<u>\$ 452,992,544</u>

Source: Government-wide Statement of Net Assets

**TABLE 2**  
**Page 1 of 2**

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 7,810,926	\$ 7,178,812	\$ 7,457,535	\$ 5,573,690	\$ 6,426,203	\$ 7,454,087	\$ 10,320,209	\$ 7,809,290	\$ 9,389,003	\$ 7,699,118
Public safety	27,206,911	27,952,461	31,757,773	33,029,011	34,702,549	37,491,453	38,280,137	38,769,464	41,169,622	42,534,178
Highways and streets	14,857,558	11,450,585	6,097,617	11,006,417	17,047,887	6,548,649	6,319,359	16,527,248	15,033,649	16,221,560
Public services	9,530,408	14,644,612	18,796,772	16,343,022	13,951,231	25,829,353	27,916,561	14,695,196	14,814,548	13,961,677
Cultures and recreation	5,832,406	4,842,201	5,880,907	5,751,590	5,818,106	6,842,821	6,775,264	8,002,574	8,497,285	8,470,638
Interest on long term debt	506,102	335,321	295,946	252,779	260,027	161,066	85,952	102,507	117,564	106,407
<b>Total governmental activities expenses</b>	<b>65,744,311</b>	<b>66,403,992</b>	<b>70,286,550</b>	<b>71,956,509</b>	<b>78,206,003</b>	<b>84,327,429</b>	<b>89,697,482</b>	<b>85,906,279</b>	<b>89,021,671</b>	<b>88,993,578</b>
<b>Business-type activities:</b>										
Water and sewer	16,916,663	21,249,718	23,933,574	27,076,159	27,457,606	29,223,154	29,488,289	30,851,493	30,449,882	31,109,582
Sanitation	8,008,148	7,190,230	7,349,545	8,162,384	9,371,472	10,645,321	11,254,980	11,023,910	11,324,625	11,327,917
Airport	1,871,953	1,740,939	1,744,009	1,887,221	1,902,590	2,104,355	2,111,713	2,242,547	2,632,814	2,522,166
<b>Total business-type activities expenses</b>	<b>26,796,764</b>	<b>30,180,887</b>	<b>33,027,128</b>	<b>37,125,764</b>	<b>38,731,668</b>	<b>41,972,830</b>	<b>42,854,982</b>	<b>44,117,950</b>	<b>44,407,321</b>	<b>44,959,665</b>
<b>Total primary government expenses</b>	<b>\$ 92,541,075</b>	<b>\$ 96,584,879</b>	<b>\$ 103,313,678</b>	<b>\$ 109,082,273</b>	<b>\$ 116,937,671</b>	<b>\$ 126,300,259</b>	<b>\$ 132,552,464</b>	<b>\$ 130,024,229</b>	<b>\$ 133,428,992</b>	<b>\$ 133,953,243</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 4,869,033	\$ 7,097,356	\$ 6,029,023	\$ 2,196,871	\$ 1,367,849	\$ 1,016,572	\$ 1,040,889	\$ 1,661,810	\$ 1,857,150	\$ 2,262,331
Public safety	3,656,734	4,710,487	4,789,289	5,256,407	5,869,061	6,373,097	6,749,859	6,969,674	7,081,718	8,427,569
Highways and streets	124,524	134,221	122,430	108,977	108,658	105,590	103,749	101,961	99,130	95,913
Public services	730,677	875,250	923,159	2,219,649	1,849,755	1,805,204	1,494,735	1,646,938	1,735,565	2,083,303
Cultures and recreation	1,414,379	902,102	848,073	1,755,189	1,670,000	1,756,442	2,064,127	1,967,468	2,007,504	1,149,328
Operating grants and contributions	7,919,370	9,652,510	10,732,572	10,100,985	11,667,106	11,770,402	12,741,193	11,821,887	11,483,945	10,569,298
Capital grants and contributions	439,748	702,594	1,025,441	1,038,003	664,756	1,464,546	1,905,580	2,004,617	2,033,980	329,091
<b>Total governmental activities program revenues</b>	<b>19,154,465</b>	<b>24,074,520</b>	<b>24,469,987</b>	<b>22,676,081</b>	<b>23,197,185</b>	<b>24,291,853</b>	<b>26,100,132</b>	<b>26,174,355</b>	<b>26,298,992</b>	<b>24,916,833</b>
<b>Business-type activities:</b>										
Charges for services:										
Water and sewer	20,325,519	21,193,367	23,474,563	27,510,442	24,220,110	25,251,490	27,177,264	28,988,948	35,349,773	32,493,375
Sanitation	7,418,680	8,171,792	8,784,501	9,196,133	9,478,869	10,208,139	10,191,306	10,396,140	10,231,984	11,250,663
Airport	214,723	1,142,029	1,282,408	1,048,121	1,093,674	1,096,372	1,007,417	1,067,734	952,105	1,174,841
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	146,808	227,805	1,834,325	1,171,731	4,395,723	1,296,949	4,702,692	3,503,343	1,861,673	5,449,727
<b>Total business-type activities program revenues</b>	<b>28,105,730</b>	<b>30,734,993</b>	<b>35,375,797</b>	<b>38,926,427</b>	<b>39,188,376</b>	<b>37,852,950</b>	<b>43,078,679</b>	<b>43,956,165</b>	<b>48,395,535</b>	<b>50,368,606</b>
<b>Total primary government program revenues</b>	<b>\$ 47,260,195</b>	<b>\$ 54,809,513</b>	<b>\$ 59,845,784</b>	<b>\$ 61,602,508</b>	<b>\$ 62,385,561</b>	<b>\$ 62,144,803</b>	<b>\$ 69,178,811</b>	<b>\$ 70,130,520</b>	<b>\$ 74,694,527</b>	<b>\$ 75,285,439</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (46,589,846)	\$ (42,329,472)	\$ (45,816,563)	\$ (49,280,428)	\$ (55,008,818)	\$ (60,035,576)	\$ (63,597,350)	\$ (59,731,924)	\$ (62,722,679)	\$ (64,076,745)
Business-type activities	1,308,966	554,106	2,348,669	1,800,663	456,708	(4,119,880)	223,697	(161,785)	3,988,214	5,408,941
<b>Total primary government net expense</b>	<b>\$ (45,280,880)</b>	<b>\$ (41,775,366)</b>	<b>\$ (43,467,894)</b>	<b>\$ (47,479,765)</b>	<b>\$ (54,552,110)</b>	<b>\$ (64,155,456)</b>	<b>\$ (63,373,653)</b>	<b>\$ (59,893,709)</b>	<b>\$ (58,734,465)</b>	<b>\$ (58,667,804)</b>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	\$ 10,904,265	\$ 11,260,696	\$ 12,011,517	\$ 12,314,640	\$ 12,622,887	\$ 12,460,794	\$ 13,525,006	\$ 13,798,294	\$ 14,037,311	\$ 14,155,402
Franchise taxes	8,432,209	8,361,246	6,928,917	8,676,103	8,283,477	9,202,397	9,121,057	9,215,625	10,010,620	9,882,588
Sales and use taxes	26,475,006	28,398,933	32,235,770	35,094,518	36,972,343	39,718,617	37,618,275	35,831,538	36,902,058	38,362,310
Unrestricted investment earnings and use of money and property	835,144	544,607	1,181,976	2,540,255	3,218,698	2,182,350	793,536	292,013	249,064	226,322
Gain (loss) on sale of assets	154,845	182,141	216,729	51,294	(389,284)	560,303	556,151	(2,010,976)	244,895	550,466
Miscellaneous	-	-	-	-	-	580,227	328,047	181,771	3,352,240	328,963
Equity in earnings of joint venture	-	-	-	66,000	-	(3,000)	-	-	-	-
Transfers	(1,067,280)	(108,944)	23,103	123,963	(739,711)	(317,251)	166,697	550,785	674,061	(679,152)
Total governmental activities	45,734,189	48,638,679	52,598,012	58,866,773	59,968,410	64,384,437	62,108,769	57,859,050	65,470,249	62,826,899
Business-type activities:										
Unrestricted investment earnings and use of money and property	1,244,536	396,603	564,244	816,200	1,000,842	660,160	307,280	311,351	305,330	266,145
Gain (loss) on sale of assets	193,124	(553,731)	19,013	130,848	59,783	18,303	9,421	7,389	11,461	-
Transfers	1,067,280	108,944	(23,103)	(123,963)	739,711	317,251	(166,697)	(550,785)	(674,061)	679,152
Total business-type activities	2,504,940	(48,184)	560,154	823,085	1,800,336	995,714	150,004	(232,045)	(357,270)	945,297
Total primary government	\$ 48,239,129	\$ 48,590,495	\$ 53,158,166	\$ 59,689,858	\$ 61,768,746	\$ 65,380,151	\$ 62,258,773	\$ 57,627,005	\$ 65,112,979	\$ 63,772,196
<b>Change in Net Assets</b>										
Governmental activities	\$ (855,657)	\$ 6,309,207	\$ 6,781,449	\$ 9,586,345	\$ (67,166)	\$ 4,348,861	\$ (1,488,581)	\$ (1,872,874)	\$ 2,747,570	\$ (1,249,846)
Business-type activities	3,813,906	505,922	2,908,823	2,623,748	(2,319,544)	(3,124,166)	373,701	(393,830)	3,630,944	6,354,238
Total primary government	\$ 2,958,249	\$ 6,815,129	\$ 9,690,272	\$ 12,210,093	\$ 7,216,636	\$ 1,224,695	\$ (1,114,880)	\$ (2,266,704)	\$ 6,378,514	\$ 5,104,392

Source: Government-wide Statement of Activities

**TABLE 3**

**CITY OF TYLER, TEXAS  
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(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>
2003	\$ 10,904,265	\$ 8,432,209	\$ 26,475,006	\$ 45,811,480
2004	11,260,696	8,361,246	28,398,933	48,020,875
2005	12,011,517	8,008,660	32,235,770	52,255,947
2006	12,314,640	8,676,103	35,094,518	56,085,261
2007	12,622,887	8,283,477	36,972,343	57,878,707
2008	12,460,794	9,202,397	39,718,617	61,381,808
2009	13,525,006	9,121,057	37,618,275	60,264,338
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

Source: Government-wide Statement of Activities  
(1) Texas law prohibits the disclosure of Sales and Use Tax revenues by source.

TABLE 4

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>										
Reserved For:										
Reserved	\$ 455,420	\$ 372,255	\$ 495,052	\$ 630,941	\$ 970,985	\$ 710,167	\$ 841,201	\$ 61,493	\$ -	\$ -
Unreserved	6,023,338	7,266,322	10,236,849	9,367,769	9,781,276	10,395,564	9,293,115	8,712,233	-	-
Nonspendable	-	-	-	-	-	-	-	-	111,596	49,767
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	361,785
Unassigned	-	-	-	-	-	-	-	-	12,121,180	11,856,089
<b>Total General Fund</b>	<u>\$ 6,478,758</u>	<u>\$ 7,638,577</u>	<u>\$ 10,731,901</u>	<u>\$ 9,998,710</u>	<u>\$ 10,752,261</u>	<u>\$ 11,105,731</u>	<u>\$ 10,134,316</u>	<u>\$ 8,773,726</u>	<u>\$ 12,232,776</u>	<u>\$ 12,267,641</u>
<b>One-Half Cent Sales Tax fund</b>										
Reserved	\$ 8,847,230	\$ 12,418,065	\$ 18,375,571	\$ 23,194,704	\$ 23,263,920	\$ 14,205,050	\$ 3,909,296	\$ 5,649,324	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	8,151,725	10,760,784
<b>Total One-Half Cent Sales Tax fund</b>	<u>\$ 8,847,230</u>	<u>\$ 12,418,065</u>	<u>\$ 18,375,571</u>	<u>\$ 23,194,704</u>	<u>\$ 23,263,920</u>	<u>\$ 14,205,050</u>	<u>\$ 3,909,296</u>	<u>\$ 5,649,324</u>	<u>\$ 8,151,725</u>	<u>\$ 10,760,784</u>
<b>All Other Governmental Funds</b>										
Reserved For:										
Reserved	\$ 4,810,773	\$ 4,988,818	\$ 7,602,721	\$ 10,360,927	\$ 10,819,001	\$ 6,132,548	\$ 5,246,366	\$ 5,973,754	\$ -	\$ -
Unreserved	1,228,302	2,648,253	4,070,662	5,782,970	6,281,827	5,288,898	4,902,631	5,138,817	-	-
Nonspendable	-	-	-	-	-	-	-	-	2,537,012	2,618,800
Restricted	-	-	-	-	-	-	-	-	6,989,485	4,769,545
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	2,304,944
Unassigned	-	-	-	-	-	-	-	-	(2,626)	-
<b>Total All Other Governmental Funds</b>	<u>\$ 6,039,075</u>	<u>\$ 7,637,071</u>	<u>\$ 11,673,383</u>	<u>\$ 16,143,897</u>	<u>\$ 17,100,828</u>	<u>\$ 11,421,446</u>	<u>\$ 10,148,997</u>	<u>\$ 11,112,571</u>	<u>\$ 9,523,871</u>	<u>\$ 9,693,289</u>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 45,390,430	\$ 47,846,213	\$ 51,246,422	\$ 56,049,187	\$ 57,895,447	\$ 61,346,899	\$ 60,296,164	\$ 58,821,522	\$ 60,950,034	\$ 62,458,006
Licenses and permits	710,908	882,812	805,151	876,289	1,277,127	1,313,566	1,069,993	942,228	1,134,112	986,939
Fines, forfeitures, and penalties	3,829,460	4,710,487	4,789,289	5,256,407	5,869,061	6,353,098	6,749,859	6,969,674	7,081,718	7,213,751
Revenues from use of money or property	721,398	713,117	1,225,894	2,238,479	2,716,977	1,881,323	825,692	505,666	769,565	890,955
Charges for current services	2,739,037	2,744,510	2,494,849	2,499,369	2,588,688	2,691,910	3,014,543	3,034,416	3,360,649	2,669,475
Revenues from other agencies	8,668,652	10,374,859	11,020,639	11,357,757	11,083,735	12,440,981	13,623,265	12,232,230	13,041,163	10,608,019
Donations	85,775	62,986	184,723	229,307	731,232	413,144	403,659	847,951	312,271	181,932
Miscellaneous	521,160	2,562,170	1,999,614	2,110,524	1,258,817	1,086,713	1,304,380	1,547,892	1,097,574	1,229,190
Total revenues	<u>62,666,820</u>	<u>69,897,154</u>	<u>73,766,581</u>	<u>80,617,319</u>	<u>83,421,084</u>	<u>87,527,634</u>	<u>87,287,555</u>	<u>84,901,579</u>	<u>87,747,086</u>	<u>86,238,267</u>
<b>Expenditures</b>										
General government	5,884,798	6,114,458	6,529,834	7,126,409	6,911,903	6,733,947	7,429,667	6,704,650	7,070,867	6,887,278
Public safety	25,965,091	27,221,728	28,590,020	30,165,850	31,814,585	34,456,024	36,927,994	37,193,941	37,976,171	39,724,861
Public services	9,609,601	11,491,711	11,533,500	13,552,815	15,221,282	16,468,571	15,948,148	13,830,744	13,507,358	12,652,458
Highways and streets	6,553,076	6,183,028	5,863,568	5,197,445	4,774,083	5,683,413	5,436,862	5,464,426	3,667,305	4,813,390
Culture and recreation	4,006,253	3,406,621	5,123,588	4,836,104	4,812,659	5,101,737	6,329,960	6,328,027	6,692,554	6,902,974
Capital outlay	8,074,677	7,476,587	8,283,861	9,756,670	16,283,239	29,400,401	28,292,242	14,281,326	14,011,314	12,358,611
Debt service										
Principal	4,015,000	880,000	960,000	1,000,000	1,030,000	3,310,000	-	-	-	97,331
Interest	529,560	340,617	301,466	258,030	211,733	91,805	277	1,091	1,045	13,363
Total expenditures	<u>64,638,056</u>	<u>63,114,750</u>	<u>67,185,837</u>	<u>71,893,323</u>	<u>81,059,484</u>	<u>101,245,898</u>	<u>100,365,150</u>	<u>83,804,205</u>	<u>82,926,614</u>	<u>83,450,266</u>
Excess of revenues over (under) expenditures	(1,971,236)	6,782,404	6,580,744	8,723,996	2,361,600	(13,718,264)	(13,077,595)	1,097,374	4,820,472	2,788,001
<b>Other financing sources (uses)</b>										
Refunding bond proceeds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	1,029,095
Transfers in	766,078	227,669	3,038,989	3,915,226	2,571,195	3,236,749	2,624,512	3,523,779	2,820,585	2,690,528
Transfers out	(628,799)	(712,169)	(3,009,013)	(4,086,833)	(3,161,071)	(3,893,979)	(2,616,280)	(3,355,876)	(3,269,959)	(3,694,280)
Sale of capital assets	529	30,746	4,106	4,067	7,975	10,712	348,691	77,738	1,652	-
Total other financing sources (uses)	<u>137,808</u>	<u>(453,754)</u>	<u>34,082</u>	<u>(167,540)</u>	<u>(581,901)</u>	<u>(646,518)</u>	<u>356,923</u>	<u>245,641</u>	<u>(447,722)</u>	<u>25,343</u>
Net Change in fund balances	<u>\$ (1,833,428)</u>	<u>\$ 6,328,650</u>	<u>\$ 6,614,826</u>	<u>\$ 8,556,456</u>	<u>\$ 1,779,699</u>	<u>\$ (14,364,782)</u>	<u>\$ (12,720,672)</u>	<u>\$ 1,343,015</u>	<u>\$ 4,372,750</u>	<u>\$ 2,813,344</u>
Debt service as a percentage of noncapital expenditures	8.06%	2.22%	2.14%	2.00%	1.92%	4.73%	0.0004%	0.0016%	0.0015%	0.1557%

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

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

**TABLE 6**

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

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax (1)	Total
2003	\$ 10,954,323	\$ 7,038,607	\$ 27,397,500	\$ 45,390,430
2004	11,377,495	8,361,246	28,398,933	48,137,674
2005	12,081,735	8,008,660	32,235,770	52,326,165
2006	12,278,566	8,676,103	35,094,518	56,049,187
2007	12,639,627	8,283,477	36,972,343	57,895,447
2008	12,425,885	9,202,397	39,718,617	61,346,899
2009	13,556,832	9,121,057	37,618,275	60,296,164
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

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

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

TABLE 7

**CITY OF TYLER, TEXAS  
RETAIL SALES AND SALES TAX REVENUE ALLOCATION  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Retail Sales Tax Revenue (Fiscal Year) 1		
	General Fund	Capital Projects	Total
	Revenue - 1.0%	Special Revenue - 0.5%	Revenue 2
2003	\$ 17,165,695	\$ 8,582,839	\$ 25,748,534
2004	18,560,375	9,280,187	27,840,562
2005	20,263,478	10,131,739	30,395,217
2006	22,006,576	11,003,288	33,009,864
2007	23,154,848	11,577,424	34,732,272
2008	24,858,943	12,429,471	37,288,414
2009	23,471,623	11,737,812	35,209,435
2010	22,314,720	11,157,410	33,472,130
2011	22,849,738	11,424,869	34,274,608
2012	23,390,802	11,695,401	35,086,203

<sup>1</sup> Source: Texas Comptroller of Public Accounts

<sup>2</sup> 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				Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property	Mineral Property			
2003	\$ 3,385,651,770	N/A	\$ 841,654,638	N/A	N/A	\$ 4,227,306,408	0.254478
2004	3,596,007,053	N/A	847,897,914	N/A	N/A	4,443,904,967	0.248855
2005	3,870,045,626	N/A	887,192,373	N/A	N/A	4,757,237,999	0.248855
2006	4,175,143,416	N/A	913,370,752	N/A	N/A	5,088,514,168	0.238375
2007	4,605,458,224	N/A	964,343,105	N/A	N/A	5,569,801,329	0.223657
2008	5,112,258,513	N/A	1,030,050,513	N/A	N/A	6,142,309,026	0.199000
2009	5,472,282,059	N/A	1,102,590,358	N/A	N/A	6,574,872,417	0.204000
2010	5,691,854,590	N/A	1,009,462,843	N/A	N/A	6,701,317,433	0.204000
2011	5,759,889,140	N/A	970,691,666	N/A	N/A	6,730,580,806	0.208865
2012	5,859,969,154	N/A	984,818,840	N/A	N/A	6,844,787,994	0.207708

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
	Debt			Smith County Total	Tyler ISD Total	Tyler Junior College Total	Chapel Hill ISD Total	Whitehouse ISD Total	
	Operating	Service	Total**						
2003	0.215132	0.039346	0.254478	0.25447	1.47000	0.12230	1.59000	1.52300	5.21425
2004	0.221394	0.027461	0.248855	0.25447	1.46000	0.12230	1.59000	1.50300	5.17863
2005	0.221394	0.027461	0.248855	0.25447	1.46000	0.12720	1.59000	1.50300	5.18353
2006	0.210131	0.028244	0.238375	0.25450	1.54020	0.12720	1.59000	1.52800	5.27828
2007	0.198080	0.025577	0.223657	0.28890	1.48800	0.12720	1.24000	1.20000	4.56776
2008	0.196684	0.002316	0.199000	0.28894	1.21500	0.12717	1.24000	1.19800	4.26811
2009	0.204000	-	0.204000	0.28894	1.21000	0.12717	1.26500	1.19300	4.28811
2010	0.204000	-	0.204000	0.31394	1.37500	0.13695	1.27000	1.19300	4.49289
2011	0.208865	-	0.208865	0.32390	1.37500	0.18218	1.26000	1.19300	4.54294
2012	0.207708	-	0.207708	0.32356	1.37500	0.19993	1.24500	1.19300	4.54420

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

Note:

\* Rates are per \$100 valuation.

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

TABLE 10

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

Taxpayer	2012			2003		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value *	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value <sup>b</sup>
	Value			Value		
Delek Refining (La Gloria)	\$ 161,082,376	1	2.35%	\$ 34,990,235	8	0.83%
Trane / American Standard	108,486,777	2	1.58%	73,103,389	2	1.73%
Brookshire Grocery Company	81,566,084	3	1.19%	86,647,429	1	2.05%
Genecov Investment	81,218,440	4	1.19%	29,658,296	9	0.70%
Walmart / Sam's East Inc	65,871,062	5	0.96%	44,266,043	5	1.05%
Oncor Electric	54,299,816	6	0.79%	45,188,650	4	1.07%
Cebridge Acquisitions LP	48,052,832	7	0.70%	-		0.00%
Carrier / United Technologies	44,952,878	8	0.66%	41,337,720	7	0.98%
Simon Property Group	43,368,340	9	0.63%	42,525,683	6	1.01%
Roosth Steven C Trustee	25,620,548	10	0.37%	-		0.00%
AT&T / South Western Bell	-		0.00%	68,572,038	3	1.62%
Hood Packaging	-		0.00%	16,136,338	10	0.38%
<b>Total</b>	<b>\$ 553,436,777</b>		<b>8.09%</b>	<b>\$ 482,425,821</b>		<b>11.41%</b>

Source: Smith County Appraisal District

Note:  
 \* Total taxable value including real and personal property for tax year 2011 (fiscal year 2012) is-- \$ 6,844,787,944  
<sup>b</sup> Total taxable value including real and personal property for tax year 2002 (fiscal year 2003) is -- 4,227,306,408

**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
2003	\$ 10,757,565	\$ 10,495,402	97.6%	\$ 249,402	\$ 10,744,804	99.9%
2004	11,058,880	10,924,880	98.8%	120,206	11,045,086	99.9%
2005	11,838,625	11,698,410	98.8%	123,974	11,822,384	99.9%
2006	12,126,834	11,909,913	98.2%	195,668	12,105,581	99.8%
2007	12,461,722	12,228,627	98.1%	232,547	12,461,174	100.0%
2008	12,091,624	11,876,112	98.2%	188,528	12,064,640	99.8%
2009	13,369,180	13,177,721	98.6%	155,046	13,332,767	99.7%
2010	13,617,164	13,377,811	98.2%	136,880	13,514,691	99.2%
2011	13,848,376	13,629,528	98.4%	118,802	13,748,330	99.3%
2012	13,989,361	13,799,246	98.6%	-	13,799,246	98.6%

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		Water and Sewer Revenue Bonds**	Other Obligations			
2003	\$ 7,180,000		\$ 62,075,000	\$ -	\$ 69,255,000	3.75%	\$ 802
2004	6,300,000		59,990,000	-	66,290,000	3.07%	656
2005	5,340,000		58,113,500	-	63,453,500	2.85%	622
2006	4,340,000		56,415,000	-	60,755,000	2.65%	574
2007	3,310,000		53,975,000	-	57,285,000	2.43%	531
2008	-		53,859,932	-	53,859,932	2.22%	495
2009	-		53,903,881	-	53,903,881	2.15%	493
2010	-		72,849,825	-	72,849,825	2.82%	664
2011	-		70,270,000	-	70,270,000	2.57%	675.13
2012	-		68,125,000	-	68,125,000	2.56%	602.95

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 ).

**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 <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Debt Service Fund Balance	Total		
2003	\$ 7,180,000	\$ (2,462,596)	\$ 4,717,404	0.11%	\$ 55.00
2004	6,300,000	(2,519,455)	3,780,545	0.09%	37.00
2005	5,340,000	(2,612,169)	2,727,831	0.06%	27.00
2006	4,340,000	(2,937,710)	1,402,290	0.03%	13.00
2007	3,310,000	(3,311,936)	(1,936)	n/a	-
2008	-	-	-	n/a	-
2009	-	-	-	n/a	-
2010	-	-	-	n/a	-
2011	-	-	-	n/a	-
2012	-	-	-	n/a	-

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

<sup>a</sup>See Table 8 for property value data.

<sup>b</sup>See Table 17 for population data.

**TABLE 14**

**CITY OF TYLER, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2012**

<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	\$ 36,825,000	50.08%	\$ 18,441,960.00
Tyler Independent School District	183,907,000	71.04%	130,647,532.80
Tyler Junior College	61,120,000	65.00%	39,728,000.00
Chapel Hill Independent School District	21,345,000	19.15%	4,087,567.50
Whitehouse Independent School District	32,738,527	27.37%	8,960,534.84
Subtotal, overlapping debt			<u>201,865,595.14</u>
<b>City of Tyler (direct debt)**</b>	3,616,143	100%	3,616,143.00
<b>Total direct and overlapping debt</b>			<u><u>\$ 205,481,738.14</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.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 422,730,641	\$ 444,390,497	\$ 475,723,700	\$ 508,729,254	\$ 556,980,133	\$ 614,230,903	\$ 657,487,241	\$ 670,131,743	\$ 673,058,081	\$ 684,478,799
Total net debt applicable to limit	4,717,404	3,837,404	2,727,831	1,402,290	(1,936)	-	-	-	-	-
Legal debt margin	\$ 418,013,237	\$ 440,553,093	\$ 472,995,869	\$ 507,326,964	\$ 556,982,069	\$ 614,230,903	\$ 657,487,241	\$ 670,131,743	\$ 673,058,081	\$ 684,478,799
Total net debt applicable to limit as a percentage of debt limit	1.12%	0.86%	0.57%	0.28%	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 6,844,787,994
Add back: exempt real property	-
Total assessed value	<u>6,844,787,994</u>
Debt limit (10% of total assessed value)	<u>684,478,799</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>\$ 684,478,799</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 <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue	Annual Debt Service Requirement	Times Coverage
2003	\$ 20,881,233	\$ 13,208,108	\$ 7,673,125	\$ 4,213,000	1.821
2004	21,512,319	14,249,230	7,263,089	5,098,000	1.425
2005	23,558,778	15,617,537	7,941,241	5,065,000	1.568
2006	27,662,494	18,536,218	9,126,276	4,339,199	2.103
2007	24,697,562	18,140,470	6,557,092	5,054,550	1.297
2008	25,731,875	18,831,282	6,900,593	5,059,786	1.364
2009	25,322,636	18,729,094	6,593,542	5,375,972	1.226
2010	29,256,165	20,380,883	8,875,282	6,189,701	1.434
2011	35,659,701	20,253,413	15,406,288	6,167,128	2.498
2012	32,316,843	21,214,236	11,102,607	6,158,805	1.803

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

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

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

Source: Comprehensive Annual Financial Report

TABLE 17

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

<u>Fiscal Year</u>	<u>Estimated Population<sup>1</sup></u>	<u>Estimated Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age<sup>2</sup></u>	<u>Education Level in Years of Formal Schooling<sup>2</sup></u>	<u>School Enrollment<sup>3</sup></u>	<u>Unemployment Rate<sup>2</sup></u>
2003	86,371	1,845,134	21,363	34.2	n/a	16,702	5.4%
2004	101,106	2,159,927	21,363	34.1	n/a	17,394	5.8%
2005	102,001	2,224,725	21,811	34.1	n/a	17,489	5.1%
2006	105,873	2,291,467	21,643	34.1	13.6	17,548	5.0%
2007	107,802	2,360,211	21,894	34.1	13.6	18,040	4.7%
2008	108,909	2,431,017	22,322	34.1	13.6	18,015	4.2%
2009	109,427	2,503,948	22,882	34.1	13.6	18,090	4.7%
2010	109,748	2,579,066	23,500	34.1	13.6	18,344	7.2%
2011	112,986	2,656,438	23,511	34.1	13.6	18,480	7.7%
2012	104,083	2,736,131	26,288	34.1	13.6	18,336	7.8%

## Data sources:

<sup>1</sup>Bureau of Census/Population Study<sup>2</sup>Tyler Economic Development Council<sup>3</sup>Tyler Independent School District

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

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

Unemployment rate information is an adjusted yearly average.

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

n/a - Data not available.

**TABLE 18**

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

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
Trinity Mother Frances *	4,000	1	8.3%	3,384	1	7.0%
East Texas Medical Center *	3,238	2	6.7%	3,214	2	6.6%
Brookshire Grocery Company *	2,552	3	5.3%	2,576	3	5.3%
Tyler Independent School District	2,449	4	5.1%	2,228	4	4.6%
Wal-Mart	1,711	5	3.5%			0.0%
Trane Company *	1,500	6	3.1%	2,000	5	4.1%
SuddenLink*	1,500	7	3.1%			0.0%
The University of Texas at Tyler	1,094	8	2.3%	1,247	6	2.6%
UT Health Center At Tyler	865	9	1.8%			0.0%
Tyler Junior College	811	10	1.7%			0.0%
Smith County	776	11	1.6%			0.0%
City of Tyler	760	12	1.6%			0.0%
Target Distribution Center	700	13	1.4%	929	7	1.9%
Southside Bank*	631	14	1.3%	565	8	1.2%
<b>Total</b>	<b>22,587</b>		<b>46.7%</b>	<b>16,143</b>		<b>33.2%</b>

Source: Tyler Economic Development Council

\* Headquarters located in Tyler.

(1) total city employment of 48,349

(2) total city employment of 48,640

**TABLE 19**

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

Function	Full-time Equivalent Employees as of September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	71	69	68	69	63	62	67	55	55	60
Public safety	402	400	392	395	373	375	387	431	434	436
Highways and streets	76	72	68	61	73	76	61	54	54	53
Public Services	19	22	24	27	55	54	30	40	42	37
Culture and Recreation	71	76	79	86	83	82	79	73	72	66
Water & sewer	91	91	89	96	88	90	89	89	102	101
Sanitation	45	38	40	41	36	33	40	39	38	39
Airport	11	10	10	9	10	10	10	10	9	10
All Others								33	31	29
<b>Total</b>	<b>786</b>	<b>778</b>	<b>770</b>	<b>784</b>	<b>781</b>	<b>782</b>	<b>763</b>	<b>824</b>	<b>837</b>	<b>831</b>

Source: City of Tyler Finance Department

TABLE 20

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Accounting										
Dollar value of accounts payable	\$ 84,603,170	\$ 63,628,562	\$ 61,345,219	\$ 64,263,337	\$ 73,895,738	\$ 85,585,415	\$ 95,605,330	\$ 84,632,623	\$ 72,211,330	\$ 77,395,157
Legal										
Number of ordinances prepared and adopted	73	96	80	103	130	155	127	126	110	104
Number of resolutions prepared and adopted	27	27	26	31	36	29	38	32	29	34
Public Safety										
Police										
Number of sworn officers	182	182	182	182	182	187	187	185	191	191
Fire										
Number of structure fires	164	140	185	171	180	160	125	157	135	114
Highways and Streets										
Streets										
Percentage of city streets graded A condition	57.1%	58.4%	59.5%	61.3%	61.0%	60.8%	61.0%	61.9%	72.3%	78.0%
Traffic										
Number of traffic signals maintained	126	129	130	133	133	133	135	138	145	147
Public Services										
Planning										
Number of historic building designations awarded	4	4	4	7	5	2	1	1	6	17
Culture and Recreation										
Parks										
Amount of park acreage (maintained from 2008)	1113.43	1113.4	1113.4	1113.4	1113.4	856.35	856.35	856.35	856.35	757.99
Number of rose bushes planted	1500	1500	1500	1765	1829	1500	2077	1776	1056	536
Library *										
Total number of volumes owned	162,930	170,251	201,822	n/a	233,966	241,164	250,137	229,610	200,257	188,856
Water & sewer										
Average volume of wastewater treated daily (gallons)	12.9 million	12.8 million	12.5 million	11.7 million	14.2 million	11.4 million	11.3 million	12.8 million	14.03 million	14.03 million
Average monthly volume of water production (gallons)	621.2 million	611.5 million	732.3 million	771.8 million	585.5 million	692.2 million	650.98 million	725.48 million	844.70 million	768.76 million
Water production capability ( gallons per day)	70 million	74.7 million	74.7 million	74.7 million						
Average monthly revenue billed	\$ 1,693,793	\$ 1,766,114	\$ 1,929,895	\$ 2,226,541	\$ 1,977,370	\$ 2,030,821	\$ 2,169,007	\$ 2,325,159	\$ 2,926,751	\$ 2,701,842
Sanitation										
Number of residential customers	25,822	26,572	26,783	27,351	27,658	27,881	28,467	28,151	28,441	28,743
Number of curbside garbage carts in use	6,933	8,831	10,592	14,773	23,572	27,280	27,924	27,699	28,357	29,067
Airport										
Annual gallons of fuel flowage	1,095,953	1,076,289	1,053,211	1,000,090	1,056,595	1,004,469	921,634	984,181	978,831	1,029,059
Number of annual enplanements	60,284	70,549	85,681	78,971	78,416	77,942	73,989	73,114	72,509	73,343

Source: City Departments  
 n/a - Data not available.

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

TABLE 21

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007*	2008	2009	2010	2011	2012
<b>Public Safety</b>										
Police Stations	3	3	3	3	4	2	2	2	2	2
Police Patrol Units	n/a	n/a	44	51	61	63	60	62	62	61
Police Motorcycle Units	11	11	11	11	11	11	16	16	16	16
Fire Stations	9	9	9	9	9	10	10	10	10	10
<b>Highways and Streets</b>										
City Maintained Paved Streets- (miles)	448	452	452	462	468	474	474	476	476	570
Annual Street Overlays- (miles)	22	4	5	4	2	5	5	10	45	16
<b>Public Services</b>										
Transit Buses	13	15	15	15	17	17	17	17	20	20
<b>Culture and Recreation</b>										
Parks (acres)	1113.43	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4	1207.4
Playgrounds	17	17	17	23	21	21	21	21	22	22
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	3	3	3	3	2	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
<b>Water &amp; Sewer</b>										
Water mains (miles)	588	582	582	582	590	595	625	654	660	693
Fire Hydrants	2444	2403	2403	2403	3450	3545	3596	3703	3868	4220
Water Plants	2	2	2	2	2	2	2	2	2	2
Sanitary Sewers (miles)	517	508	508	508	519	567	590	597	608	621
<b>Sanitation</b>										
Garbage Trucks	n/a	n/a	39	39	40	43	40	41	41	45
<b>Airport</b>										
Airport Terminal	1	1	1	1	1	1	1	2	2	1**
Airport Runways	3	3	3	3	3	3	3	3	3	3

Source: City Departments

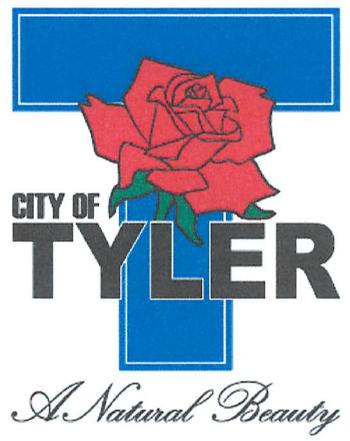
n/a - Data not available.

\* In FY 2007

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

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

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



**GOVERNMENTAL COMPLIANCE SECTION**

**HENRY & PETERS, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable City Council and Audit Committee  
Tyler, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tyler, Texas as of and for the year ended September 30, 2012, which collectively comprise City of Tyler, Texas' basic financial statements and have issued our report thereon dated March 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of City of Tyler, Texas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Tyler, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Tyler, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Tyler, Texas' internal control over financial reporting.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of City of Tyler, Texas, in a separate letter dated March 18, 2013.

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

*Henry + Peters, P.C.*

Tyler, Texas  
March 18, 2013

**HENRY & PETERS, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the City of Tyler, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of City of Tyler, Texas' major federal and state programs for the year ended September 30, 2012. City of Tyler, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Tyler, Texas' management. Our responsibility is to express an opinion on City of Tyler, Texas' compliance based on our audit.

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

In our opinion, City of Tyler, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2012.

**Internal Control Over Compliance**

Management of City of Tyler, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered City of Tyler, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Tyler, Texas' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Henry + Peters, P.C.*

Tyler, Texas  
March 18, 2013

CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Community Development Block Grant Entitlement Grants	14.218*		\$ 1,238,517
HOME Investment Partnerships Program	14.239		732,189 +
Section 8 Housing Choice Voucher Program	14.871		6,981,378
Family Self Sufficiency Coordinator Grant	14.871		39,737
Total Housing Voucher Program			<u>7,021,115 +</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>8,991,821</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Edward Byrne Memorial Formula Grant	16.579		63,304
Bulletproof Vest Partnership	16.607		30,884
COPS Hiring Program Grant	16.710		266,154
Passed through Smith County: Edward Bryne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-2236	42,140
<b>Total U.S. Department of Justice</b>			<u>402,482</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed Through Federal Aviation Administration:			
Airport Improvement Program	20.106	3(48-0215-31)10	221,025
Airport Improvement Program	20.106	3(48-0215-32)11	4,842,173
Airport Improvement Program	20.106	3(48-0215-33)12	635,927
Total Airport Improvement Program			<u>5,699,125</u>
Passed Through Federal Transit Administration:			
Federal Transit Capital and Operating Assistance Formula	20.507**	TX90895	374,649
Federal Transit Capital and Operating Assistance Formula	20.507**	TX90997	1,433,487
Federal Transit Capital and Operating Assistance Formula	ARRA - 20.507**	TX960025	138,586
Total Federal Transit Capital and Operating:			<u>1,946,722</u>

**CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION - CONTINUED</b>			
Passed Through Texas Department of Highways and Public Transportation:			
Section 104F Grant MPO	20.505	10XF0016	\$ 294,502
Quiet Zone Crossing Consolidation	20.505	2011(375)FRS	5,332
Total Metropolitan Transportation Planning			<u>299,834</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51510F7215	72,932
Selective Traffic Enforcement Program	20.600	586XXF6185	7,427
Selective Traffic Enforcement Program	20.600	585XX6017S	104,770
Total Selective Traffic Enforcement Program			<u>112,197</u>
<b>Total U.S. Department of Transportation</b>			<u><u>8,130,810</u></u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
ARRA - Energy Efficiency and Conservation Block Grant	ARRA - 81.128		61,138
Passed through State Energy Conservation Office:			
State Energy Program Grant	81.041	CM1213	100,000
<b>Total U.S. Department of Energy</b>			<u><u>161,138</u></u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Transportation Security Administration:			
Law Enforcement Officer Reimbursement Agreement	97.090	DTSA20-03-P-01627	61,414
<b>Total U.S. Department of Homeland Security</b>			<u><u>61,414</u></u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u><u>\$ 17,747,665</u></u>

+ Denotes Major Program

\* Denotes CDBG - Entitlement Grants Cluster

\*\* Denotes Federal Transit Cluster

**CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<u>STATE GRANTOR</u>	<u>STATE NUMBER</u>	<u>STATE EXPENDITURES</u>
<b><u>TEXAS DEPARTMENT OF TRANSPORTATION</u></b>		
Routine Airport Maintenance Grant	M2012TYLER	\$ 100,000
Quiet Zone Crossing Consolidation	2011(375)FRS	592
Public Transportation Grant	51910F7066	285,832 +
<b>Total Texas Department of Transportation</b>		<b><u>386,424</u></b>
<b><u>TEXAS CRIMINAL JUSTICE DIVISION</u></b>		
East Texas Auto Theft Task Force	-	109,162
<b>Total Texas Criminal Justice Division</b>		<b><u>109,162</u></b>
<b><u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u></b>		
Solid Waste Grant	-	8,993
<b>Total Texas Commission on Environmental Quality</b>		<b><u>8,993</u></b>
<b>TOTAL STATE ASSISTANCE</b>		<b><u>\$ 504,579</u></b>

+ Denotes Major Program

**CITY OF TYLER, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**NOTE A – BASIS OF ACCOUNTING**

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

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

The City of Tyler did not receive any non-cash assistance through federal or state awards during the year ended September 30, 2012. There were no federal or state loans or loan guarantees outstanding at year end.

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

Type of Coverage	Liability Limit
Property	\$ 249,364,834
Inland Marine	6,019,083
General Liability	2,000,000
Law Enforcement Liability	2,000,000
Management Liability	2,000,000
Employment Practices Liability	4,000,000
Automobile Liability	1,000,000
Crime	500,000
Airport Liability	5,000,000
Pollution Liability	2,000,000

**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

**Financial Statements**

Type of auditor’s report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 ?	No

Identification of major programs:

<b>FEDERAL</b>	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnerships Program
14.871	Housing Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 532,430</u>
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City of Tyler was classified as a low-risk auditee in accordance with OMB Circular A-133.

**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

**State Awards**

Internal control over major programs:

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

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

*Unqualified*

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

No

Identification of major programs:

**STATE**

<u>Grant Number</u>	<u>Name of State Grant or Program</u>
5190F7066	Public Transportation Grant

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

\$ 300,000

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

**Section II – Financial Statement Findings**

None.

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

None.

**CITY OF TYLER, TEXAS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2012**

None.

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