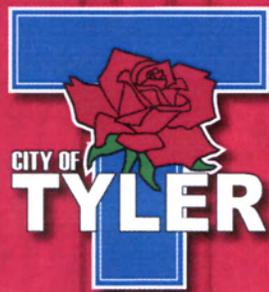


**Opening  
the  
Doors ...**

**City of Tyler, Texas  
2015 - 2016  
Comprehensive  
Annual  
Financial  
Report**

**For the Fiscal Year Ending  
September 30, 2016**



**... to a  
Brighter  
Future**

**CITY OF TYLER, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2016**

**MAYOR – MARTIN HEINES**

**Members of City Council:**

**Linda Sellers, District 1  
Darryl Bowdre, District 2  
Edward Moore, District 3  
Donald Warren, District 4  
Mark Whatley, District 5  
John Nix, District 6**

**City Manager – Edward Broussard**

**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, 2016

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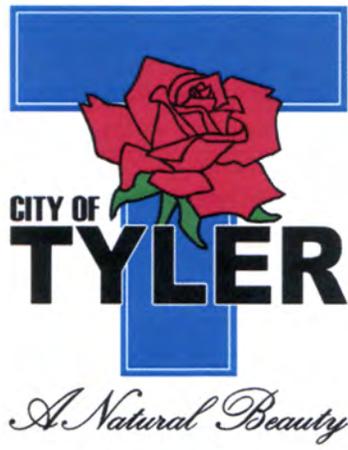
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CITY OF TYLER, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## **INTRODUCTORY SECTION**





March 8, 2017

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, 2016.

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

Gollob Morgan Peddy PC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Tyler's financial statements for the year ended September 30, 2016. 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 103,700. The City is commonly referred to as the City of Roses.

The City, incorporated in 1850, is a home rule city operating under the Council-Manager form of government. The City Charter was adopted on February 9, 1937. The home rule corporation status is granted under the Constitution and Laws of the State of Texas. The City Council is comprised of the Mayor and six Council members who function as the policy-making body of the City's government, determining the overall goals, objectives and direction for City services, and adopting the annual operating budgets for all City departments. The City Manager is appointed by the City Council and is responsible for the daily management and implementation of policy of the City including appointing the various key leaders and department heads. The Mayor and Council members serve two-year terms, with general Council elections occurring each year based on district. The mayor is elected at large; the remaining Council members are elected by district.

The City is a full service municipality. Major services provided under general government and enterprise functions are: police and fire protection, water and sewer services, sanitation services, parks and recreational facilities, library

services, street improvements, capital projects administration, municipal court, animal services, code enforcement, development and planning services and general administrative services. The City also offers an airport and a convention center. Internal services of the City, accounted for on a cost reimbursement basis, are the fleet services operations; technology services; property and facility management services; productivity pool; risk management services and the active and retired employee health and dental coverage. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable including blended component units as defined by the Governmental Accounting Standards Board (GASB).

The City Charter provides that the City Council shall adopt by ordinance an annual budget prepared by the City Manager. This budget is presented to the City Council and opportunities are provided for public comment during a series of public hearings before adoption. Budgetary control has been established at the individual fund level. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total revenues or expenditures of any fund must be approved by the City Council. Although the budget is adopted at a fund level, continued line item review and forecasting is done on a monthly and quarterly basis throughout the fiscal year to ensure compliance with the budget and completion of projects.

### ***Local Economy***

The information presented in the budget document is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The chief industries in and around Tyler include: health care and research; education; grocery distribution; retail and retail distribution; air conditioning unit manufacturing; cable, internet and phone services; government services; engineering services; banking services; meat packing and processing; cast iron pipes and fitting manufacturing; oil and gas refining; ready mix concrete production; tourism; and growing and shipping rose bushes. This diversification is evident in the fact that no single taxpayer represents more than 3.30% of assessed valuation in the City.

Four institutions of higher education are located in Tyler. They are The University of Texas at Tyler, The University of Texas Health Science Center, Texas College, and Tyler Junior College. Primary and secondary education is provided by several public school districts, three charter schools as well as ten private / parochial schools in the Tyler area.

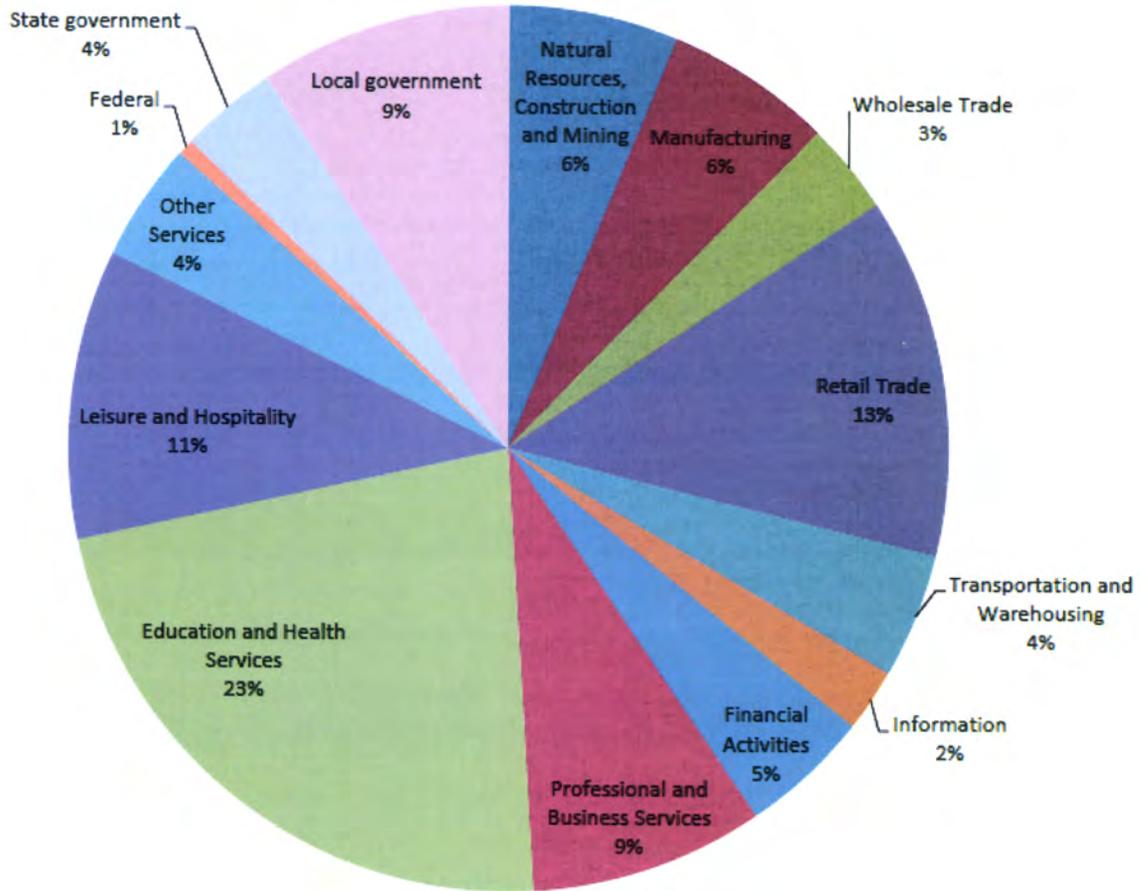
Tyler is also the medical center of East Texas with three hospitals and numerous other supporting clinics, practices and specialty hospitals. Additionally, Tyler has many tourist attractions. The Texas Rose Festival includes the crowning of the Rose Queen attracting a large number of visitors each year.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

The City actively works with the Tyler Economic Development Corporation and local industries to encourage expansions and relocations to our community. Two TIF/TIRZ zones were created in 2008, one in the downtown area and another in north Tyler in coordination with revitalization efforts. In fiscal year 2016, the downtown TIF/TIRZ was dissolved due to value falling below the initial baseline. This was due to governmental agencies purchasing of properties and housing units receiving favorable tax exemptions. It is the intent of the City of Tyler to reestablish the downtown zone. Land is available for development; the area has an abundant water supply and typically mild weather. The Tyler area cost of living index has consistently been 90-96% of the national average for the past five years. Economic incentives as well as historic preservation incentives are available to facilitate business expansions or relocations.

Because of its location in a region with a varied economic base, unemployment is relatively stable, and in the last five years while trending with the State of Texas has remained consistently below the national average. During the past ten years, the unemployment rate has ranged from a low of 4.2 percent (2007) to a previous decade high of 7.7 percent (2009), only to end at the current rate of 4.2 percent. This figure indicates a decrease of 0.6 % over the prior year while remaining in line with the State and National trends. The total workforce for the Tyler region has increased from 43,411 in 1996 to 48,913 in 2015. Due to the diversity and educational opportunities within the local economy the City of Tyler and the local region is prepared to weather the current national economic recession.

# Workforce Breakdown

Smith County/Tyler MSA



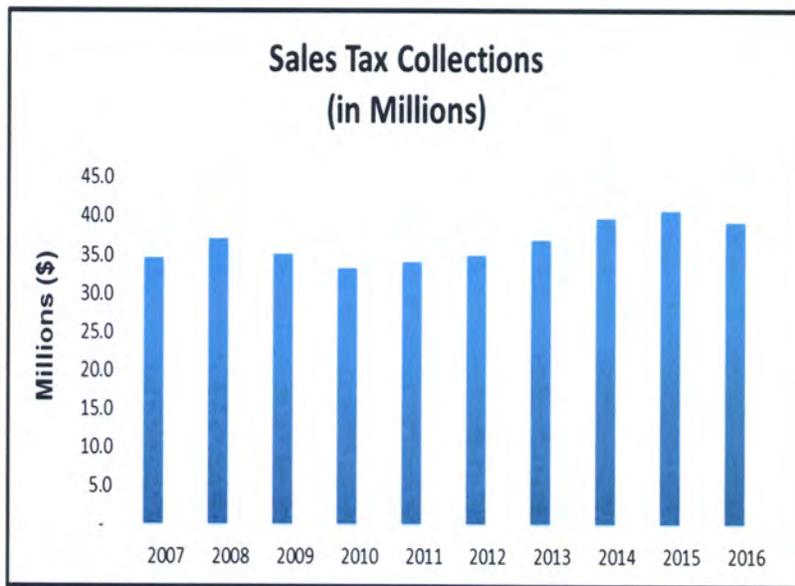
Population growth in the last five years has outpaced previous periods. The population grew 10 percent from 1990 to the year 2000. From the year 2000 to the current year, the growth has been an astounding 18.56 percent. Market and economic analysts estimate that as many as 270,000 people come to Tyler each day to work, attend school, seek medical services, or shop. Loop 49 Toll Project is complete from State Highway 110 to I-20 to the west of Tyler. Loop 49 Toll will create a horseshoe loop around Tyler connecting the City's southern regions to I-20. The loop allows for increased traffic from I-20 into the City of Tyler for shopping and economic development purposes.

Along with the Loop 49 project, the Northeast Texas Regional Mobility Authority was authorized in 2004 to construct, operate and maintain turnpike projects in the state which includes the Tyler area. Including various other means of interstate access, the Tyler Pounds Regional Airport allows for secure and efficient air travel in and out of the region. Total flight boarding's have declined slightly due to the general economic climate nationwide from 169,134 in 2005 to a current level of 104,057 in 2016. Tyler is the first Certified Retirement City in Texas. Tyler meets high standards for retiree living such as low cost of living, low crime rate, quality health care, abundant recreation and educational opportunities. Tyler is 16th in the nation for cost of living in Retirement Places Rated: Special Millennium Edition.

The office space occupancy rate for the City of Tyler was 85.4 percent in 2016, up from 85 percent in 1999. The average lease rates for office space and occupancy rates remained the same. The office lease space is comprised of five classes for total square footage of 2,244,123. Tyler had \$2.92 billion in retail trade gross sales in 2015 up from \$2.37 billion in 2006.

The economic outlook for Tyler is encouraging even during a decline in sales tax collections by 2.2%. This is partly due to a decline in the oil and gas economy. Many cities throughout the state have experienced a decline in sales tax revenues, Tyler has fared better than many of those cities. According to economist Dr. Ray Perryman, Tyler should see job growth over the next five years. Tyler and the surrounding area will outperform the nation, state, and other cities in the East Texas area. Assessed values have increased by 3.8% in 2016. 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 will continue to be monitored throughout 2017.

*Economic Signs:*



### ***Long-term Financial Planning***

Within the policy guidelines set by the Council for budgetary and planning purposes, the City of Tyler maintains an unassigned fund balance greater than 15 percent of total General Fund expenditures less transfers. In addition to the Capital Projects Fund, the City takes advantage of half cent sales tax (4B) dollars to pay for capital projects related to street improvements, drainage projects, park improvements and other projects as approved by the corporation board and the City Council. By paying cash for infrastructure projects, the City has attained its goal of eliminating general obligation debt as of February 2008.

The City has continued to maintain the lowest property tax rate for mid to large-sized cities in Texas in an effort to balance citizen desire for lower property tax rates and the City's need to match operating costs associated with future planning initiatives. Sales tax has played a large role in allowing the City to obtain this objective with a ten year average increase of 1.62 percent. However, such a large dependence has caused budgeting constraints and all other sources of revenues will need to be reviewed in order to stabilize the cities revenue stream in the future. By maintaining an adequate reserve and monitoring future economic conditions, the City plans to continue to provide for future citizen needs in a streamlined and cost effective manner.

### ***Relevant Financial Policies***

Multiyear forecasting has been utilized for five years as a part of the revenue and expenditure budgeting process in order to realize all potential budgetary gains during restricted budgetary cycles. An OPEB trust was created in the fiscal year 2009 to separate and invest the dollars related to retiree benefits in order to realize a greater rate of return while maintaining fiduciary responsibility and security of principal.

### ***Major Initiatives***

Tyler's rapid growth and potential for change make this the critical moment for a new comprehensive plan to guide and shape future development. The comprehensive plan, entitled Tyler 1st, was adopted in late 2007 and sets out a strategic framework for making decisions about the long-term physical development of Tyler. It defines a vision for the future linked to overall goals and policies, and it contains strategies and action items for achieving those goals. During the planning process, residents and others with a stake in Tyler's future had the opportunity to articulate and review community values and goals through public discussion, create a vision for the kind of place they want Tyler to be for their children and grandchildren, and identify the key areas where the city must act -- both to preserve enduring character and to shape change so that their vision for Tyler's future can be achieved.

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

### ***Upgraded Bond Rating***

The City of Tyler received an upgrade to AAA for general obligation indebtedness by Standard and Poor during 2009. This rating increase was due in part to the current pay as you go environment and elimination of general obligation bond debt. Additional planning initiatives that the City began during 2009 include a Lean Sigma program for standardizing and reducing costs as well as continued multiyear planning which includes replacement funding for fleet acquisitions, HVAC replacement and roof replacements. This rating was reaffirmed in 2014.

### ***Industry Growth Initiative***

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

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

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

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

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

The draft plan was completed in December 2009 and vetted with community stakeholders. The plan was amended based upon that feedback adopted in May 2010 by boards representing the entire community.

#### ***Veteran and Military Growth Initiative***

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

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

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

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

#### ***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, 2015. This is the thirtieth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized

comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

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

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

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

Respectfully submitted,



Edward Broussard  
City Manager



Keidric Trimble  
Finance Director



Government Finance Officers Association

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

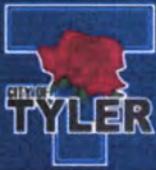
Presented to

**City of Tyler  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO



*A Natural Beauty*



11/21/16

### City Council

Boards & Commissions

Committees, Roundtables & Task Forces

### City Manager

City Attorney

Municipal Judges

Performance Excellence Manager

Communications Manager

### Executive Team

#### Managing Directors

**Jimmy Toler,**  
**Police Chief**

- Police
- Centralized Dispatch
- 911 Liaison
- Code Enforcement
- Animal Care Services

**Heather Nick,**  
**Managing Director of Planning and Economic Development**

- Planning
- MPO
- Historic Preservation
- Homeless RT Liaison
- Veteran's RT Liaison
- Human Needs Network Liaison
- Economic Development (TIRZ Liaison, Prospects)
- Industry Growth Initiative
- Tyler 1<sup>st</sup> Comprehensive Plan
- TAP4E/Collective Impact
- Catalyst 100 Exec Committee
- Leadership Roundtable

**Stephanie Franklin,**  
**Managing Director of Culture, Recreation, and Tourism Services**

- Parks & Recreation
- Visitor Services
- Conv. Facilities (hotel conference center)
- Library
- Keep Tyler Beautiful
- Main St. & Liberty Hall
- Cemeteries
- Innovation Pipeline
- Fit City (liaison)
- Cultural Affairs Board
- CVB Liaison
- City U

**ReNissa Wade,**  
**Managing Director for Administration**

- Human Resources
- Safety/Loss Prevention
- Benefits Admin.
- Volunteer Services
- Leadership Roundtable (Coordination)
- Eco Devo (Con Mgmt)

**Greg Morgan,**  
**Managing Director, Utilities & Public Works**

- Building & Development Services
- EPA Improvement Plan
- Engineering Development Functions Review
- Hotel/Conference Center
- Utilities

**David Coble,**  
**Fire Chief**

- Fire
- Emergency Mgmt.
- EMS Liaison

#### Directors

**Benny Yazdanpanahi**  
**Chief Information Officer (CIO)**

- Information Technology

**Carter Delleney,**  
**City Engineer**

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

**Keidric Trimble,**  
**Chief Financial Officer (CFO)**

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

**Russ Jackson,**  
**Director of Solid Waste and Transit Services**

- Solid Waste
- Vehicle/Equip. Services
- Transit

**CITY OF TYLER, TEXAS  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2016**

**MAYOR – MARTIN HEINES**

**Members of City Council:**

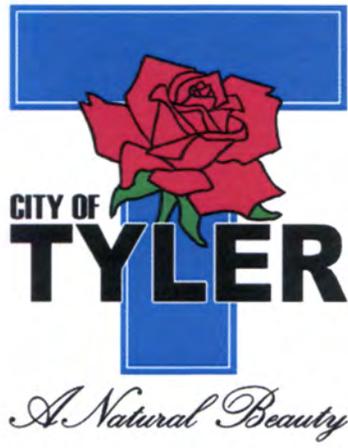
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Edward Moore, District 3  
Donald Warren, District 4  
Mark Whatley, District 5  
John Nix, District 6

**City Manager – Edward Broussard**

**Chief Financial Officer – Keidric Trimble**

**City Attorney – Deborah Pullum**

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas (City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information the City of Tyler, Texas, as of September 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of changes in pension liabilities on pages 4-14 and 66-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tyler, Texas' basic financial statements. The introductory section, additional supplemental information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The additional supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

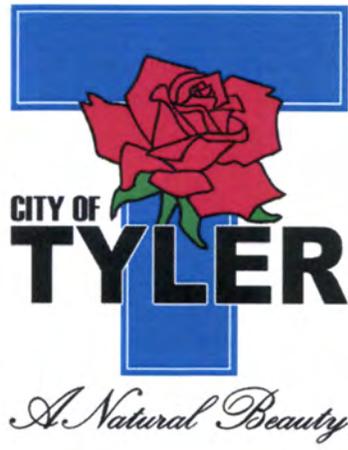
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standard*, we have also issued our report dated March 8, 2017, on our consideration of the City of Tyler, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tyler, Texas' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Gollob Morgan Peddy PC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Tyler, Texas  
March 8, 2017



## **CITY OF TYLER, TEXAS**

Management's Discussion and Analysis  
For Year Ended September 30, 2016  
(Unaudited)

As management of the City of Tyler, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2016. 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-vii 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 \$446,804,417 (net position).
- The City's total net position increased by \$12,921,325 for the current year.
- As of the close of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$35,508,734. \$12,717,634 is unassigned and available for use within the City's fund designation and fiscal policies.
- At the end of the current fiscal year the unassigned fund balance for the general fund was \$12,717,634. The general fund operating reserve targeted amount was \$9,943,112 (15% of general fund expenditures).
- The City's revenue bond payable had a net decrease of \$3,065,000 due to the payment of revenue bond liabilities. The City has no general obligation bond payable.

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

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

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

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

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

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, public services

and culture and recreation. The business-type activities of the City include utilities, airport and sanitation operations. The government-wide financial statements can be found on pages 16-17 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 18 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and the Capital Projects Half Cent Sales Tax Fund, both of which are considered to be major funds. Data from the other 16 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 18-23.

**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 24-26 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 27-28 of this report. Individual fund data for the fiduciary funds is provided in the form of combining statements elsewhere in this report. An additional fiduciary fund was created in 2009 for the Other Post Employment Benefit Trust. Information about Other Post Employment Benefits and the related trust can be found in note 5 on pages 60-62. 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 27-28. 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 59-60.

**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 30-64.

**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 66-69 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 71-122 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of governments' financial position. In the case of the City of Tyler, assets exceeded liabilities by \$446,804,417 as of September 30, 2016.

The largest portion of the City's net position, 98.8%, or \$441,224,403, reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction-in-progress and infrastructure), less any outstanding debt used to acquire the assets. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

#### CITY OF TYLER'S NET POSITION – Fiscal Year 2016

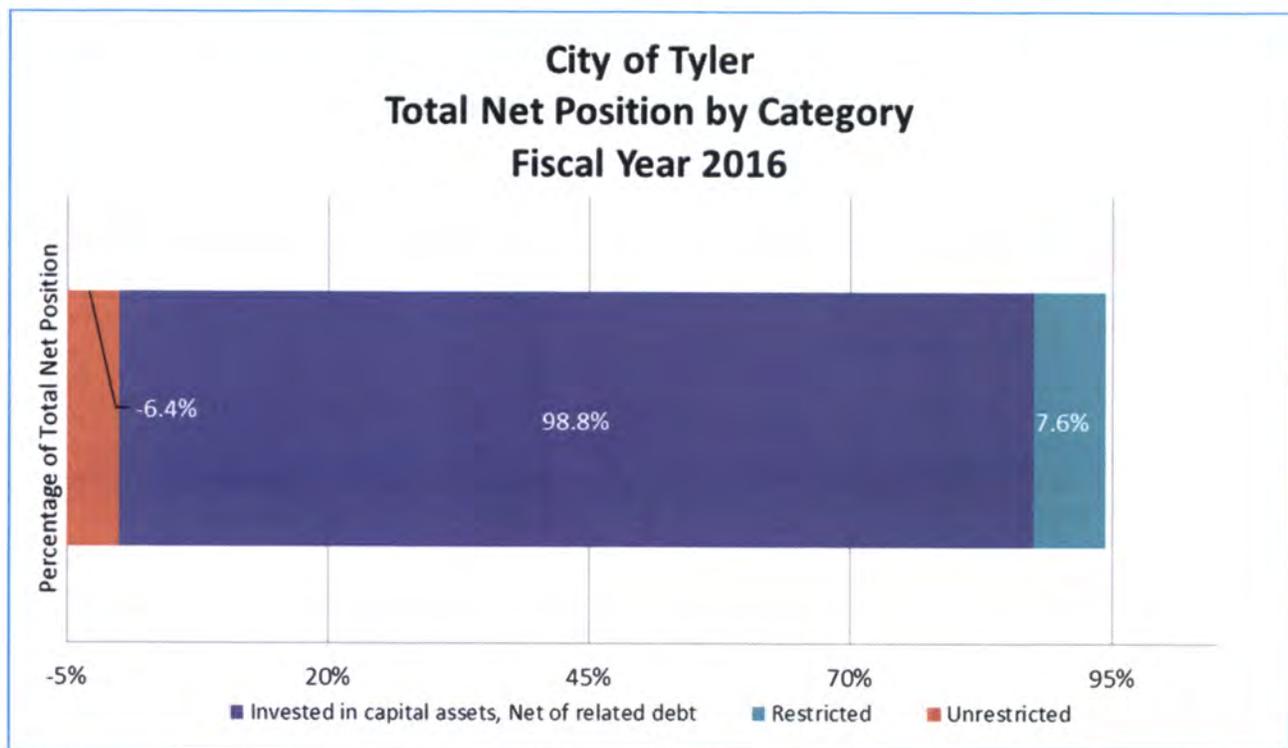
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$61,706,723	\$67,140,779	\$29,802,950	\$29,594,567	\$91,509,673	\$96,735,346
Capital assets	258,830,524	252,721,630	248,821,355	237,446,108	507,651,879	490,167,738
Total Assets	320,537,247	319,862,409	278,624,305	267,040,675	599,161,552	586,903,084
Deferred Outflow of Resources	21,047,215	7,590,022	4,047,771	2,097,128	25,094,986	9,687,150
Non-current liabilities	87,002,933	70,306,604	78,048,895	78,828,777	165,051,828	149,135,381
Other liabilities	7,602,969	9,314,894	3,810,992	3,506,424	11,413,961	12,821,318
Total Liabilities	94,605,902	79,621,498	81,859,887	82,335,201	176,465,789	161,956,699
Deferred Inflows of Resources	850,558	582,495	135,774	167,948	986,332	750,443
Net Position:						
Invested in capital assets,						
Net of related debt	255,335,707	248,481,237	185,888,696	171,337,799	441,224,403	419,819,036
Restricted	19,998,703	21,857,483	13,984,060	14,620,332	33,982,763	36,477,815
Unrestricted	(29,206,408)	(23,090,282)	803,659	676,523	(28,402,749)	(22,413,759)
Total Net Position	\$246,128,002	\$247,248,438	\$200,676,415	\$186,634,654	\$446,804,417	\$433,883,092

An additional portion of the City’s net position 7.6% or \$33,982,763 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (6.4%) at \$(28,402,749).

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

This negative impact on the City’s net position is not unique to the City of Tyler. Many organizations across the country are experiencing similar scenarios with the implementation of this new accounting standard. This new standard has been discussed for some time and organizations have been preparing for this implementation. Pension plans like TMRS have worked with us and made changes to make sure that we are properly setting aside the appropriate dollars for future benefits.

As of September 30, 2016 the City is able to report positive balances in two of the three categories of net position. The prior fiscal year also had positive balances in two of the three categories. The following chart illustrates for the current fiscal year the percentage of total net position each category encompasses.



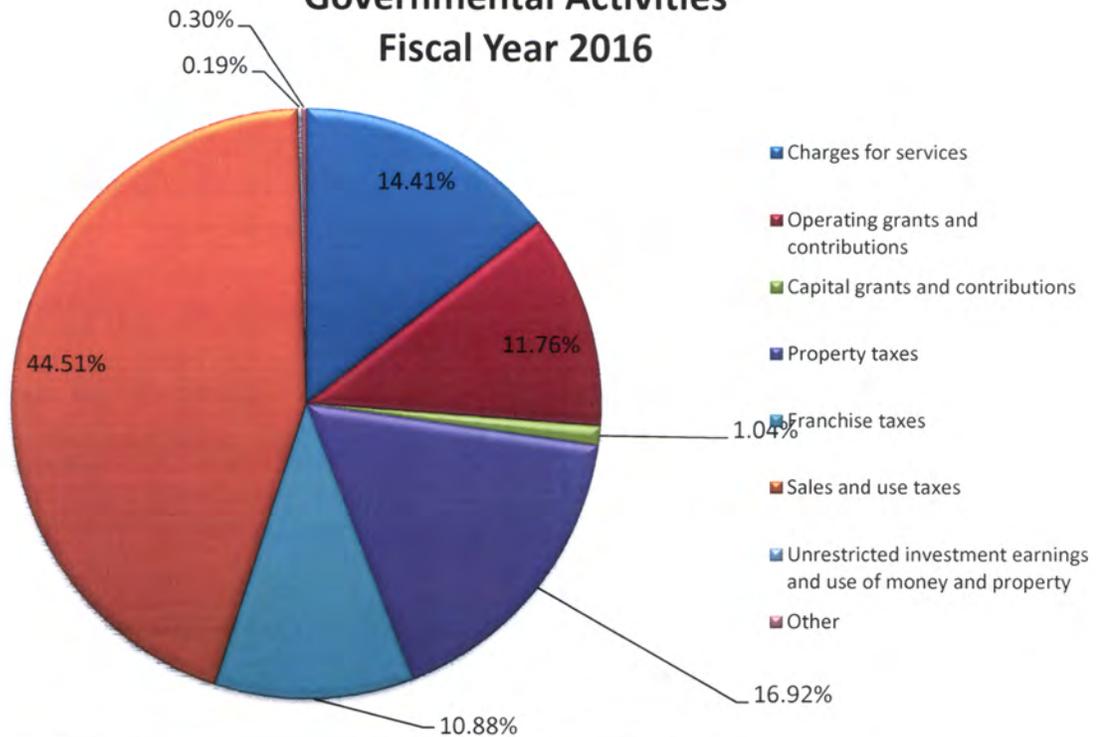
**Analysis of the City’s Operations** – Overall, the City’s total net position increased by \$12,921,325 for current year.

**Governmental Activities:** Governmental activities decreased total net position by (\$1,120,436). Net position invested in capital assets, net of related debt increased by \$6,854,470 due to additions exceeding retirements and depreciation. Restricted net position decreased by \$1,858,780 primarily due to remaining balance in the capital project fund.

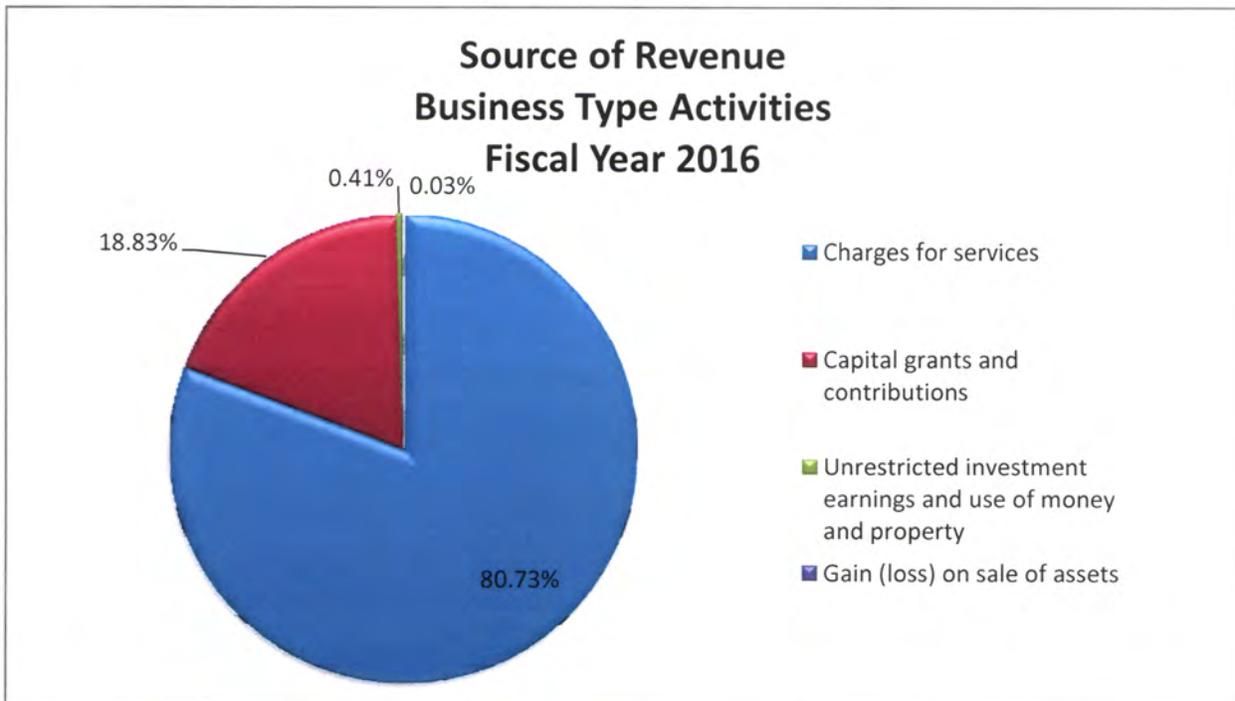
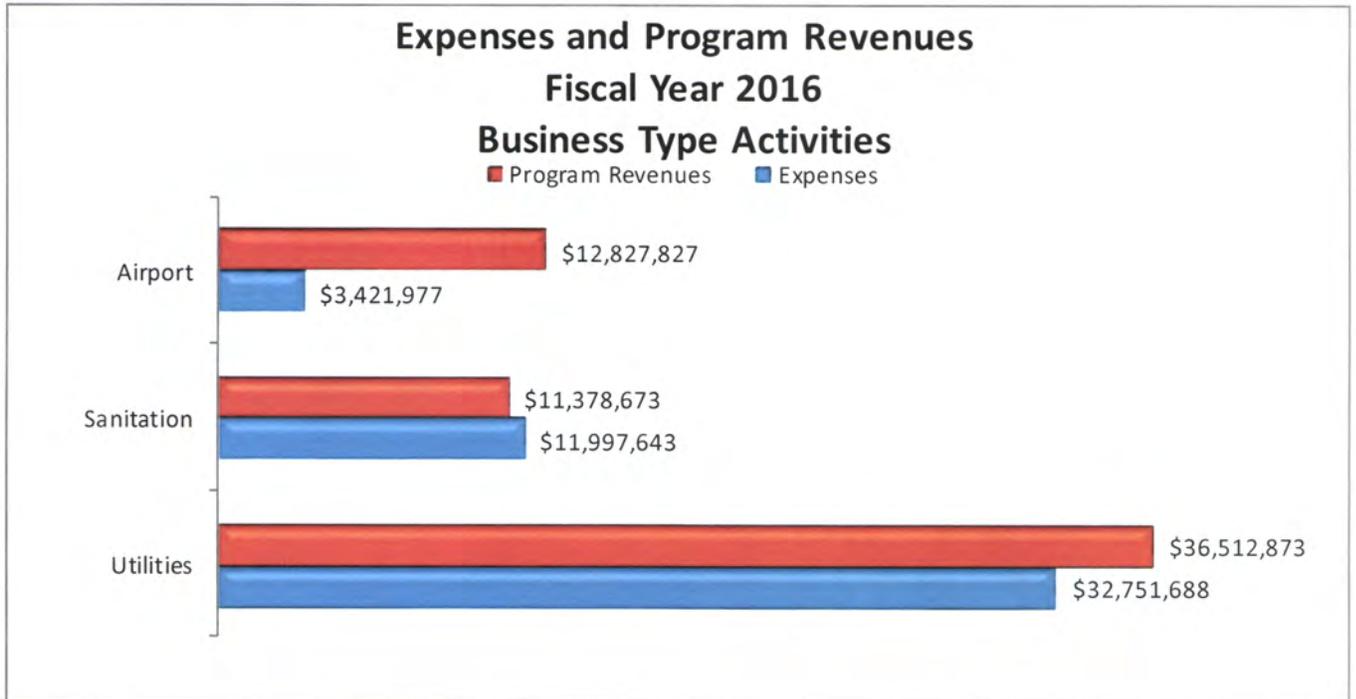
## Expenses and Program Revenues Fiscal Year 2016 Governmental Activities



## Source of Revenue Governmental Activities Fiscal Year 2016



Business-type Activities: Net Position from business-type activities increased by \$14,041,761. This increase was primarily due to an increase in capital assets related to the Airport, and Water Utilities Fund.



The following table provides a summary of the City's operations for the year ended September 30, 2016 with comparative totals for the year ended September 30, 2015.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$14,024,714	\$13,625,347	\$49,236,986	\$47,763,241	\$63,261,700	\$61,388,588
Operating grants and contributions	11,447,285	11,016,862	-	-	11,447,285	11,016,862
Capital grants and contributions	1,010,989	319,933	11,482,387	6,479,939	12,493,376	6,799,872
<b>General revenues:</b>						
Property taxes	16,464,898	15,859,234	-	-	16,464,898	15,859,234
Franchise taxes	10,592,842	10,476,018	-	-	10,592,842	10,476,018
Sales and use taxes	43,321,470	45,043,290	-	-	43,321,470	45,043,290
Investment earnings and use of money and property	181,013	255,243	251,601	177,701	432,614	432,944
Gain on sale of assets	294,107	(443,252)	185,203	92,824	479,310	(350,428)
Donations	-	-	-	-	-	-
Miscellaneous	-	334,677	-	-	-	334,677
<b>Total revenues</b>	<b>97,337,318</b>	<b>96,487,352</b>	<b>61,156,177</b>	<b>54,513,705</b>	<b>158,493,495</b>	<b>151,001,057</b>
<b>Expenses:</b>						
General government	10,454,415	7,411,863	-	-	10,454,415	7,411,863
Public safety	50,776,656	42,751,866	-	-	50,776,656	42,751,866
Streets	12,564,341	12,190,307	-	-	12,564,341	12,190,307
Public services	15,609,073	15,086,795	-	-	15,609,073	15,086,795
Culture and recreation	7,933,036	9,344,668	-	-	7,933,036	9,344,668
Interest on long-term debt	60,341	69,680	-	-	60,341	69,680
Water and sewer	-	-	32,754,688	31,574,214	32,754,688	31,574,214
Sanitation	-	-	11,997,643	11,586,745	11,997,643	11,586,745
Airport	-	-	3,421,977	3,074,982	3,421,977	3,074,982
<b>Total Expenses</b>	<b>97,397,862</b>	<b>86,855,179</b>	<b>48,174,308</b>	<b>46,235,941</b>	<b>145,572,170</b>	<b>133,091,120</b>
Increases (decreases) in net position before transfers	(60,544)	9,632,173	12,981,869	8,277,764	12,921,325	17,909,937
Transfers	(1,059,892)	(250,581)	1,059,892	250,581	-	-
<b>Change in net position</b>	<b>(1,120,436)</b>	<b>9,381,592</b>	<b>14,041,761</b>	<b>8,528,345</b>	<b>12,921,325</b>	<b>17,909,937</b>
Net position - October 1	247,248,438	286,518,959	186,634,654	187,189,286	433,883,092	473,708,245
Prior Period Adjustment	-	(48,652,113)	-	(9,082,977)	-	(57,735,090)
<b>Net position - September 30</b>	<b>\$ 246,128,002</b>	<b>\$ 247,248,438</b>	<b>\$ 200,676,415</b>	<b>\$ 186,634,654</b>	<b>\$ 446,804,417</b>	<b>\$ 433,883,092</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 \$35,508,734. Approximately 36% of this total amount, \$12,717,634, constitutes unassigned fund

balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or assigned for the following: 1) to pay for capital projects, \$11,339,528; 2) to pay for the perpetual care of city cemeteries, \$2,993,158; 3) to purchase items restricted under grant and donation terms, \$1,248,966; 4) to purchase items restricted under tourism and conventions, \$5,760,848 and 5) to pay for other miscellaneous restrictions, \$1,508,600. The City of Tyler also self imposes an operating designation in the general fund equivalent to approximately 15 percent of total expenditures, \$9,943,112.

In the general fund, the City's original budget planned to decrease the fund balance on a budget basis by \$882,602. Additional amendments were made to fund various expenses required for operations for a net budgeted decrease in fund balance of \$1,269,645. Due to both revenue and expenditure budget variances the actual net increase in fund balance for fiscal year 2016 was \$550,762. Capital Projects Half Cent Sales Tax Fund balance decreased in 2016 by (\$2,899,935). Other non-major governmental fund balances increased in 2016 by \$836,498, from \$9,271,760 to \$10,108,258.

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

Unrestricted net position of the respective proprietary funds are Utilities - \$1,485,766, Sanitation - \$275,923 and Airport - (\$652,512). The following funds had a net position increase/ (decrease) in 2016 as follows: Utilities \$4,430,463, Sanitation (\$356,222), and Airport- \$10,792,844.

**General Fund Budgetary Highlights** - The City made revisions to the original budget appropriations approved by the City Council. Overall these changes resulted in increased budgeted expenditures of \$390,393.

Actual revenues were below the final budgeted amounts by a total of \$2,578,222. Actual expenditures not including transfers were below final budgeted amounts by a total of \$4,368,966.

## CAPITAL ASSETS

The City of Tyler's investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounts to \$507,651,879, (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 \$17,484,140.

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

- \$13,922,033 Roadway improvement projects
- \$1,380,134 Police Substation
- \$12,859,640 Airport capital projects
- \$6,036,979 Water and Sewer capital projects
- \$2,413,643 Animal Care Facility

Capital Assets at Year End						
Net of Accumulated Depreciation						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$19,249,653	\$19,249,653	\$10,797,910	\$10,797,910	\$30,047,563	\$30,047,563
Water rights	-	-	12,526,700	12,526,700	12,526,700	12,526,700
Building	30,327,891	31,501,518	31,569,431	32,692,242	61,897,322	64,193,760
Improvements	17,204,887	18,002,781	146,112,618	148,725,079	163,317,505	166,727,860
Machinery & equipment	21,123,080	21,257,729	4,393,823	4,369,907	25,516,903	25,627,636
Infrastructure	136,969,433	141,131,199	18,671,355	19,062,256	155,640,788	160,193,455
Construction in progress	33,955,580	21,578,750	24,749,518	9,272,015	58,705,098	30,850,765
Total	\$258,830,524	\$252,721,630	\$248,821,355	\$237,446,109	\$507,651,879	490,167,739

Additional information on the City of Tyler's capital assets can be found in note 4 on page 43-44 of this report.

### DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Tyler had a total bonded debt of \$60,675,000 comprised of bonds secured by water and sewer revenues \$59,685,000 and airport customer facility revenue \$990,000.

Outstanding Debt at Year End						
Bonds and Notes Payable						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital leases	\$ 3,494,817	\$ 4,240,385	\$ 249,044	\$ -	\$ 3,743,861	\$ 4,240,385
Revenue bonds payable	-	-	60,675,000	63,740,000	60,675,000	63,740,000
Total	\$3,494,817	\$4,240,385	\$60,924,044	\$63,740,000	\$64,418,861	\$67,980,385

During the fiscal year, the City's revenue bond debt decreased by \$3,065,000 or 4.8%.

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

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

Please see note 4 on page 47 for an explanation of reserve requirements for the City of Tyler. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Tyler is \$7,851,746. The City of Tyler has no outstanding general obligation bond debt.

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

- The unemployment rate for the City of Tyler is currently 4.2%, which is a decrease from 5.8% a year ago. This compares to the state's average unemployment rate of 4.8% and the national average rate of 5.4%.
- The office space occupancy rate for the City of Tyler decreased slightly in 2016 to 85.4% from 85.9% occupancy in 2015.
- Sales tax receipt growth over a ten year average decreased slightly to 1.62%. Property values have grown at an average of 3.4% over the last ten years. Growth in values include new and existing values.

All of these factors were considered in preparing the budget for the fiscal year 2016-2017 and the City of Tyler anticipates that total net position will remain at similar levels by September 30, 2017.

## **REQUEST FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF TYLER, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

**EXHIBIT 1**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,370,154	\$ 8,411,272	\$ 29,781,426
Receivables (net of allowance for doubtful accounts)	21,813,650	7,774,946	29,588,596
Internal balances	1,109,641	(1,109,641)	-
Inventories	304,275	502,269	806,544
Prepaid items	282,413	40,393	322,806
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	11,522,849	14,183,711	25,706,560
Permanently restricted			
Cash and cash equivalents	2,927,581	-	2,927,581
Other post employment benefits asset	90,331	-	90,331
Investment in joint venture	2,285,829	-	2,285,829
Capital assets not being depreciated:			
Land	19,249,653	10,797,910	30,047,563
Water rights	-	12,526,700	12,526,700
Construction in progress	33,955,580	24,749,518	58,705,098
Capital Assets net of accumulated depreciation:			
Buildings	30,327,891	31,569,431	61,897,322
Improvements, other than buildings	17,204,887	146,112,618	163,317,505
Machinery and equipment	21,123,080	4,393,823	25,516,903
Infrastructure	136,969,433	18,671,355	155,640,788
<b>Total assets</b>	<b>320,537,247</b>	<b>278,624,305</b>	<b>599,161,552</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	21,047,215	3,497,761	24,544,976
Deferred charge on refunding (net of amortization)	-	550,010	550,010
<b>Total deferred outflows of resources</b>	<b>21,047,215</b>	<b>4,047,771</b>	<b>25,094,986</b>
<b>LIABILITIES</b>			
Accounts payable	5,063,462	3,474,342	8,537,804
Deposits and other refundable balances	1,406,531	136,999	1,543,530
Insurance claims payable	1,091,929	-	1,091,929
Accrued interest payable	18,013	199,651	217,664
Unearned revenues	23,034	-	23,034
Non-current liabilities:			
Due within one year	2,268,667	3,139,501	5,408,168
Due in more than one year	84,734,266	74,909,394	159,643,660
<b>Total liabilities</b>	<b>94,605,902</b>	<b>81,859,887</b>	<b>176,465,789</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	850,558	135,774	986,332
<b>Total deferred inflows of resources</b>	<b>850,558</b>	<b>135,774</b>	<b>986,332</b>
<b>NET POSITION</b>			
Investment in capital assets	255,335,707	185,888,696	441,224,403
Restricted for:			
Perpetual care - nonexpendable	2,915,817	-	2,915,817
Storm water management	-	1,315,000	1,315,000
Public Safety	494,697	-	494,697
Capital improvements	158,398	-	158,398
Tourism and convention	4,103,653	-	4,103,653
Donor restrictions	487,398	-	487,398
Capital projects	10,491,754	4,501,381	14,993,135
Airport improvements	115,371	-	115,371
Communications	585,418	-	585,418
Housing assistance	505,278	-	505,278
Grant restrictions	140,919	-	140,919
Debt service	-	8,167,679	8,167,679
Unrestricted	(29,206,408)	803,659	(28,402,749)
<b>Total net position</b>	<b>\$ 246,128,002</b>	<b>\$ 200,676,415</b>	<b>\$446,804,417</b>

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

**CITY OF TYLER, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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	\$ 10,454,415	\$ 3,144,517	\$ 284,899	\$ -	\$ (7,024,999)	\$ -	\$ (7,024,999)
Public safety	50,776,656	7,278,868	-	1,010,989	(42,486,799)	-	(42,486,799)
Highways and streets	12,564,341	142,380	-	-	(12,421,961)	-	(12,421,961)
Public services	15,609,073	2,317,480	11,162,386	-	(2,129,207)	-	(2,129,207)
Culture and recreation	7,933,036	1,141,469	-	-	(6,791,567)	-	(6,791,567)
Interest on long term debt	60,341	-	-	-	(60,341)	-	(60,341)
Total governmental activities	<u>97,397,862</u>	<u>14,024,714</u>	<u>11,447,285</u>	<u>1,010,989</u>	<u>(70,914,874)</u>	<u>-</u>	<u>(70,914,874)</u>
<b>Business-type activities:</b>							
Utilities	32,754,688	36,512,873	-	-	-	3,758,185	3,758,185
Sanitation	11,997,643	11,378,673	-	-	-	(618,970)	(618,970)
Airport	3,421,977	1,345,440	-	11,482,387	-	9,405,850	9,405,850
Total business-type activities	<u>48,174,308</u>	<u>49,236,986</u>	<u>-</u>	<u>11,482,387</u>	<u>-</u>	<u>12,545,065</u>	<u>12,545,065</u>
Total primary government	<u>\$ 145,572,170</u>	<u>\$ 63,261,700</u>	<u>\$ 11,447,285</u>	<u>\$ 12,493,376</u>	<u>(70,914,874)</u>	<u>12,545,065</u>	<u>(58,369,809)</u>
<b>General revenues:</b>							
Property taxes					16,464,898	-	16,464,898
Franchise taxes					10,592,842	-	10,592,842
Sales and use taxes					43,321,470	-	43,321,470
Unrestricted investment earnings and use of money and property					181,013	251,601	432,614
Gain (loss) on sale of assets					294,107	185,203	479,310
Transfers					(1,059,892)	1,059,892	-
Total general revenues and transfers					<u>69,794,438</u>	<u>1,496,696</u>	<u>71,291,134</u>
Change in net position					(1,120,436)	14,041,761	12,921,325
Net position - beginning of year, as originally stated					<u>247,248,438</u>	<u>186,634,654</u>	<u>433,883,092</u>
Net position - end of year					<u>\$ 246,128,002</u>	<u>\$ 200,676,415</u>	<u>\$ 446,804,417</u>

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

**CITY OF TYLER, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	MAJOR FUNDS		OTHER NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
	GENERAL	ONE-HALF CENT SALES TAX	FUNDS	FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,271,432	\$ -	\$ 5,207,504	\$ 14,478,936
Receivables (net of allowance for doubtful accounts) :				
Property taxes	559,264	-	-	559,264
Other	16,489,910	2,858,023	1,172,490	20,520,423
Due from other funds	1,483,601	-	-	1,483,601
Inventories	27,104	-	4,450	31,554
Prepaid items	71,075	-	11,193	82,268
Cash - restricted	-	9,752,399	4,698,031	14,450,430
<b>Total assets</b>	<b>\$ 27,902,386</b>	<b>\$ 12,610,422</b>	<b>\$ 11,093,668</b>	<b>\$ 51,606,476</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,936,593	\$ 2,118,668	\$ 367,768	\$ 4,423,029
Deposits and other refundable balances	1,224,046	-	182,485	1,406,531
Due to other funds	-	-	434,328	434,328
Unearned Revenues	22,205	-	829	23,034
<b>Total liabilities</b>	<b>3,182,844</b>	<b>2,118,668</b>	<b>985,410</b>	<b>6,286,922</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	534,622	-	-	534,622
Unavailable revenue-fines	9,085,072	-	-	9,085,072
Unavailable revenue-permits	191,126	-	-	191,126
<b>Total deferred inflows of resources</b>	<b>9,810,820</b>	<b>-</b>	<b>-</b>	<b>9,810,820</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	27,104	-	4,450	31,554
Prepaid items	71,075	-	10,121	81,196
Permanent fund principal	-	-	2,915,817	2,915,817
Restricted for:				
Public Safety	-	-	494,697	494,697
Capital improvements	-	-	158,398	158,398
Tourism and convention	-	-	4,103,653	4,103,653
Donor restrictions	-	-	487,398	487,398
Capital projects	-	10,491,754	-	10,491,754
Airport improvements	-	-	115,371	115,371
Communications	-	-	585,418	585,418
Housing assistance	-	-	505,278	505,278
Grant restrictions	-	-	140,919	140,919
Assigned to:				
Development services	315,735	-	-	315,735
Capital improvements	119,979	-	-	119,979
Capital projects	-	-	569,397	569,397
Cemetery maintenance	-	-	17,341	17,341
Tourism and convention	1,657,195	-	-	1,657,195
Unassigned	12,717,634	-	-	12,717,634
<b>Total fund balances</b>	<b>14,908,722</b>	<b>10,491,754</b>	<b>10,108,258</b>	<b>35,508,734</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 27,902,386</b>	<b>\$ 12,610,422</b>	<b>\$ 11,093,668</b>	<b>\$ 51,606,476</b>

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

CITY OF TYLER, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2016

Total fund balances governmental funds (Exhibit 3)	\$ 35,508,734
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)	90,331
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	239,976,083
Equity in an affiliated joint venture is included in governmental activities in the statement of net assets.	2,285,829
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	9,810,820
Deferred outflows of funds related to pension activities	20,272,846
Deferred inflows of funds related to pension activities	(796,479)
Net pension liabilities reflected under GASB 68 and 71 at year end	(69,314,318)
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 - (\$305,518) )	19,857,239
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(11,563,083)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 246,128,002</u>

**CITY OF TYLER, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	MAJOR FUNDS			OTHER NON-MAJOR GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX				
<b>REVENUES</b>						
Taxes:						
Property	\$ 16,401,184	\$ -	\$ 52,423	\$ -	\$ 16,453,607	
Franchise	10,328,141	-	264,701	-	10,592,842	
Sales and use	26,702,404	13,102,900	3,516,166	-	43,321,470	
Licenses and permits	1,814,438	-	4,100	-	1,818,538	
Fines, forfeitures, and penalties	5,935,407	-	836,501	-	6,771,908	
Revenues from use of money or property	612,642	79,957	57,721	-	750,320	
Charges for current services	2,244,547	-	563,032	-	2,807,579	
Revenues from other agencies	568,845	465,543	11,423,886	-	12,458,274	
Donations	-	-	374,071	-	374,071	
Miscellaneous	1,116,259	142,380	79,553	-	1,338,192	
Total revenues	<u>65,723,867</u>	<u>13,790,780</u>	<u>17,172,154</u>	<u>-</u>	<u>96,686,801</u>	
<b>EXPENDITURES</b>						
Current:						
General government	6,889,860	179,602	116,384	-	7,185,846	
Public safety	44,537,897	-	711,146	-	45,249,043	
Public services	2,385,665	-	12,686,709	-	15,072,374	
Highways and streets	5,163,190	433,385	-	-	5,596,575	
Culture and recreation	7,017,511	-	444,420	-	7,461,931	
Capital outlay	293,290	15,035,632	1,330,331	-	16,659,253	
Debt service:						
Principal retirement	-	-	54,094	-	54,094	
Interest and fiscal charges	-	-	5,867	-	5,867	
Total expenditures	<u>66,287,413</u>	<u>15,648,619</u>	<u>15,348,951</u>	<u>-</u>	<u>97,284,983</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(563,546)</u>	<u>(1,857,839)</u>	<u>1,823,203</u>	<u>-</u>	<u>(598,182)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of capital lease debt	-	-	405,126	-	405,126	
Transfers in	2,118,000	101,218	902,387	(3,071,605)	50,000	
Transfers out	(1,003,692)	(1,143,314)	(2,294,218)	3,071,605	(1,369,619)	
Total other financing sources (uses)	<u>1,114,308</u>	<u>(1,042,096)</u>	<u>(986,705)</u>	<u>-</u>	<u>(914,493)</u>	
Net change in fund balances	550,762	(2,899,935)	836,498	-	(1,512,675)	
Fund balances - beginning of year	<u>14,357,960</u>	<u>13,391,689</u>	<u>9,271,760</u>	<u>-</u>	<u>37,021,409</u>	
Fund balances - end of year	<u>\$ 14,908,722</u>	<u>\$ 10,491,754</u>	<u>\$ 10,108,258</u>	<u>\$ -</u>	<u>\$ 35,508,734</u>	

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

CITY OF TYLER, TEXAS  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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

Net change in fund balances - total governmental funds	\$ (1,512,675)
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.	-
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	6,066,318
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	252,425
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	-
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.	(11,942)
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.	(351,032)
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. This amount reflects the change in the accrued liability for compensated absences, accrued legal expenses, and net pension expense.	(4,181,864)
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 (\$825,324)	<u>(1,381,666)</u>
Change in net assets of governmental activities	<u>\$ (1,120,436)</u>

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

**CITY OF TYLER, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property tax collections	16,489,834	\$ 16,489,834	\$ 16,401,184	\$ (88,650)
Franchise fees	10,388,824	10,388,824	10,328,141	(60,683)
Sales and use taxes	28,675,981	28,675,981	26,702,404	(1,973,577)
Licenses and permits	1,613,875	1,613,375	1,814,438	201,063
Fines, forfeitures, and penalties	7,114,567	7,114,567	5,935,407	(1,179,160)
Revenues from use of money or property	576,078	576,078	612,642	36,564
Charges for current services	2,288,624	2,288,624	2,244,547	(44,077)
Revenues from other agencies	519,306	519,306	568,845	49,539
Miscellaneous	635,000	635,500	1,116,259	480,759
<b>Total revenues</b>	<b>68,302,089</b>	<b>68,302,089</b>	<b>65,723,867</b>	<b>(2,578,222)</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT:</b>				
General government services	5,160,062	4,840,062	4,095,710	744,352
Communications	399,587	399,587	314,127	85,460
Finance	1,117,247	1,117,247	1,038,963	78,284
Human Resources	451,259	451,259	405,771	45,488
Legal	976,451	976,451	921,264	55,187
Parking Garage	126,220	126,220	114,025	12,195
<b>Total General Government</b>	<b>8,230,826</b>	<b>7,910,826</b>	<b>6,889,860</b>	<b>1,020,966</b>
<b>PUBLIC SAFETY</b>				
Police	26,532,140	26,532,140	26,133,159	398,981
Fire	17,145,044	17,145,044	16,939,535	205,509
Municipal Court	1,701,472	1,701,472	1,465,203	236,269
<b>Total Public Safety</b>	<b>45,378,656</b>	<b>45,378,656</b>	<b>44,537,897</b>	<b>840,759</b>
<b>PUBLIC SERVICES</b>				
Animal Services	1,102,775	1,102,775	898,383	204,392
Planning and Zoning Services	551,502	551,502	535,194	16,308
Development Services	311,118	316,118	306,631	9,487
Building Services	641,333	641,333	645,457	(4,124)
<b>Total Public Services</b>	<b>2,606,728</b>	<b>2,611,728</b>	<b>2,385,665</b>	<b>226,063</b>
<b>HIGHWAYS AND STREETS</b>				
Engineering	544,124	544,124	444,277	99,847
Street administration	2,336,735	2,336,735	2,167,079	169,656
Traffic operations	2,592,910	2,616,174	2,551,834	64,340
<b>Total Highways and Streets</b>	<b>5,473,769</b>	<b>5,497,033</b>	<b>5,163,190</b>	<b>333,843</b>
<b>CULTURE AND RECREATION</b>				
Library	1,410,767	1,410,767	1,519,256	(108,489)
Parks administration	2,481,731	2,481,731	2,249,122	232,609
Indoor recreation	525,585	526,585	544,549	(17,964)
Outdoor recreation	377,919	376,919	328,835	48,084
Median maintenance and arborist	447,936	447,936	353,815	94,121
Rose Garden center	292,844	292,844	275,052	17,792
Rose Garden maintenance	534,897	534,897	490,448	44,449
Visitor facilities	766,400	766,400	787,111	(20,711)

(Continued)

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

**CITY OF TYLER, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
<b>EXPENDITURES (continued)</b>				POSITIVE (NEGATIVE)
CULTURE AND RECREATION (Cont'd)				
Liberty Hall	255,085	255,085	255,421	(336)
Main Street	229,574	229,574	213,902	15,672
Total Culture and Recreation	<u>7,322,738</u>	<u>7,322,738</u>	<u>7,017,511</u>	<u>305,227</u>
Capital Outlay	<u>1,253,269</u>	<u>1,935,398</u>	<u>293,290</u>	<u>1,642,108</u>
Total expenditures	<u>70,265,986</u>	<u>70,656,379</u>	<u>66,287,413</u>	<u>4,368,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,963,897)</u>	<u>(2,354,290)</u>	<u>(563,546)</u>	<u>1,790,744</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,118,000	2,118,000	2,118,000	-
Transfers out	<u>(1,036,705)</u>	<u>(1,033,355)</u>	<u>(1,003,692)</u>	<u>29,663</u>
Total other financing sources (uses)	<u>1,081,295</u>	<u>1,084,645</u>	<u>1,114,308</u>	<u>29,663</u>
Net change in fund balance	(882,602)	(1,269,645)	550,762	1,820,407
Fund balance - beginning of year	<u>8,609,734</u>	<u>8,909,702</u>	<u>14,357,960</u>	<u>5,448,258</u>
Fund balance - end of year	<u>\$ 7,727,132</u>	<u>\$ 7,640,057</u>	<u>\$ 14,908,722</u>	<u>\$ 7,268,665</u>

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

**CITY OF TYLER, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2016**

**EXHIBIT 8**

	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	\$ 5,665,814	\$ 1,964,872	\$ 780,586	\$ 8,411,272	\$ 6,891,218
Prepaid expenses	40,393	-	-	40,393	200,145
Accounts receivable (net of allowance for doubtful accounts)	5,083,479	1,843,934	847,533	7,774,946	733,963
Inventories - at average cost	502,269	-	-	502,269	272,721
Due from other funds	-	-	-	-	-
Total unrestricted current assets	<u>11,291,955</u>	<u>3,808,806</u>	<u>1,628,119</u>	<u>16,728,880</u>	<u>8,098,047</u>
Restricted Current assets:					
Temporarily restricted:					
Cash and cash equivalents for payment of current maturities of revenue bond principal and interest	8,263,150	-	104,180	8,367,330	-
Total restricted current assets	<u>8,263,150</u>	<u>-</u>	<u>104,180</u>	<u>8,367,330</u>	<u>-</u>
Total current assets	<u>19,555,105</u>	<u>3,808,806</u>	<u>1,732,299</u>	<u>25,096,210</u>	<u>8,098,047</u>
Noncurrent assets:					
Restricted assets:					
Temporarily restricted					
Cash and cash equivalents	5,779,221	37,160	-	5,816,381	-
Total restricted assets	<u>5,779,221</u>	<u>37,160</u>	<u>-</u>	<u>5,816,381</u>	<u>-</u>
Other post employment benefits asset					
	-	-	-	-	3,660
Capital assets:					
Land	5,847,055	3,285,312	1,665,543	10,797,910	65,000
Water rights	12,526,700	-	-	12,526,700	-
Buildings and infrastructure	39,355,375	722,783	42,012,803	82,090,961	1,490,767
Improvements other than buildings	230,549,958	581,904	23,967,994	255,099,856	1,779,623
Machinery and equipment	3,886,664	7,820,607	940,002	12,647,273	42,442,244
Construction in progress	4,640,029	-	20,109,489	24,749,518	99
Less accumulated depreciation	(123,460,986)	(5,856,379)	(19,773,498)	(149,090,863)	(26,923,292)
Total capital assets net of accumulated depreciation	<u>173,344,795</u>	<u>6,554,227</u>	<u>68,922,333</u>	<u>248,821,355</u>	<u>18,854,441</u>
Total noncurrent assets	<u>179,124,016</u>	<u>6,591,387</u>	<u>68,922,333</u>	<u>254,637,736</u>	<u>18,858,101</u>
Total assets	<u>198,679,121</u>	<u>10,400,193</u>	<u>70,654,632</u>	<u>279,733,946</u>	<u>26,956,148</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	2,316,275	999,511	181,975	3,497,761	774,369
Deferred charge on refunding (net of amortization)	550,010	-	-	550,010	-
Total deferred outflows of resources	<u>2,866,285</u>	<u>999,511</u>	<u>181,975</u>	<u>4,047,771</u>	<u>774,369</u>
<b>LIABILITIES</b>					
Current liabilities:					
Unrestricted current liabilities:					
Accounts and contracts payable	2,456,268	408,493	609,581	3,474,342	640,433
Due to other funds	-	-	804,123	804,123	245,150
Insurance claims payable	-	-	-	-	1,091,929
Current portion of capital lease payment	-	-	47,961	47,961	1,079,806
Current portion of compensated absences payable	21,274	7,392	2,874	31,540	7,212
Total unrestricted current liabilities	<u>2,477,542</u>	<u>415,885</u>	<u>1,464,539</u>	<u>4,357,966</u>	<u>3,064,530</u>
Current liabilities payable from restricted assets:					
Revenue bonds payable	2,995,000	-	65,000	3,060,000	-
Customer deposits	136,999	-	-	136,999	-
Accrued interest	199,651	-	-	199,651	18,013
Total current liabilities payable from restricted assets	<u>3,331,650</u>	<u>-</u>	<u>65,000</u>	<u>3,396,650</u>	<u>18,013</u>
Total current liabilities	<u>5,809,192</u>	<u>415,885</u>	<u>1,529,539</u>	<u>7,754,616</u>	<u>3,082,543</u>
Noncurrent liabilities:					
Revenue bonds payable (net)	59,497,669	-	925,000	60,422,669	-
Capital lease payable	-	-	201,083	201,083	1,922,292
Other post employment benefits liabilities	14,220	4,981	2,415	21,616	1,535
Net pension obligation	8,930,856	3,863,578	712,638	13,507,072	2,940,501
Compensated absences	510,571	177,403	68,980	756,954	174,186
Total noncurrent liabilities	<u>68,953,316</u>	<u>4,045,962</u>	<u>1,910,116</u>	<u>74,909,394</u>	<u>5,038,514</u>
Total liabilities	<u>74,762,508</u>	<u>4,461,847</u>	<u>3,439,655</u>	<u>82,664,010</u>	<u>8,121,057</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	52,276	70,547	12,951	135,774	54,079
Total deferred inflows of resources	<u>52,276</u>	<u>70,547</u>	<u>12,951</u>	<u>135,774</u>	<u>54,079</u>
<b>NET POSITION</b>					
Net investment in capital assets	111,402,136	6,554,227	67,932,333	185,888,696	15,852,343
Restricted for:					
Debt service	8,063,499	-	104,180	8,167,679	-
Storm water management	1,315,000	-	-	1,315,000	-
Capital projects	4,464,221	37,160	-	4,501,381	-
Unrestricted	<u>1,485,766</u>	<u>275,923</u>	<u>(652,512)</u>	<u>1,109,177</u>	<u>3,703,038</u>
Total net position	<u>\$ 126,730,622</u>	<u>\$ 6,867,310</u>	<u>\$ 67,384,001</u>	<u>\$ 200,981,933</u>	<u>\$ 19,555,381</u>
Reconciliation to government-wide statements of net assets:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			Prior years Current year	519,806 (825,324)	
Net position of business-type activities				<u>\$ 200,676,415</u>	

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

**CITY OF TYLER, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	UTILITIES	SANITATION	AIRPORT		INTERNAL SERVICE FUNDS
<b>OPERATING REVENUES</b>					
Water and sewer operations	\$ 36,612,671	\$ -	\$ -	\$ 36,612,671	\$ -
Trash and garbage	-	11,511,146	-	11,511,146	-
Airport sales and rentals	-	-	1,392,922	1,392,922	-
Charges for services	-	-	-	-	16,072,240
Contributions	-	-	-	-	9,234,720
Miscellaneous	502,085	15,982	27,504	545,571	4,071,668
<b>Total operating revenues</b>	<u>37,114,756</u>	<u>11,527,128</u>	<u>1,420,426</u>	<u>50,062,310</u>	<u>29,378,628</u>
<b>OPERATING EXPENSES</b>					
Water and sewer operations	24,333,185	-	-	24,333,185	-
Sanitation operations	-	11,426,158	-	11,426,158	-
Municipal Airport operations	-	-	1,716,594	1,716,594	-
Garage operations	-	-	-	-	5,149,058
Depreciation	6,059,236	571,485	1,665,715	8,296,436	4,885,748
Insurance claims	-	-	-	-	14,015,652
Administrative	-	-	-	-	6,923,483
Special services	-	-	-	-	910,211
Maintenance	-	-	-	-	316,750
<b>Total operating expenses</b>	<u>30,392,421</u>	<u>11,997,643</u>	<u>3,382,309</u>	<u>45,772,373</u>	<u>32,200,902</u>
Operating income (loss)	<u>6,722,335</u>	<u>(470,515)</u>	<u>(1,961,883)</u>	<u>4,289,937</u>	<u>(2,822,274)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Revenues from use of money and property	187,106	20,801	43,694	251,601	115,927
Gain (loss) on sale of assets	-	185,203	-	185,203	294,104
Interest expense	(2,362,267)	-	(39,668)	(2,401,935)	(54,474)
<b>Total non-operating revenues (expenses)</b>	<u>(2,175,161)</u>	<u>206,004</u>	<u>4,026</u>	<u>(1,965,131)</u>	<u>355,557</u>
Income (loss) before capital contributions and transfers	<u>4,547,174</u>	<u>(264,511)</u>	<u>(1,957,857)</u>	<u>2,324,806</u>	<u>(2,466,717)</u>
Capital contributions	-	-	11,482,387	11,482,387	-
Transfers in	-	-	1,268,314	1,268,314	259,727
Transfers out	(116,711)	(91,711)	-	(208,422)	-
Net transfers and capital contributions	<u>(116,711)</u>	<u>(91,711)</u>	<u>12,750,701</u>	<u>12,542,279</u>	<u>259,727</u>
Change in net assets	4,430,463	(356,222)	10,792,844	14,867,085	(2,206,990)
Net position - beginning of year	<u>122,300,159</u>	<u>7,223,532</u>	<u>56,591,157</u>		<u>21,762,371</u>
Net position - end of year	<u>\$ 126,730,622</u>	<u>\$ 6,867,310</u>	<u>\$ 67,384,001</u>		<u>\$ 19,555,381</u>
Reconciliation to government-wide statements of net assets					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(825,324)	
Change in net position of business-type activities				<u>\$ 14,041,761</u>	

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

**CITY OF TYLER, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL
	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	UTILITIES	SANITATION	AIRPORT		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$ 37,095,133	\$ 11,360,465	\$ 1,445,248	\$ 49,900,846	\$ 28,992,709
Cash paid to suppliers for goods and services	(17,315,363)	(8,028,946)	(1,160,718)	(26,505,027)	(11,232,824)
Cash paid to employees for services	(7,715,458)	(3,458,059)	(626,735)	(11,800,252)	(2,541,575)
Insurance claims paid	-	-	-	-	(13,364,791)
Net cash provided by (used in) operating activities	<u>12,064,312</u>	<u>(126,540)</u>	<u>(342,205)</u>	<u>11,595,567</u>	<u>1,853,519</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Advances from/ (to) other funds	-	-	(177,887)	(177,887)	245,150
Transfers in from other funds	-	-	1,268,314	1,268,314	259,727
Transfers out to other funds	(116,711)	(91,711)	-	(208,422)	-
Net cash (used in) provided by non-capital financing activities	<u>(116,711)</u>	<u>(91,711)</u>	<u>1,090,427</u>	<u>882,005</u>	<u>504,877</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(4,898,782)	(412,667)	(13,152,169)	(18,463,618)	(4,978,923)
Proceeds from grants for capital purposes	-	-	12,419,964	12,419,964	-
Proceeds from sale of assets	-	185,203	-	185,203	344,704
Proceeds from issuance of debt	-	-	-	-	-
Payments on debt	(3,000,000)	-	(65,000)	(3,065,000)	(1,096,608)
Interest paid	(2,437,555)	-	(39,668)	(2,477,223)	(54,474)
Net cash provided by (used in) capital and related financing activities	<u>(10,336,337)</u>	<u>(227,464)</u>	<u>(836,873)</u>	<u>(11,400,674)</u>	<u>(5,785,301)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments	187,106	20,801	43,694	251,601	115,927
Net cash (used in) provided by investing activities	<u>187,106</u>	<u>20,801</u>	<u>43,694</u>	<u>251,601</u>	<u>115,927</u>
Net increase (decrease) in cash and cash equivalents	1,798,370	(424,914)	(44,957)	1,328,499	(3,310,978)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>17,909,815</u>	<u>2,426,946</u>	<u>929,723</u>	<u>21,266,484</u>	<u>10,202,196</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 19,708,185</u>	<u>\$ 2,002,032</u>	<u>\$ 884,766</u>	<u>\$ 22,594,983</u>	<u>\$ 6,891,218</u>
<b>Reconciliation to Exhibit 8:</b>					
Unrestricted cash and cash equivalents	\$ 5,665,814	\$ 1,964,872	\$ 780,586	\$ 8,411,272	\$ 6,891,218
Restricted cash - current asset	8,263,150	-	104,180	8,367,330	-
Restricted cash - noncurrent asset	5,779,221	37,160	-	5,816,381	-
Total Cash and Cash Equivalents at End of Year	<u>\$ 19,708,185</u>	<u>\$ 2,002,032</u>	<u>\$ 884,766</u>	<u>\$ 22,594,983</u>	<u>\$ 6,891,218</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 6,722,335	\$ (470,515)	\$ (1,961,883)	\$ 4,289,937	\$ (2,822,274)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	6,059,236	571,485	1,665,715	8,296,436	4,885,748
(Increase) decrease in accounts receivable	(136,622)	(166,663)	24,822	(278,463)	(385,919)
(Increase) decrease in prepaid expenses	16	-	-	16	90,833
(Increase) decrease in inventories	(186,451)	-	-	(186,451)	(50,018)
Increase (decrease) in accounts payable	(596,106)	(140,686)	(70,023)	(806,815)	(323,401)
Increase (decrease) in customer deposits	116,999	-	-	116,999	-
Increase (decrease) in claims payable	-	-	-	-	387,639
Increase (decrease) in deferred outflows related to pensions	(1,325,012)	(570,534)	(102,395)	(1,997,941)	(449,976)
Increase (decrease) in deferred inflows related to pensions	(58,723)	22,509	4,040	(32,174)	17,754
Increase (decrease) in net pension obligation	1,446,139	622,690	111,755	2,180,584	491,109
Increase (decrease) in compensated absences payable	22,501	5,174	(14,236)	13,439	12,024
Total adjustments	<u>5,341,977</u>	<u>343,975</u>	<u>1,619,678</u>	<u>7,305,630</u>	<u>4,675,793</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 12,064,312</u>	<u>\$ (126,540)</u>	<u>\$ (342,205)</u>	<u>\$ 11,595,567</u>	<u>\$ 1,853,519</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Borrowing under capital lease	\$ -	\$ -	\$ 249,044	\$ 249,044	\$ -
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,044</u>	<u>\$ 249,044</u>	<u>\$ -</u>

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

## EXHIBIT 11

**CITY OF TYLER, TEXAS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2016**

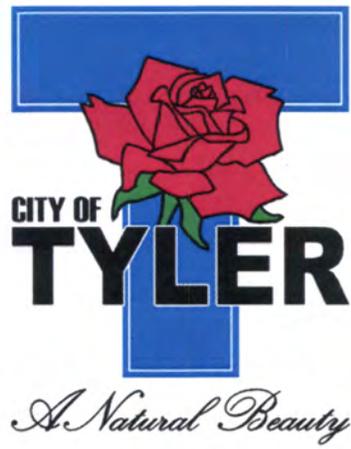
	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE-PURPOSE TRUST FUNDS
<b>ASSETS</b>		
Equity in pooled cash	\$ 1,539,151	\$ 2,518,890
Investments, at fair value		
Equities	4,635,404	77,138
Mutual funds	63,808,165	-
Total investments	<u>68,443,569</u>	<u>77,138</u>
Receivables		
Contributions receivable	61,991	-
Interest receivable	5,976	1,262
Total receivables	<u>67,967</u>	<u>1,262</u>
Total assets	<u>70,050,687</u>	<u>2,597,290</u>
<b>LIABILITIES</b>		
Accounts payable	<u>1,636,322</u>	-
Total liabilities	<u>1,636,322</u>	-
<b>NET POSITION</b>		
Held in trust for OPEB benefits	6,810,686	-
Held in trust for pension benefits	61,417,389	-
Held in trust for other purposes	186,290	2,597,290
Total net position	<u>\$ 68,414,365</u>	<u>\$ 2,597,290</u>

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

CITY OF TYLER, TEXAS  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE-PURPOSE TRUST FUNDS
<b>ADDITIONS</b>		
Contributions:		
Employees	\$ 1,651,145	\$ -
Employer	2,366,677	-
Other	-	39,000
Total contributions	<u>4,017,822</u>	<u>39,000</u>
Investment income:		
Interest and dividend income	1,036,789	18,762
Net depreciation in fair value of investments	7,991,440	5,124
Less investment expense	<u>(3,152,985)</u>	<u>(1,258)</u>
Total investment income	5,875,244	22,628
Other income	3,071	-
Total additions	<u>9,896,137</u>	<u>61,628</u>
<b>DEDUCTIONS</b>		
Benefits	<u>7,050,983</u>	-
Total deductions	<u>7,050,983</u>	-
Change in net position	2,845,154	61,628
Net position - beginning of year	<u>65,569,211</u>	<u>2,535,662</u>
Net position - end of year	<u>\$ 68,414,365</u>	<u>\$ 2,597,290</u>

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



**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

**A. General Statement**

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting practices generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

**B. Blended Component Unit**

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

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

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

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

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

**Tyler Fire Department Relief and Retirement Fund**

The City's fire department employees participate in the Tyler Fire Department Relief and Retirement Fund (TFDRRF). TFDRRF functions for the benefit of these employees and is governed by a pension board. The City and TFDRRF participants are obligated to fund all TFDRRF costs based upon actuarial valuations. The City is authorized to approve the actuarial assumptions used in the determination of contribution levels. For financial reporting purposes, TFDRRF is reported if it were a part of the City's operations as a fiduciary fund, and therefore is not included in the government wide financial statements. TFDRRF's fiscal year-end is December 31 but the information reported corresponds with the City's September 30, 2016 reporting period. Financial statements of TFDRRF can be obtained directly from the FIRE Pension Board, 1718 West Houston St., Tyler, Texas 75702.

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

The City of Tyler reports the following Internal Service Funds:

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

The City of Tyler reports the following Fiduciary Funds:

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

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

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

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

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

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

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

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

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

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

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

1. Equity in Pooled Cash and Investments

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

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

2. Investments

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

Methods and Assumptions used to Estimate Fair Value

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

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

Investment Pools

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

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

Other

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

3. **Receivables and Payables**

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

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

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

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

**CITY OF TYLER, TEXAS  
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**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity – continued**

The City Charter limits the City's ad valorem tax rate to \$1.75 per \$100 of assessed valuation. The tax rate for the year ended September 30, 2016, was \$.22 per \$100, which means that the City has a tax margin of \$1.53 per \$100 and could rise up to \$115,051,768 additional taxes a year from the present valuation of \$7,519,517,461 before the limit is reached.

4. Inventories and Prepaid Items

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

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

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

5. Due from Other Funds

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

6. Capital Assets

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

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

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

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

7. Construction-in-Progress

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

8. Restricted Assets

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

9. Compensated Absences

Non-Civil Service Employees

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

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

Civil Service Employees

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

Civil and Non-Civil Service Employees

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity – continued**

10. Long-Term Obligations

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

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City's deferred charge on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows related to pension activities that are reported in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, fines, and permits. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows related to pension activities that are reported in this category.

12. Fund Equity

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

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

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

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

Assigned fund balance – represents amounts the City intends to use for the specific purpose as expressed by the City Council. The City Council may also assign fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriate budget. The amount reflected in the financial statements has been assigned for the purpose intended by the City Council.

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

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

13. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net invested in capital assets consists of the City's capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets less unspent cash acquired through debt at year-end. Net position reported as restricted are those amounts which have limitations imposed by creditors, grantors or other laws and regulations. The government-wide statement of net position reports \$33,982,763 of restricted net position, of which \$18,673,556 is restricted by enabling legislation.

14. Estimates

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

15. Encumbrances

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

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

17. New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This statement is effective for periods beginning after June 15, 2015 except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The City is evaluating the impact of this statement on the City's financial statements.

In June 2015, the GASB issued Statement No.74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, which will improve financial reporting primarily through enhanced note disclosures and schedule of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. This statement is effective for fiscal years beginning after June 15, 2016. The City is evaluating the impact of this statement on the City's financial statements.

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In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This statement is effective for fiscal year beginning after June 15, 2017. The City is evaluating the impact of this statement on the City's financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, which will improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users and as a result, users will be better equipped to understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact those abatements have on a government's financial position and economic condition. This statement is effective for reporting periods beginning after December 15, 2015. The City is evaluating the impact of this statement on the City's financial statements.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$11,563,083 difference are as follows:

Claims and judgement	\$ 663,000
Capital leases	492,719
Compensation absences	10,407,364
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$ 11,563,083

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

Another element of that reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this \$9,810,820 difference are as follows:

Unavailable property tax revenues	\$ 534,622
Unavailable fines	9,085,072
Unavailable permits	191,126
Net adjustment to increase balance - total governmental funds to arrive at net position - governmental activities	\$ 9,810,820

**C. 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

**CITY OF TYLER, TEXAS  
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assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$6,066,318 difference are as follows:

Capital outlay	\$ 17,031,632
Depreciation expense	<u>(10,965,314)</u>
Net adjustment to decrease net changes in fund balances - total	
Governmental funds to arrive at changes in net position of	
Governmental activities	<u><u>\$ 6,066,318</u></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.
4. Budgetary control is established at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Charter prohibits budgeting total proposed expenditures in excess of total anticipated revenues and any unencumbered funds from prior years; therefore, expenditures may not legally exceed revenues and unencumbered fund balances from prior years for each fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds (Police Forfeiture Fund, Court Technology Fund, Hotel-Motel Occupancy Tax Fund, Passenger Facility Charge Fund, PEG Fee Fund, Homeownership and Housing Fund, CDBG Fund, Home Grant Fund, Housing Assistance Payment Fund, Transit System Fund, TIF/TIRZ #3 Fund), Capital Projects Fund, all Enterprise Funds, all Internal Service Funds and Permanent Funds.

Budgets for the General Fund, certain Special Revenue Funds (Police Forfeiture Fund, Court Technology Fund, Hotel-Motel Occupancy Tax Fund, Passenger Facility Charge Fund, PEG Fee Fund, Homeownership and Housing Fund, CDBG Fund, Home Grant Fund, Housing Assistance Payment Fund, Transit System Fund, TIF/TIRZ #3 Fund), Capital Projects Fund and Permanent Funds are adopted by the Council and presented in this report on a basis consistent with generally accepted accounting principles (GAAP). Budgeted expenditures for the General Fund's current fiscal year as adopted in the original budget and amendments thereto were \$70,656,379. Appropriations, which are not expended or encumbered at year-end, must be rebudgeted in the succeeding year.

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

**B. Expenditures Over Appropriations**

For the year ended September 30, 2016, neither the general fund nor any major special revenue fund had expenditures in excess of appropriations.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**C. Deficit Fund Equity**

As of September 30, 2016, the Productivity Improvement Fund and the Technology Fund had a deficit Net Position in the amount of \$58,584 and \$542,140, respectively.

**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, 2016, are as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 29,781,426
Temporarily restricted cash and cash equivalents	25,706,560
Permanently restricted cash and cash equivalents	2,927,581
Fiduciary Funds	
Cash and cash equivalents	4,058,041
Investments	<u>68,520,707</u>
Total Cash and Investments	<u>\$ 130,994,315</u>
Cash on hand	\$ 14,260
Savings and checking accounts	12,730,586
Cash and cash equivalents held in investment accounts	331,329
Investments	<u>117,918,140</u>
Total Cash and Investments	<u>\$ 130,994,315</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
Primary Government			
Certificates of deposit	\$ 47,987,410	0.94	N/A
Texpool	204,509	0.11	AAAm
TexStar	<u>1,205,514</u>	0.13	AAAm
Total Primary Government	49,397,433		
Fiduciary Funds			
Equities	4,712,542	N/A	N/A
Mutual Funds	<u>63,808,165</u>	N/A	N/A
Total Fiduciary Funds	<u>68,520,707</u>		
Total Reporting Entity	<u>\$ 117,918,140</u>		
Portfolio weighted average maturity (years)		0.08	

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**A. Deposits and Investments - continued**

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

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

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

Custodial Credit Risk – Deposits – At September 30, 2016, 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 \$12,730,586 and the bank balances totaled \$13,936,003. All bank balances not covered by federal depository insurance, were covered by collateral held in the pledging financial institutions’ trust department in the City’s name. In accordance with the City’s deposit and investment policy, all deposits placed at a financial institution shall be insured or collateralized in compliance with applicable State law. The city requires market value of pledged securities in excess of 102% of all uninsured deposits.

**B. Receivables**

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

	General Fund	One-Half Cent Sales Tax Fund	Utilities Fund	Sanitation Fund	Airport Fund	Non-Major Governmental Funds	Internal Service Funds	Total
Receivables:								
Accounts	\$ 16,104,560	\$ -	\$ 5,255,046	\$ 1,893,200	\$ 847,533	\$ 411,626	\$733,963	\$ 25,245,928
Grants	24,252	-	-	-	-	760,864	-	785,116
Taxes	7,553,979	2,853,049	-	-	-	-	-	10,407,028
Miscellaneous	2,956	4,974	-	-	-	-	-	7,930
Gross receivables	23,685,747	2,858,023	5,255,046	1,893,200	847,533	1,172,490	733,963	36,446,002
Less: Allowance for uncollectibles	(6,636,573)	-	(171,567)	(49,266)	-	-	-	(6,857,406)
Net total receivables	<u>\$ 17,049,174</u>	<u>\$ 2,858,023</u>	<u>\$ 5,083,479</u>	<u>\$ 1,843,934</u>	<u>\$ 847,533</u>	<u>\$ 1,172,490</u>	<u>\$733,963</u>	<u>\$ 29,588,596</u>

**C. Lindsey Trust Fund**

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

The Fund is defined as a Permanent Endowment. The permanent portion or corpus of the Fund is \$25,000, with the remaining amount of the Fund considered net appreciation. Under the terms of the endowment, and consistent with State statutes, distributions from the Fund are to be made from the net appreciation so that the corpus of the fund

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**C. Lindsey Trust Fund - continued**

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, 2016, the net appreciation on investments of the Fund was \$50,917.

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

**D. Capital Assets**

Governmental capital asset activity for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 19,249,653	\$ -	\$ -	\$ 19,249,653
Construction in progress	21,578,750	15,967,214	(3,590,384)	33,955,580
Total capital assets, not being depreciated	<u>40,828,403</u>	<u>15,967,214</u>	<u>(3,590,384)</u>	<u>53,205,233</u>
Capital assets, being depreciated:				
Buildings	49,700,942	46,965	-	49,747,907
Improvements other than buildings	92,041,488	64,620	-	92,106,108
Machinery and equipment	63,467,448	6,348,782	(2,442,795)	67,373,435
Infrastructure	328,553,587	3,615,575	-	332,169,162
Total capital assets, being depreciated	<u>533,763,465</u>	<u>10,075,942</u>	<u>(2,442,795)</u>	<u>541,396,612</u>
Less accumulated depreciation for:				
Buildings	(18,199,424)	(1,220,592)	-	(19,420,016)
Improvements other than buildings	(74,038,707)	(862,514)	-	(74,901,221)
Machinery and equipment	(42,209,719)	(5,990,614)	1,949,978	(46,250,355)
Infrastructure	(187,422,388)	(7,777,341)	-	(195,199,729)
Total accumulated depreciation	<u>(321,870,238)</u>	<u>(15,851,061)</u>	<u>1,949,978</u>	<u>(335,771,321)</u>
Total capital assets, being depreciated, net	<u>211,893,227</u>	<u>(5,775,119)</u>	<u>(492,817)</u>	<u>205,625,291</u>
Governmental activities capital assets, net	<u>\$ 252,721,630</u>	<u>\$ 10,192,095</u>	<u>\$ (4,083,201)</u>	<u>\$ 258,830,524</u>

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**D. Capital Assets – continued**

Business-type capital asset activity for the year ended September 30, 2016 was as follows:

Business-type activities:

Capital assets, not being depreciated

Land	\$ 10,797,910	\$ -	\$ -	\$ 10,797,910
Water rights	12,526,700	-	-	12,526,700
Construction in progress	9,272,015	15,829,439	(351,936)	24,749,518
Total capital assets, not being depreciated	<u>32,596,625</u>	<u>15,829,439</u>	<u>(351,936)</u>	<u>48,074,128</u>

Capital assets, being depreciated:

Buildings	61,174,682	326,979	-	61,501,661
Improvements other than buildings	252,287,339	2,812,517	-	255,099,856
Machinery and equipment	12,305,584	1,933,942	(1,592,253)	12,647,273
Infrastructure	20,495,753	93,547	-	20,589,300
Total capital assets, being depreciated	<u>346,263,358</u>	<u>5,166,985</u>	<u>(1,592,253)</u>	<u>349,838,090</u>

Less accumulated depreciation for:

Buildings	(28,482,440)	(1,449,790)	-	(29,932,230)
Improvements other than buildings	(103,562,260)	(5,424,978)	-	(108,987,238)
Machinery and equipment	(7,935,677)	(937,221)	619,448	(8,253,450)
Infrastructure	(1,433,498)	(484,447)	-	(1,917,945)
Total accumulated depreciation	<u>(141,413,875)</u>	<u>(8,296,436)</u>	<u>619,448</u>	<u>(149,090,863)</u>

Total capital assets, being depreciated, net

	<u>204,849,483</u>	<u>(3,129,451)</u>	<u>(972,805)</u>	<u>200,747,227</u>
Business-type activities capital assets, net	<u>\$ 237,446,108</u>	<u>\$ 12,699,988</u>	<u>\$ (1,324,741)</u>	<u>\$ 248,821,355</u>

**Water Rights**

In 1965, the City purchased the right to 40% of the perpetual annual water yield of Lake Palestine from the Upper Neches River Municipal Water Authority for \$12,524,200. During the year ended September 30, 2016, the City purchased an additional \$2,500 of the water rights. At September 30, 2016, total water rights were \$12,526,700. Management believes there is no impairment in the value of the water rights at September 30, 2016.

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

Governmental activities:

General Government	\$ 842,893
Public Safety	1,897,484
Highways and streets, including depreciation of general infrastructure assets	7,335,296
Public Services	519,873
Culture and recreation	369,767
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,885,748
Total depreciation expense - governmental activities	<u>\$ 15,851,061</u>

Business-type activities:

Utilities	\$ 6,059,236
Sanitation	571,485
Airport	1,665,715
Total depreciation expense - business-type activities	<u>\$ 8,296,436</u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**D. Capital Assets – continued**

**Construction Commitments**

As of September 30, 2016, the City has active construction projects. The projects include street construction, a parking garage, housing projects, airport improvements, and sanitation and waterline additions. At year-end the City's commitments with contractors are as follows:

Project	Spent To-Date	Estimated Remaining Commitment
Library Renovations	\$ 75,921	\$ 459,079
Animal Care Facility	2,481,578	382,642
Pavement Enhancement Project	2,596,256	861,652
Cumberland Road Extension	16,788,288	1,184,180
Palace/26th/Grand Improve	797,508	777,455
TXDOT Sidewalk Enhancemen	621,462	1,360,723
Dam Repair at Lake Tyler	3,971,259	6,566,364
West Side Sludge Plant	1,012,018	2,462,658
TW Kilo Construction	454,019	390,362
Runway 4/22 Rehab	804,066	691,675
Runway 4/22 Rehab	4,765,612	3,859,852

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

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

The interfund balance in the 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, 2016, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	<u>\$1,109,641</u>

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

The composition of interfund transfers as of September 30, 2016, is as follows:

	Transfer In					Total
	General Fund	One-Half Cent Sales Tax Fund	Nonmajor Governmental Funds	Airport Enterprise Funds	Internal Service Funds	
Transfers Out:						
General Fund	\$ -	\$ -	\$ 2,945,387	\$ -	\$101,305	\$3,046,692
One-Half Cent Sales Tax Fund	-	-	-	1,143,314	-	1,143,314
Nonmajor Governmental Funds	-	101,218	-	125,000	-	226,218
Utilities Enterprise Funds	50,000	-	-	-	66,711	116,711
Airport Enterprise Funds	-	-	-	-	66,711	66,711
Sanitation Enterprise Funds	25,000	-	-	-	-	25,000
Totals	<u>\$ 75,000</u>	<u>\$ 101,218</u>	<u>\$ 2,945,387</u>	<u>\$1,268,314</u>	<u>\$234,727</u>	<u>\$4,624,646</u>

**CITY OF TYLER, TEXAS  
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**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, 2016 were approximately \$228,000.

Capital Leases

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

	Governmental Activities
Asset:	
Machinery and equipment	\$ 13,182,595
Less: accumulated depreciation	(9,558,073)
	\$ 3,624,522

The future minimum lease obligations as of September 30, 2016, were as follows:

Year ending September 30	Governmental Activities
2017	\$ 1,374,048
2018	1,313,661
2019	555,145
2020	310,064
2021	311,793
Total amount of minimum lease payments	3,864,711
Less: amount representing interest	(120,848)
Present value of minimum lease payments	\$ 3,743,863

**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 \$75,210,000 with maturities ranging from 2014 to 2035..

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Revenue bonds currently outstanding are as follows:

Issue	Purpose	Rates	Amount
Series 2008	Water and sewer infrastructure	4.00 to 4.15%	\$ 4,545,000
Series 2009	Water and sewer infrastructure	2.75 to 5.00%	19,485,000
Series 2011	Water and sewer refunding	2.00 to 4.00%	7,635,000
Series 2012	Water and sewer refunding	1.50 to 2.63%	1,360,000
Series 2013	Airport improvements	3.76%	990,000
Series 2015A	Water refunding and improvements	2.00 to 4.00%	7,970,000
Series 2015B	Water and sewer refunding	2.00 to 5.00%	18,690,000
Total outstanding revenue bonds			<u>\$ 60,675,000</u>

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

Year ending September 30	Principal	Interest	Total
2017	\$ 3,060,000	\$ 2,433,033	\$ 5,493,033
2018	3,180,000	2,326,789	5,506,789
2019	3,285,000	2,215,757	5,500,757
2020	3,375,000	2,127,500	5,502,500
2021	3,480,000	2,023,505	5,503,505
2022-2026	19,490,000	7,946,008	27,436,008
2027-2031	18,570,000	3,633,117	22,203,117
2032-2035	6,235,000	588,575	6,823,575
	<u>\$ 60,675,000</u>	<u>\$ 23,294,281</u>	<u>\$ 83,969,281</u>

Cash in the amount of \$8,263,150 was restricted at September 30, 2016 in order to fund the City's annual debt service requirements, to meet the debt service reserve fund requirements of bond covenants and for construction costs in connection with the Series 2008 and 2009 Water & Sewer Revenue Bonds and the 2013 Customer Facility Charge Bonds. Revenue bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest tax regulations under these provisions.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2016, was as follows:

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**NOTES TO FINANCIAL STATEMENTS**  
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**G. Long-term debt - continued**

	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance 9/30/2016	Due Within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Claims and judgements	\$ 100,000	\$ 563,000	\$ -	\$ 663,000	\$ 663,000	\$ -
Capital leases	4,240,685	405,126	1,150,994	3,494,817	1,267,964	2,226,853
Other post employment benefits	1,535	-	-	1,535	-	1,535
Net pension liability	56,425,802	15,829,017	-	72,254,819	-	72,254,819
Compensated absences	9,538,882	1,299,880	250,000	10,588,762	337,703	10,251,059
<b>Governmental activities Long-term liabilities</b>	<b>\$70,306,904</b>	<b>\$18,097,023</b>	<b>\$ 1,400,994</b>	<b>\$ 87,002,933</b>	<b>\$ 2,268,667</b>	<b>\$ 84,734,266</b>
<b>Business-Type Activities:</b>						
Revenue bonds payable	\$63,740,000	\$ -	\$ 3,065,000	\$ 60,675,000	\$ 3,060,000	\$ 57,615,000
Capital leases	-	249,044	-	249,044	47,961	201,083
Bond premium/(discount)	2,965,618	-	157,949	2,807,669	-	2,807,669
Other post employment benefits	21,616	-	-	21,616	-	21,616
Net pension liability	11,326,488	2,180,584	-	13,507,072	-	13,507,072
Compensated absences	775,055	102,565	89,126	788,494	31,540	756,954
<b>Business-Type Activities Long-Term Liabilities</b>	<b>\$78,828,777</b>	<b>\$ 2,532,193</b>	<b>\$ 3,312,075</b>	<b>\$ 78,048,895</b>	<b>\$ 3,139,501</b>	<b>\$ 74,909,394</b>

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

**NOTE 5: OTHER INFORMATION**

**A. Risk management**

Property and Casualty Insurance Plans

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. A comprehensive insurance plan for property and casualty coverage has been established. Third-party administrators handle property and casualty claims review and processing. Deductibles and self-insured retentions for building and contents are \$5,000 per occurrence; \$100,000 for claims involving flood and earthquake; \$50,000 for claims involving wind/hail damage, automobile liability, general liability, employment practices liability, law enforcement liability, and management liability; and \$0 for airport liability. The amount of settlements has not exceeded insurance coverage for the last three fiscal years.

Worker's Compensation Plan

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

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**A. Risk management - continued**

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 retiree hired before 1/1/1997 pay 40% and their dependent pays 70% of the current premiums. The City pays the remainder. Retirees hired after 1/1/1997 pay the full cost of the prescription card program and Medicare supplement. The insurance provider for the Medicare Supplement Plan processes and pays health claims. A third-party administrator administers prescription claims and payments.

DENTAL - Employees/Retirees

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

LIFE INSURANCE - Employees/Retirees

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

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

Other Self-Insurance Plans

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

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

**CITY OF TYLER, TEXAS  
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**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, 2016, was \$663,000. See Note 4: G for a reconciliation of changes in claims and judgements.

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, 2016 and 2015:

	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>
Employees Benefits Fund				
FYE 2015	\$761,979	\$7,092,406	\$7,428,923	\$425,462
FYE 2016	425,462	9,849,314	9,789,147	485,629
Retiree Benefits Fund				
FYE 2015	\$116,316	\$1,996,264	\$2,010,831	\$101,749
FYE 2016	101,749	2,249,175	2,195,281	155,643

**C. Joint Venture**

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

For the year ended September 30, 2016, the City budgeted funding of \$409,500 for the District. The City's equity interest in the District at September 30, 2016 is \$2,285,829. Financial statements for the Health District may be obtained at the entity's administrative offices.

**D. Deferred Compensation**

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

The market value and carrying value of deferred compensation plan assets is \$13,268,957 for September 30, 2016.

**E. Pension Plans**

**1. Texas Municipal Retirement System Plan**

**CITY OF TYLER, TEXAS  
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**TMRS Plan Description**

The City of Tyler participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

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

**Benefits Provided**

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

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

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 2014</u>	<u>Plan Year 2015</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

**Employees Covered by Benefit Terms**

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>
Inactive employees or beneficiaries currently receiving benefits	468	492	521
Inactive employees entitled to but not yet receiving benefits	208	220	244
Active employees	<u>632</u>	<u>652</u>	<u>670</u>
	1,308	1,364	1,435

**CITY OF TYLER, TEXAS  
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**E. Pension Plans - continued**

**Contributions**

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

Employees for the City of Tyler were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Tyler were 21.09%, 21.09%, and 20.63% in calendar years 2014, 2015, and 2016 respectively. The city's contributions to TMRS for the year ended September 30, 2016, were \$7,323,791, and satisfied the required contributions.

**Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

- Inflation at 2.5% per year
- Overall payroll growth at 3.5% - 10.00% per year
- Investment Rate of Return at 6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**E. Pension Plans - continued**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
<b>Total</b>	<b>100.0%</b>	

**Discount Rate**

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**E. Pension Plans - continued**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Asset (Liability)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(b) - (a)</b>
Balanced at December 31, 2013	\$ 203,851,387	\$ 153,424,630	\$ (50,426,757)
Changes for the year:			
Service cost	4,665,697	-	(4,665,697)
Interest	14,108,492	-	(14,108,492)
Difference between expected and actual experience	(1,004,139)	-	1,004,139
Contributions - employer	-	6,710,788	6,710,788
Contributions - employee	-	2,227,512	2,227,512
Net investment income	-	8,776,879	8,776,879
Benefit payments, including refunds of employee contributions	(9,268,702)	(9,268,702)	-
Administrative expense	-	(91,634)	(91,634)
Other changes	-	(7,534)	(7,534)
	<u>8,501,348</u>	<u>8,347,309</u>	<u>(154,039)</u>
<b>Balance at December 31, 2014</b>	<u><u>\$ 212,352,735</u></u>	<u><u>\$ 161,771,939</u></u>	<u><u>\$ (50,580,796)</u></u>
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Asset (Liability)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(b) - (a)</b>
Balanced at December 31, 2014	\$ 212,352,735	\$ 161,771,939	\$ (50,580,796)
Changes for the year:			
Service cost	5,126,201	-	(5,126,201)
Interest	14,704,123	-	(14,704,123)
Difference between expected and actual experience	(331,903)	-	331,903
Changes of assumptions	(478,359)	-	478,359
Contributions - employer	-	7,010,794	7,010,794
Contributions - employee	-	2,327,022	2,327,022
Net investment income	-	238,696	238,696
Benefit payments, including refunds of employee contributions	(9,713,879)	(9,713,879)	-
Administrative expense	-	(145,395)	(145,395)
Other changes	-	(7,181)	(7,181)
	<u>9,306,183</u>	<u>(289,943)</u>	<u>(9,596,126)</u>
<b>Balance at December 31, 2015</b>	<u><u>\$ 221,658,918</u></u>	<u><u>\$ 161,481,996</u></u>	<u><u>\$ (60,176,922)</u></u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**E. Pension Plans - continued**

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

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

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's net pension liability	\$91,666,742	\$60,176,922	\$34,365,738

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

For the year ended September 30, 2016, the city recognized pension expense of \$8,478,102.

At September 30, 2016, the city reported deferred outflows of resource and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual economic experience	\$ -	\$996,272
Changes in actuarial assumptions	-	354,752
Difference between projected and actual investment earnings	10,438,548	-
Amortization of prior period deferred outflows		392,569
Amortization of prior period deferred inflows	254,007	
<b>Total</b>	<b>\$10,692,555</b>	<b>\$1,743,593</b>

\$5,394,657 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Net deferred outflows (inflows) of resources</b>
2016	\$2,146,260
2017	2,158,149
2018	2,427,485
2019	2,217,068
2020	-
Thereafter	-
<b>Total</b>	<b>\$8,948,962</b>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**E. Pension Plans - continued**

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

**Plan Description**

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

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

In the December 31, 2015 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	99
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>154</u>
	<u>254</u>

**Funding Policy**

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

The funding policy of the Tyler Firefighters' Relief and Retirement Fund requires contributions equal to 13.5% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The city currently contributes according to an agreement between the city and the Fund's board of trustees. The city's contribution rate to the Fund is the same percentage of payroll that the city contributes to the Texas Municipal Retirement System for other employees each calendar year including the supplementary death benefit rate. The actual city contribution rate was 21.31% in 2014, 21.30% in 2015, and was 20.85 in 2016. The December 31, 2015 actuarial valuation includes the assumption that the city contribution rate will average 19.5% over the UAAL amortization period. The costs of administering the plan are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending December 31, 2014, the money-weighted rate of return on pension plan investments was -4.55%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**E. Pension Plans - continued**

**Annual Pension Cost**

The City of Tyler's net pension liability was measured as December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 and rolled forward to December 31, 2015.

Total pension liability	\$ 85,532,494
Plan fiduciary net position	<u>59,949,406</u>
City's net pension liability	<u>\$ 25,583,088</u>
 Plan fiduciary net position as a percentage of the total pension liability	  70.1%

**Actuarial Method and Assumptions**

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.50%, plus promotion, step and longevity increases that vary by service
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

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

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.14%) and by adding expected inflation (3.50%). In addition, the final 7.65% assumption was selected by "rounding up". The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	25.0%	5.59%
Mid cap domestic	10.5	5.87
Small cap domestic	9.0	5.97
International developed	7.0	5.88
International developing	5.0	7.29
Alternatives		
Real estate	5.0	3.94
Commodities	5.0	2.10
Fixed income		
Domestic core	23.0	1.36
Domestic high yield	4.0	2.76
Global	5.0	1.71
Cash	1.5	0.24
Total	100.0%	
Weighted Average		4.14%

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**E. Pension Plans - continued**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. No projection of cash flows was used to determine the discount rate because the December 31, 2015 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 22 years. Because of the 22-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.65% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

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

The following presents the net pension liability of the City of Tyler, calculated using the discount rate of 7.65%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
City's Net Pension Liability	\$34,671,416	\$25,583,088	\$17,837,964

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

For the year ended September 30, 2016, the city's GASB 68 pension expense was \$4,196,696. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

**Components of Pension Expense for the Fiscal Year Ended September 30, 2015**

<b>Components of Pension Expense</b>	
Service cost	\$ 2,135,428
Interest	5,987,025
Firefighter contributions	(1,522,493)
Projected earnings on pension plan investments	(4,783,857)
Amortization of differences between projected and actual earnings on plan investments	476,013
Amortization of changes of assumptions	-
Amortization of differences between expected and actual experience	-
Pension plan administrative expenses	53,740
Other	-
Total pension expense	\$ 2,345,856

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**E. Pension Plans - continued**

**Components of Pension Expense for the Fiscal Year Ended September 30, 2016**

<b>Components of Pension Expense</b>	
Service cost	\$ 2,215,179
Interest	6,277,350
Firefighter contributions	(1,555,182)
Projected earnings on pension plan investments	(4,929,146)
Amortization of differences between projected and actual earnings on plan investments	2,040,205
Amortization of changes of assumptions	94,969
Amortization of differences between expected and actual experience	23,286
Pension plan administrative expenses	30,035
Other	-
Total pension expense	\$ 4,196,696

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 8,160,822	\$ -
Changes of assumptions	713,217	-
Differences between expected and actual experience	174,879	
Amortization of prior period deferred outflows	-	476,013
Total	\$ 9,048,918	\$ 476,013

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended September 30</b>	<b>Net of Deferred Outflows Minus Deferred Inflows</b>
2017	\$ 2,158,460
2018	2,158,461
2019	2,158,461
2020	1,682,447
2021	118,255
Thereafter	296,821
Total	\$ 8,572,905

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

**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 2015 health and dental claims for the 152 non-Medicare retirees and their dependents participating in this coverage were \$1,838,415.

When retirees and spouses become eligible for Medicare they are no longer allowed to participate in the same plan as the active employees. If they have been continuously covered under the City's health insurance plan they may choose to participate in the City's self-funded prescription drug card plan and the Medicare Supplement Insurance Program. Retirees hired before January 1, 1997 are required to pay 40% of the current total premium, capped at December 2012 rates, 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 2015 claims for the 276 Medicare retirees and their dependents, which include those with an Rx card, participating in this coverage were \$1,461,601.

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 premiums as active employees. Retirees hired after January 1, 1997 are required to pay the full cost of the current premium. The 2015 claims for the 428 retirees and their dependents participating in this coverage were \$157,849.

Additionally the City provides eligible retirees with \$5,000 in basic life insurance coverage at no cost to the retirees. The 2015 insurance cost for the 430 retirees with this coverage was \$15.

**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.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post-employment benefits (OPEB) cost is a single-employer plan. The plan does not issue a stand-alone report. The annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that is projected to cover normal costs 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, 2015 is as follows:

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

	9/30/2016
Annual required contribution (ARC)	\$ 2,728,262
Interest on net OPEB obligation (asset)	(29,857)
Adjustment to annual required contribution	30,298
Annual OPEB cost	2,728,703
Net employer contributions	(2,728,703)
Change in OPEB obligation	-
Net OPEB obligation (asset) - beginning of year	(67,180)
Net OPEB obligation (asset) - end of year	\$ (67,180)

**Trend Information**

Fiscal Year Ending	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation/ (Asset)
09/30/2014	\$2,842,207	\$ 2,539,820	89.4%	(514,136)
09/30/2015	3,188,131	2,726,006	85.5%	(67,180)
09/30/2016	2,728,703	2,728,703	100.0%	(67,180)

**Funding Status and Funding Progress**

The funded status of the plan as of December 31, 2013, 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)
12/31/2015	\$6,204,387	\$37,847,200	16.39%	\$31,642,813	\$41,234,896	76.74%

Under the reporting parameters, the City's retiree health care plan was 11.1% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$31,642,813 at December 31, 2013. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 76.74%. As of September 30, 2015, the OPEB trust had assets of \$6,278,477. The December 31, 2013 funded status has been restated under the Optimistic trend assumption.

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.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and

assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were:

Actuarial Methods and Assumptions

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

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

**OPEB Trust**

As of September 30, 2015, the OPEB trust had assets of \$6,278,477, which consisted of \$69,559 in cash and cash equivalents and \$6,208,918 in mutual funds. The OPEB trust had no liabilities as of September 30, 2015. Total net depreciation in fair value of investments was \$52,201 and investment expenses were \$34,750 for the year ended September 30, 2015 which yielded a \$86,951 decrease in net position.

**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 and ordinance before November 1 of any year to be effective the following January 1.

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

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, 2015, 2014 and 2013 were \$69,315, \$68,531, and \$61,898, respectively, which equaled the required contributions each year.

Plan/Calendar Year	Annual Required Contribution (Rate)	Actuarial Contribution Made (Rate)	Percentage of ARC Contributed
2013	0.08%	0.08%	100%
2014	0.08%	0.08%	100%
2015	0.08%	0.08%	100%

**G. Commitments**

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2016, are as follows:

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

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

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**H. Landfill Closure and Post-closure Costs**

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

**I. Subsequent Events**

Subsequent events were evaluated through March 8, 2017, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF TYLER, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**Total pension liability**

	<u>2014</u>	<u>2015</u>
Service Cost	\$ 4,665,697	\$ 5,126,201
Interest (on the Total Pension Liability)	14,108,492	14,704,123
Changes in benefit terms	-	-
Difference between expected and actual results	(1,004,139)	(331,903)
Change of assumptions	-	(478,359)
Benefit payments, including refunds of employee contributions	<u>(9,268,702)</u>	<u>(9,713,879)</u>
Net Change in Total Pension Liability	8,501,348	9,306,183
Total Pension Liability - Beginning	<u>203,851,387</u>	<u>212,352,735</u>
Total Pension Liability - Ending (a)	<u>\$ 212,352,735</u>	<u>\$ 221,658,918</u>

**Plan Fiduciary Net Position**

Contributions - Employer	\$ 6,710,788	\$ 7,010,794
Contributions - Employee	2,227,512	2,327,022
Net Investment Income	8,776,879	238,696
Benefit payments, including refunds of employee contributions	(9,268,702)	(9,713,879)
Administrative Expense	(91,634)	(145,395)
Other	<u>(7,534)</u>	<u>(7,181)</u>
Net Change in Plan Fiduciary Net Position	8,347,309	(289,943)
Plan Fiduciary Net Position - Beginning	<u>153,424,630</u>	<u>161,771,939</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 161,771,939</u>	<u>\$ 161,481,996</u>
Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 50,580,796</u>	<u>\$ 60,176,922</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.18%	72.85%
Covered Employee Payroll	\$ 31,816,401	\$ 33,222,301
Net Pension Liability as a Percentage of Covered Employee Payroll	158.98%	181.13%

## Notes to Schedule:

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

**CITY OF TYLER, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 6,596,251	\$ 6,906,104	\$ 7,323,791
Contributions in relation to the actuarially determined contributions	<u>6,596,251</u>	<u>6,906,104</u>	<u>7,323,791</u>
Contribution deficiency (Overpayment)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 31,503,109	\$ 32,746,475	\$ 35,299,165
Contributions as a percentage of covered employee payroll	20.94%	21.09%	20.75%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Other Information:	There were no benefit changes during the year.

**CITY OF TYLER, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS' RELIEF AND RETIREMENT FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**Total pension liability**

	<b>2014</b>	<b>2015</b>
Service Cost	\$ 2,135,428	\$ 2,215,179
Interest (on the Total Pension Liability)	5,987,025	6,277,350
Changes in benefit terms	-	-
Difference between expected and actual results	-	198,165
Change of assumptions	-	808,186
Benefit payments, including refunds of employee contributions	<u>(3,413,612)</u>	<u>(5,498,546)</u>
Net Change in Total Pension Liability	4,708,841	4,000,334
Total Pension Liability - Beginning	<u>76,823,319</u>	<u>81,532,160</u>
Total Pension Liability - Ending (a)	<u>\$ 81,532,160</u>	<u>\$ 85,532,494</u>

**Plan Fiduciary Net Position**

Contributions - Employer	\$ 2,407,993	\$ 2,452,070
Contributions - Employee	1,522,493	1,555,182
Net Investment Income	2,403,790	(2,891,814)
Benefit payments, including refunds of employee contributions	(3,413,612)	(5,498,546)
Administrative Expense	(53,740)	(30,035)
Other	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	2,866,924	(4,413,143)
Plan Fiduciary Net Position - Beginning	<u>61,495,625</u>	<u>64,362,549</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 64,362,549</u>	<u>\$ 59,949,406</u>
Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 17,169,611</u>	<u>\$ 25,583,088</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.94%	70.09%
Covered Employee Payroll	\$ 11,272,803	\$ 11,519,867
Net Pension Liability as a Percentage of Covered Employee Payroll	152.31%	222.08%

## Notes to Schedule:

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

**CITY OF TYLER, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FIREFIGHTERS' RELIEF AND RETIREMENT FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 2,402,466	\$ 2,448,625	\$ 2,332,868
Contributions in relation to the actuarially determined contributions	<u>2,402,466</u>	<u>2,448,625</u>	<u>2,442,540</u>
Contribution deficiency	\$ -	\$ -	\$ (109,672)
Covered employee payroll	\$ 11,272,803	\$ 11,506,705	\$ 11,963,428
Contributions as a percentage of covered employee payroll	21.31%	21.28%	20.42%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll Method
Remaining Amortization Period	22 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.50%
Salary Increases	3.50%, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.65%, net of pension plan investment expense, including inflation
Retirement Age	Firefighters become eligible for normal service retirement at age 50 with 25 years of service or at age 55 with 20 years of service.
Mortality	RP2000 Combined Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA
Other Information:	There were no benefit changes during the year.

**ADDITIONAL SUPPLEMENTAL INFORMATION**

**CITY OF TYLER, TEXAS  
COMBINING BALANCE SHEET  
GENERAL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR BUILDING	TOTAL GENERAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,159,880	\$ 1,542,372	\$ 1,731,249	\$ 2,745,834	\$ 92,097	\$ 9,271,432
Receivables (net of allowance for doubtful accounts) :						
Property taxes	559,264	-	-	-	-	559,264
Other	16,238,145	203,137	867	12,318	35,443	16,489,910
Due from other funds	1,483,601	-	-	-	-	1,483,601
Inventories	27,104	-	-	-	-	27,104
Prepaid items	67,193	887	2,995	-	-	71,075
Total assets	<u>\$ 21,535,187</u>	<u>\$ 1,746,396</u>	<u>\$ 1,735,111</u>	<u>\$ 2,758,152</u>	<u>\$ 127,540</u>	<u>\$ 27,902,386</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,806,751	\$ 61,193	\$ 61,088	\$ -	\$ 7,561	\$ 1,936,593
Deposits and other refundable balances	27,759	1,177,455	13,833	4,999	-	1,224,046
Unearned revenue	22,205	-	-	-	-	22,205
Total liabilities	<u>1,856,715</u>	<u>1,238,648</u>	<u>74,921</u>	<u>4,999</u>	<u>7,561</u>	<u>3,182,844</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	534,622	-	-	-	-	534,622
Unavailable revenue - fines	9,085,072	-	-	-	-	9,085,072
Unavailable revenue - permits	-	191,126	-	-	-	191,126
Total deferred inflows of resources	<u>9,619,694</u>	<u>191,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,810,820</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	27,104	-	-	-	-	27,104
Prepaid items	67,193	887	2,995	-	-	71,075
Assigned to:						
Development services	-	315,735	-	-	-	315,735
Capital improvements	-	-	-	-	119,979	119,979
Tourism and convention	-	-	1,657,195	-	-	1,657,195
Unassigned	9,964,481	-	-	2,753,153	-	12,717,634
Total fund balances	<u>10,058,778</u>	<u>316,622</u>	<u>1,660,190</u>	<u>2,753,153</u>	<u>119,979</u>	<u>14,908,722</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,535,187</u>	<u>\$ 1,746,396</u>	<u>\$ 1,735,111</u>	<u>\$ 2,758,152</u>	<u>\$ 127,540</u>	<u>\$ 27,902,386</u>

**CITY OF TYLER, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>GENERAL</u>	<u>DEVELOPMENT SERVICES</u>	<u>TOURISM AND CONVENTION</u>	<u>OIL AND NATURAL</u>	<u>FAIR BUILDING</u>	<u>TRANSFER ELIMINATIONS</u>	<u>TOTAL GENERAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>							
Taxes:							
Property	\$ 16,401,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,401,184
Franchise	10,328,141	-	-	-	-	-	10,328,141
Sales and use	26,702,404	-	-	-	-	-	26,702,404
Licenses and permits	468,996	1,345,442	-	-	-	-	1,814,438
Fines, forfeitures and penalties	5,935,407	-	-	-	-	-	5,935,407
Revenues from use of money or property	89,508	6,429	415,068	17,694	83,943	-	612,642
Charges for current services	2,037,967	46,950	159,630	-	-	-	2,244,547
Revenues from other agencies	545,446	23,399	-	-	-	-	568,845
Miscellaneous	826,183	129,685	21,831	138,560	-	-	1,116,259
Total revenues	<u>63,335,236</u>	<u>1,551,905</u>	<u>596,529</u>	<u>156,254</u>	<u>83,943</u>	<u>-</u>	<u>65,723,867</u>
<b>EXPENDITURES</b>							
Current:							
General government	6,767,585	-	-	8,250	114,025	-	6,889,860
Public safety	44,537,897	-	-	-	-	-	44,537,897
Public services	898,383	1,487,282	-	-	-	-	2,385,665
Highways and streets	5,163,190	-	-	-	-	-	5,163,190
Culture and recreations	4,995,577	-	2,021,934	-	-	-	7,017,511
Capital Outlay	32,998	129,689	58,785	71,818	-	-	293,290
Total expenditures	<u>62,395,630</u>	<u>1,616,971</u>	<u>2,080,719</u>	<u>80,068</u>	<u>114,025</u>	<u>-</u>	<u>66,287,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>939,606</u>	<u>(65,066)</u>	<u>(1,484,190)</u>	<u>76,186</u>	<u>(30,082)</u>	<u>-</u>	<u>(563,546)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	75,000	2,043,000	-	-	-	2,118,000
Transfers out	(1,003,692)	-	-	-	-	-	(1,003,692)
Total other financing sources (uses)	<u>(1,003,692)</u>	<u>75,000</u>	<u>2,043,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,114,308</u>
Net change in fund balances	(64,086)	9,934	558,810	76,186	(30,082)	-	550,762
Fund balances - beginning of year	<u>10,122,864</u>	<u>306,688</u>	<u>1,101,380</u>	<u>2,676,967</u>	<u>150,061</u>	<u>-</u>	<u>14,357,960</u>
Fund balances - end of year	<u>\$ 10,058,778</u>	<u>\$ 316,622</u>	<u>\$ 1,660,190</u>	<u>\$ 2,753,153</u>	<u>\$ 119,979</u>	<u>\$ -</u>	<u>\$ 14,908,722</u>

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

## **SPECIAL REVENUE FUNDS, CONTINUED**

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

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

## **CAPITAL PROJECTS FUND**

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

## **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, 2016

SPECIAL REVENUE FUND

	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL- MOTEL OCCUPANCY	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	CDBG	HOME GRANT	HOUSING ASSISTANCE PAYMENT
<b>ASSETS</b>									
Equity in pooled cash and investments	\$ -	\$ -	\$ 3,779,268	\$ -	\$ 115,276	\$ 519,231	\$ -	\$ -	\$ -
Accounts and grants receivable	180	130	326,856	-	95	66,594	184,158	296,586	15,911
Inventories	-	-	-	-	-	-	-	4,450	-
Prepaid items	-	1,121	9,000	-	-	-	-	-	-
Cash - restricted	358,386	259,114	-	491,453	-	-	-	-	632,557
<b>Total assets</b>	<b>\$ 358,566</b>	<b>\$ 260,365</b>	<b>\$ 4,115,124</b>	<b>\$ 491,453</b>	<b>\$ 115,371</b>	<b>\$ 585,825</b>	<b>\$ 184,158</b>	<b>\$ 301,036</b>	<b>\$ 648,468</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 6,707	\$ 60,772	\$ 2,471	\$ 4,055	\$ -	\$ 407	\$ 78,327	\$ 57,081	\$ 16,339
Deposits and other refundable balances	55,634	-	-	-	-	-	-	-	126,851
Due to other funds	-	-	-	-	-	-	83,523	210,850	-
Unearned revenue	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>62,341</b>	<b>60,772</b>	<b>2,471</b>	<b>4,055</b>	<b>-</b>	<b>407</b>	<b>161,850</b>	<b>267,931</b>	<b>143,190</b>
<b>FUND BALANCES</b>									
Nonspendable:									
Inventories	-	-	-	-	-	-	-	4,450	-
Prepaid items	-	1,121	9,000	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-	-	-	-
Restricted for:									
Public safety	296,225	198,472	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-	-
Tourism and convention	-	-	4,103,653	-	-	-	-	-	-
Donor restrictions	-	-	-	487,398	-	-	-	-	-
Airport improvements	-	-	-	-	115,371	-	-	-	-
Communications	-	-	-	-	-	585,418	-	-	-
Housing assistance	-	-	-	-	-	-	-	-	505,278
Grant restrictions	-	-	-	-	-	-	22,308	28,655	-
Assign to:									
Capital projects	-	-	-	-	-	-	-	-	-
Cemetery maintenance	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>296,225</b>	<b>199,593</b>	<b>4,112,653</b>	<b>487,398</b>	<b>115,371</b>	<b>585,418</b>	<b>22,308</b>	<b>33,105</b>	<b>505,278</b>
<b>Total liabilities and fund balances</b>	<b>\$ 358,566</b>	<b>\$ 260,365</b>	<b>\$ 4,115,124</b>	<b>\$ 491,453</b>	<b>\$ 115,371</b>	<b>\$ 585,825</b>	<b>\$ 184,158</b>	<b>\$ 301,036</b>	<b>\$ 648,468</b>

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CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2016

	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TOTAL SPECIAL REVENUE	OTHER FUNDS GENERAL CAPITAL PROJECTS	PERMANENT FUNDS CEMETERIES	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>								
Equity in pooled cash and investments	\$ -	\$ -	\$ 2,708	\$ 160,930	\$ 4,577,413	\$ 618,473	\$ 11,618	\$ 5,207,504
Accounts and grants receivable	125,845	154,275	2	81	1,170,713	311	1,466	1,172,490
Inventories	-	-	-	-	4,450	-	-	4,450
Prepaid items	1,072	-	-	-	11,193	-	-	11,193
Cash - restricted	-	28,940	-	-	1,770,450	-	2,927,581	4,698,031
Total assets	\$ 126,917	\$ 183,215	\$ 2,710	\$ 161,011	\$ 7,534,219	\$ 618,784	\$ 2,940,665	\$ 11,093,668
<b>LIABILITIES</b>								
Accounts payable	\$ 32,032	\$ 47,360	\$ -	\$ 5,323	\$ 310,874	\$ 49,387	\$ 7,507	\$ 367,768
Deposits and other refundable balances	-	-	-	-	182,485	-	-	182,485
Due to other funds	94,056	45,899	-	-	434,328	-	-	434,328
Unearned revenue	829	-	-	-	829	-	-	829
Total Liabilities	126,917	93,259	-	5,323	928,516	49,387	7,507	985,410
<b>FUND BALANCES</b>								
Nonspendable:								
Inventories	-	-	-	-	4,450	-	-	4,450
Prepaid items	-	-	-	-	10,121	-	-	10,121
Permanent fund principal	-	-	-	-	-	-	2,915,817	2,915,817
Restricted for:								
Public safety	-	-	-	-	494,697	-	-	494,697
Capital improvements	-	-	2,710	155,688	158,398	-	-	158,398
Tourism and convention	-	-	-	-	4,103,653	-	-	4,103,653
Donor restrictions	-	-	-	-	487,398	-	-	487,398
Airport improvements	-	-	-	-	115,371	-	-	115,371
Communications	-	-	-	-	585,418	-	-	585,418
Housing assistance	-	-	-	-	505,278	-	-	505,278
Grant restrictions	-	89,956	-	-	140,919	-	-	140,919
Assign to:								
Capital projects	-	-	-	-	-	569,397	-	569,397
Cemetery maintenance	-	-	-	-	-	-	17,341	17,341
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	89,956	2,710	155,688	6,605,703	569,397	2,933,158	10,108,258
Total liabilities and fund balances	\$ 126,917	\$ 183,215	\$ 2,710	\$ 161,011	\$ 7,534,219	\$ 618,784	\$ 2,940,665	\$ 11,093,668

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, 2016

SPECIAL REVENUE FUND

	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL- MOTEL OCCUPANCY	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	CDBG	HOME GRANT	HOUSING ASSISTANCE PAYMENT
<b>REVENUES</b>									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise	-	-	-	-	-	264,701	-	-	-
Sales and use	-	-	3,516,166	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	677,127	561,606	7,868,750
Fines, forfeitures and penalties	232,153	604,348	-	-	-	-	-	-	-
Revenues from use of money and property	2,819	1,876	21,718	-	828	2,901	-	-	3,308
Donations	-	-	-	374,071	-	-	-	-	-
Charges for services	-	-	-	-	225,390	-	-	-	-
Miscellaneous	-	-	-	-	-	-	16,400	-	-
<b>Total revenues</b>	<b>234,972</b>	<b>606,224</b>	<b>3,537,884</b>	<b>374,071</b>	<b>226,218</b>	<b>267,602</b>	<b>693,527</b>	<b>561,606</b>	<b>7,872,058</b>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	18,224	-	71,022	-	-	-
Public safety	66,732	636,058	-	7,374	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	125,072	-	-	-	-	-
Public services	-	-	948,967	17,407	-	-	494,457	567,907	7,816,738
Capital outlay	62,153	-	67,278	58,667	-	9,567	198,162	-	-
Debt service:									
Principal	-	54,094	-	-	-	-	-	-	-
Interest and fiscal charges	2,165	3,702	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>131,050</b>	<b>693,854</b>	<b>1,016,245</b>	<b>226,744</b>	<b>-</b>	<b>80,589</b>	<b>692,619</b>	<b>567,907</b>	<b>7,816,738</b>
Excess (deficiency) of revenues over (under) expenditures	103,922	(87,630)	2,521,639	147,327	226,218	187,013	908	(6,301)	55,320
<b>OTHER FINANCING SOURCES (USES)</b>									
Issuance of capital lease debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(2,068,000)	-	(226,218)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,068,000)</b>	<b>-</b>	<b>(226,218)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in net assets	103,922	(87,630)	453,639	147,327	-	187,013	908	(6,301)	55,320
Fund balances - beginning of year	192,303	287,223	3,659,014	340,071	115,371	398,405	21,400	39,406	449,958
Fund balances - end of year	\$ 296,225	\$ 199,593	\$ 4,112,653	\$ 487,398	\$ 115,371	\$ 585,418	\$ 22,308	\$ 33,105	\$ 505,278

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**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, 2016**

	SPECIAL REVENUE FUND				TOTAL SPECIAL REVENUE	OTHER FUNDS	PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND		GENERAL CAPITAL PROJECTS	CEMETERIES	
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 52,423	\$ 52,423	\$ -	\$ -	\$ 52,423
Franchise	-	-	-	-	264,701	-	-	264,701
Sales and use	-	-	-	-	3,516,166	-	-	3,516,166
Licenses and permits	-	-	-	-	-	-	4,100	4,100
Grants	261,500	2,054,903	-	-	11,423,886	-	-	11,423,886
Fines, forfeitures and penalties	-	-	-	-	836,501	-	-	836,501
Revenues from use of money and property	-	-	18	1,017	34,485	4,543	18,693	57,721
Donations	-	-	-	-	374,071	-	-	374,071
Charges for services	-	164,127	-	-	389,517	-	173,515	563,032
Miscellaneous	-	17,435	-	-	33,835	45,718	-	79,553
<b>Total revenues</b>	<b>261,500</b>	<b>2,236,465</b>	<b>18</b>	<b>53,440</b>	<b>16,925,585</b>	<b>50,261</b>	<b>196,308</b>	<b>17,172,154</b>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	27,134	116,380	4	-	116,384
Public safety	-	-	-	-	710,164	982	-	711,146
Culture and recreation	799	-	-	-	125,871	25,400	293,149	444,420
Public services	248,414	2,592,819	-	-	12,686,709	-	-	12,686,709
Capital outlay	11,819	208,727	-	-	616,373	706,458	7,500	1,330,331
Debt service:								
Principal	-	-	-	-	54,094	-	-	54,094
Interest and fiscal charges	-	-	-	-	5,867	-	-	5,867
<b>Total expenditures</b>	<b>261,032</b>	<b>2,801,546</b>	<b>-</b>	<b>27,134</b>	<b>14,315,458</b>	<b>732,844</b>	<b>300,649</b>	<b>15,348,951</b>
Excess (deficiency) of revenues over (under) expenditures	468	(565,081)	18	26,306	2,610,127	(682,583)	(104,341)	1,823,203
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of capital lease debt	-	-	-	-	-	405,126	-	405,126
Transfers in	-	622,387	-	-	622,387	80,000	200,000	902,387
Transfers out	-	-	-	-	(2,294,218)	-	-	(2,294,218)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>622,387</b>	<b>-</b>	<b>-</b>	<b>(1,671,831)</b>	<b>485,126</b>	<b>200,000</b>	<b>(986,705)</b>
Change in net assets	468	57,306	18	26,306	938,296	(197,457)	95,659	836,498
Fund balances - beginning of year	(468)	32,650	2,692	129,382	5,667,407	766,854	2,837,499	9,271,760
Fund balances - end of year	\$ -	\$ 89,956	\$ 2,710	\$ 155,688	\$ 6,605,703	\$ 569,397	\$ 2,933,158	\$ 10,108,258

CITY OF TYLER, TEXAS  
POLICE FORFEITURE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fines, forfeitures and penalties	\$ 82,000	\$ 232,153	\$ 150,153
Revenues from use of money and property	584	2,819	2,235
Total revenues	<u>82,584</u>	<u>234,972</u>	<u>152,388</u>
<b>EXPENDITURES</b>			
Public safety:			
Supplies and services	33,219	66,732	(33,513)
Capital outlay	123,445	62,153	61,292
Debt service:			
Interest	-	2,165	(2,165)
Total expenditures	<u>156,664</u>	<u>131,050</u>	<u>25,614</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (74,080)</u>	103,922	<u>\$ 178,002</u>
Fund balance - beginning of year		<u>192,303</u>	
Fund balance - end of year		<u>\$ 296,225</u>	

CITY OF TYLER, TEXAS  
COURT SPECIAL FEE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fines, forfeitures and penalties	\$ 698,610	\$ 604,348	\$ (94,262)
Revenues from use of money and property	1,400	1,876	476
Total revenues	<u>700,010</u>	<u>606,224</u>	<u>(93,786)</u>
<b>EXPENDITURES</b>			
Public safety:			
Salaries and benefits	299,885	175,214	124,671
Supplies and services	341,200	447,438	(106,238)
Maintenance	114,500	13,406	101,094
Total expenditures	<u>755,585</u>	<u>636,058</u>	<u>119,527</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Principal paid on debt	-	(54,094)	(54,094)
Interest and fiscal charges	-	(3,702)	(3,702)
Total other financing sources (uses)	<u>-</u>	<u>(57,796)</u>	<u>(57,796)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (55,575)</u>	(87,630)	<u>\$ (32,055)</u>
Fund balance - beginning of year		<u>287,223</u>	
Fund balance - end of year		<u>\$ 199,593</u>	

**CITY OF TYLER, TEXAS**  
**HOTEL-MOTEL OCCUPANCY TAX FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes	\$ 3,804,919	\$ 3,516,166	\$ (288,753)
Revenues from use of money and property	10,000	21,718	11,718
Miscellaneous	20,000	-	(20,000)
Total revenues	<u>3,834,919</u>	<u>3,537,884</u>	<u>(297,035)</u>
<b>EXPENDITURES</b>			
Hotel-motel administration:			
Texas Rose Festival	9,000	9,000	-
Conference promotions	7,000	-	7,000
Discovery Place	32,400	32,400	-
East Texas Symphony	35,000	35,000	-
Tyler Museum of Art	35,000	35,000	-
Historical Museum	13,500	13,500	-
Historic Aviation Museum	13,500	13,500	-
Visitors and Convention Bureau	675,000	700,000	(25,000)
McClendon House	4,500	4,500	-
Tournament expenses	41,084	135	40,949
Sports Tyler Award	25,000	25,000	-
Credit card service costs	525	-	525
Supplies and services	281,000	80,932	200,068
Contingency	250,000	-	250,000
Total expenditures	<u>1,422,509</u>	<u>948,967</u>	<u>473,542</u>
Excess of revenues over (under) expenditures	<u>2,412,410</u>	<u>2,588,917</u>	<u>473,542</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital outlay	(1,150,000)	(67,278)	1,082,722
Transfers out	(2,068,000)	(2,068,000)	-
Total other financing sources (uses)	<u>(3,218,000)</u>	<u>(2,135,278)</u>	<u>1,082,722</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (805,590)</u>	453,639	<u>\$ 1,259,229</u>
Fund balance - beginning of year		<u>3,659,014</u>	
Fund balance - end of year		<u>\$ 4,112,653</u>	

CITY OF TYLER, TEXAS  
PASSENGER FACILITY CHARGE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 900	\$ 828	\$ (72)
Charges for services	350,000	225,390	(124,610)
Total revenues	<u>350,900</u>	<u>226,218</u>	<u>(124,682)</u>
<b>EXPENDITURES</b>			
Public services			
Supplies and services	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>350,900</u>	<u>226,218</u>	<u>(124,682)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(350,000)	(226,218)	123,782
Total other financing sources (uses)	<u>(350,000)</u>	<u>(226,218)</u>	<u>123,782</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 900</u>	-	<u>\$ (900)</u>
Fund balance - beginning of year		<u>115,371</u>	
Fund balance - end of year		<u>\$ 115,371</u>	

CITY OF TYLER, TEXAS  
PEG FEE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Franchise fees	\$ 277,373	264,701	\$ (12,672)
Revenues from use of money and property	1,300	2,901	1,601
Total revenues	<u>278,673</u>	<u>267,602</u>	<u>(11,071)</u>
<b>EXPENDITURES</b>			
Public services:			
Supplies and services	106,028	71,022	35,006
Capital outlay	199,219	9,567	189,652
Total expenditures	<u>305,247</u>	<u>80,589</u>	<u>224,658</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (26,574)</u>	187,013	<u>\$ 213,587</u>
Fund balance - beginning of year		<u>398,405</u>	
Fund balance - end of year		<u>\$ 585,418</u>	

CITY OF TYLER, TEXAS  
CDBG FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,019,789	\$ 677,127	\$ (342,662)
Miscellaneous	3,000	16,400	13,400
Total revenues	<u>1,022,789</u>	<u>693,527</u>	<u>(329,262)</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	295,919	252,223	43,696
Supplies and services	313,387	226,665	86,722
Utilities	5,640	6,360	(720)
Maintenance	5,100	9,209	(4,109)
Capital outlay	403,493	198,162	205,331
Total expenditures	<u>1,023,539</u>	<u>692,619</u>	<u>330,920</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (750)</u>	908	<u>\$ 1,658</u>
Fund balance - beginning of year		<u>21,400</u>	
Fund balance - end of year		<u>\$ 22,308</u>	

CITY OF TYLER, TEXAS  
HOME GRANT FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,226,991	\$ 561,606	\$ (665,385)
Total revenues	1,226,991	561,606	(665,385)
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	29,644	26,749	2,895
Supplies and services	1,197,347	541,158	656,189
Total expenditures	1,226,991	567,907	659,084
Excess of revenues over (under) expenditures - GAAP basis	\$ -	(6,301)	\$ (6,301)
Fund balance - beginning of year		39,406	
Fund balance - end of year		\$ 33,105	

CITY OF TYLER, TEXAS  
HOUSING ASSISTANCE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 7,238,070	\$ 7,868,750	\$ 630,680
Revenue from use of money and property	900	3,308	2,408
Total revenues	<u>7,238,970</u>	<u>7,872,058</u>	<u>633,088</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	588,425	496,092	92,333
Supplies and services	6,718,371	7,301,244	(582,873)
Utilities	19,566	12,053	7,513
Maintenance	11,000	7,349	3,651
Total expenditures	<u>7,337,362</u>	<u>7,816,738</u>	<u>(479,376)</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (98,392)</u>	55,320	<u>\$ 153,712</u>
Fund balance - beginning of year		<u>449,958</u>	
Fund balance - end of year		<u>\$ 505,278</u>	

CITY OF TYLER, TEXAS  
TRANSIT SYSTEM FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,999,922	\$ 2,054,903	\$ 54,981
Charges for services	172,000	164,127	(7,873)
Miscellaneous	-	17,435	17,435
Total revenues	<u>2,171,922</u>	<u>2,236,465</u>	<u>64,543</u>
<b>EXPENDITURES</b>			
Public services			
Salaries and benefits	1,436,412	1,330,891	105,521
Supplies and services	496,406	557,177	(60,771)
Utilities	14,848	10,439	4,409
Maintenance	612,777	694,312	(81,535)
Capital outlay	192,847	208,727	(15,880)
Total expenditures	<u>2,753,290</u>	<u>2,801,546</u>	<u>(48,256)</u>
Excess of revenues over (under) expenditures	<u>(581,368)</u>	<u>(565,081)</u>	<u>16,287</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	551,242	622,387	71,145
Total other financing sources (uses)	<u>551,242</u>	<u>622,387</u>	<u>71,145</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (30,126)</u>	57,306	<u>\$ 87,432</u>
Fund balance - beginning of year		<u>32,650</u>	
Fund balance - end of year		<u>\$ 89,956</u>	

CITY OF TYLER, TEXAS  
TIF / TRIZ #3 FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

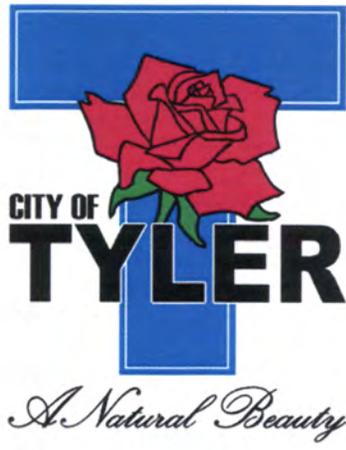
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes	\$ 54,320	\$ 52,423	\$ (1,897)
Revenue from use of money and property	400	1,017	617
Total revenues	<u>54,720</u>	<u>53,440</u>	<u>(1,280)</u>
<b>EXPENDITURES</b>			
Special services	10,000	27,134	(17,134)
Total expenditures	<u>10,000</u>	<u>27,134</u>	<u>(17,134)</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ 44,720</u>	26,306	<u>\$ (18,414)</u>
Fund balance - beginning of year		<u>129,382</u>	
Fund balance - end of year		<u>\$ 155,688</u>	

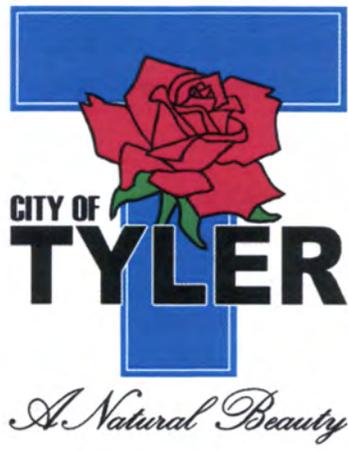
**CITY OF TYLER, TEXAS  
CAPITAL PROJECTS FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenue from use of money and property	\$ 500	\$ 4,543	\$ 4,043
Miscellaneous	45,000	45,718	718
Total revenues	<u>45,500</u>	<u>50,261</u>	<u>4,761</u>
<b>EXPENDITURES</b>			
General government services	7,000	4	6,996
Capital outlay	1,313,939	706,458	607,481
Public safety:			-
Services	-	982	(982)
Culture & Recreation:			-
Services	-	25,400	(25,400)
Total expenditures	<u>1,320,939</u>	<u>732,844</u>	<u>588,095</u>
Excess of revenues over (under) expenditures	<u>(1,275,439)</u>	<u>(682,583)</u>	<u>592,856</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease proceeds	-	405,126	405,126
Transfers in	134,158	80,000	(54,158)
Total other financing sources (uses)	<u>134,158</u>	<u>485,126</u>	<u>350,968</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (1,141,281)</u>	<u>(197,457)</u>	<u>\$ 943,824</u>
Fund balance - beginning of year		<u>766,854</u>	
Fund balance - end of year		<u>\$ 569,397</u>	

**CITY OF TYLER, TEXAS  
CEMETERIES FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Trust fund:			
Revenue from use of money and property	\$ 12,500	\$ 18,693	\$ 6,193
Mausoleum and lot sales	97,425	107,423	9,998
Operations:			
Revenues from use of money and property	150	-	(150)
Licenses and permits	5,000	4,100	(900)
Mausoleum and lot sales	103,255	66,092	(37,163)
Total revenues	<u>218,330</u>	<u>196,308</u>	<u>(22,022)</u>
<b>EXPENDITURES</b>			
Operations:			
Salaries and benefits	181,929	176,949	4,980
Supplies and services	38,692	36,560	2,132
Utilities	51,765	39,117	12,648
Maintenance	37,254	40,523	(3,269)
Capital outlay	6,000	7,500	(1,500)
Total expenditures	<u>315,640</u>	<u>300,649</u>	<u>14,991</u>
Excess of revenues over (under) expenditures	<u>(97,310)</u>	<u>(104,341)</u>	<u>(7,031)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 102,690</u>	95,659	<u>\$ (7,031)</u>
Fund balance - beginning of year		<u>2,837,499</u>	
Fund balance - end of year		<u>\$ 2,933,158</u>	





## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

**CITY OF TYLER, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	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	\$ 185,629	\$ 4,089,653	\$ 1,081,393	\$ 553,692	\$ -	\$ 594,121	\$ 386,730	\$ 6,891,218
Prepaid expenses	3,390	-	8,090	52,640	12,111	-	123,914	200,145
Accounts receivable (net)	392	2,048	11,907	142,296	576,828	298	194	733,963
Inventories - at average cost	-	272,721	-	-	-	-	-	272,721
Total current assets	189,411	4,364,422	1,101,390	748,628	588,939	594,419	510,838	8,098,047
Noncurrent assets:								
Other post employment benefit assets	-	1,303	622	1,735	-	-	-	3,660
Capital assets:								
Land	-	65,000	-	-	-	-	-	65,000
Construction in progress	-	-	-	-	-	99	-	99
Buildings	-	417,932	-	-	-	875,239	3,267	1,296,438
Total expenses - budget basis	-	702,940	-	-	-	1,070,195	6,488	1,779,623
Machinery and equipment	-	32,524,850	-	-	-	29,050	9,888,344	42,442,244
Infrastructure	-	-	-	-	-	194,329	-	194,329
Less: accumulated depreciation	-	(18,420,205)	-	-	-	(618,739)	(7,884,348)	(26,923,292)
Total capital assets, net of accumulated depreciation	-	15,290,517	-	-	-	1,550,173	2,013,751	18,854,441
Total assets	189,411	19,656,242	1,102,012	750,363	588,939	2,144,592	2,524,589	26,956,148
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred outflows related to pensions	70,238	261,538	68,635	4,051	-	52,519	317,388	774,369
Total deferred outflows of resources	70,238	261,538	68,635	4,051	-	52,519	317,388	774,369
<b>LIABILITIES</b>								
Current liabilities:								
Accounts and contracts payable	37,089	359,753	69,305	25,154	9,142	13,092	126,898	640,433
Due to other funds	-	-	-	-	245,150	-	-	245,150
Insurance claims payable	-	-	450,657	485,629	155,643	-	-	1,091,929
Accrued interest payable	-	4,428	-	-	-	-	13,585	18,013
Current portion of compensated absences payable	251	1,841	131	-	-	1,360	3,629	7,212
Current portion of capital lease payable	-	530,258	-	-	-	-	549,548	1,079,806
Total current liabilities	37,340	896,280	520,093	510,783	409,935	14,452	693,660	3,082,543
Noncurrent liabilities:								
Other post employment benefit liabilities	1,030	-	-	-	-	7	498	1,535
Compensated absences payable	6,017	44,180	4,242	-	-	32,644	87,103	174,186
Net pension obligation	268,916	1,031,543	216,323	22,572	-	204,381	1,196,766	2,940,501
Capital lease payable	-	538,271	-	-	-	-	1,384,021	1,922,292
Total noncurrent liabilities	275,963	1,613,994	220,565	22,572	-	237,032	2,668,388	5,038,514
Total Liabilities	313,303	2,510,274	740,658	533,355	409,935	251,484	3,362,048	8,121,057
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflows related to pensions	4,930	18,697	4,297	363	-	3,723	22,069	54,079
Total deferred inflows of resources	4,930	18,697	4,297	363	-	3,723	22,069	54,079
<b>NET POSITION</b>								
Net investment in capital assets	-	14,221,988	-	-	-	1,550,173	80,182	15,852,343
Unrestricted	(58,584)	3,166,821	425,692	220,696	179,004	391,731	(622,322)	3,703,038
Total net position	\$ (58,584)	\$ 17,388,809	\$ 425,692	\$ 220,696	\$ 179,004	\$ 1,941,904	\$ (542,140)	\$ 19,555,381

**CITY OF TYLER, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	ELIMINATIONS	TOTAL
<b>OPERATING REVENUES</b>									
Charges for services	\$ 830,000	\$ 8,859,897	\$ 1,446,058	\$ 5,382	\$ -	\$ 408,116	\$ 4,522,787	\$ -	\$ 16,072,240
Contributions	-	-	-	8,332,032	902,688	-	-	-	9,234,720
Miscellaneous	-	2,088	319,493	514,246	3,235,658	-	183	-	4,071,668
Total operating revenues	830,000	8,861,985	1,765,551	8,851,660	4,138,346	408,116	4,522,970	-	29,378,628
<b>OPERATING EXPENSES</b>									
Garage operations	-	5,149,058	-	-	-	-	-	-	5,149,058
Depreciation	-	3,395,615	-	-	-	108,728	1,381,405	-	4,885,748
Insurance claims	-	-	1,917,163	9,849,314	2,249,175	-	-	-	14,015,652
Administrative	235,636	-	268,385	866,846	1,935,973	241,429	3,375,214	-	6,923,483
Special services	851,986	-	-	42,340	11,329	4,556	-	-	910,211
Maintenance	-	-	-	-	-	316,750	-	-	316,750
Total operating expenses	1,087,622	8,544,673	2,185,548	10,758,500	4,196,477	671,463	4,756,619	-	32,200,902
Operating income (loss)	(257,622)	317,312	(419,997)	(1,906,840)	(58,131)	(263,347)	(233,649)	-	(2,822,274)
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Revenues from use of money and property	7,651	44,266	5,757	2,167	4,236	21,878	29,972	-	115,927
Gain (loss) on sale of assets	-	294,104	-	-	-	-	-	-	294,104
Interest expense	-	(13,590)	-	-	-	-	(40,884)	-	(54,474)
Total non-operating revenues (expenses)	7,651	324,780	5,757	2,167	4,236	21,878	(10,912)	-	355,557
Income (loss) before transfers	(249,971)	642,092	(414,240)	(1,904,673)	(53,895)	(241,469)	(244,561)	-	(2,466,717)
Transfers in	-	-	-	1,400,000	-	259,727	-	(1,400,000)	259,727
Transfers out	-	(1,400,000)	-	-	-	-	-	1,400,000	-
Change in net position	(249,971)	(757,908)	(414,240)	(504,673)	(53,895)	18,258	(244,561)	-	(2,206,990)
Net position - beginning of year	191,387	18,146,717	839,932	725,369	232,899	1,923,646	(297,579)	-	21,762,371
Net position - end of year	\$ (58,584)	\$ 17,388,809	\$ 425,692	\$ 220,696	\$ 179,004	\$ 1,941,904	\$ (542,140)	\$ -	\$ 19,555,381

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	ELIMINATIONS	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Cash received from customers and users	\$ 830,028	\$ 8,862,214	\$ 1,780,511	\$ 9,026,236	\$ 3,561,518	\$ 407,076	\$ 4,525,126	\$ -	\$ 28,992,709
Cash paid to suppliers for goods and services	(876,447)	(4,432,876)	(14,207)	(932,852)	(2,137,920)	(404,184)	(2,434,338)	-	(11,232,824)
Cash paid to employees for services	(189,735)	(930,816)	(257,275)	(42,178)	(11,329)	(155,679)	(954,563)	-	(2,541,575)
Insurance claims paid	-	-	(1,625,513)	(9,789,147)	(1,950,131)	-	-	-	(13,364,791)
Net cash provided by (used in) operating activities	(236,154)	3,498,522	(116,484)	(1,737,941)	(537,862)	(152,787)	1,136,225	-	1,853,519
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>									
Advances from other funds	-	-	-	-	245,150	-	-	-	245,150
Transfers in from other funds	-	-	-	1,400,000	-	259,727	-	(1,400,000)	259,727
Transfers out to other funds	-	(1,400,000)	-	-	-	-	-	1,400,000	-
Net cash provided by (used in) non-capital financing activities	-	(1,400,000)	-	1,400,000	245,150	259,727	-	-	504,877
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>									
Acquisition, construction, and retirement of capital assets	-	(4,253,903)	-	-	-	(32,887)	(692,133)	-	(4,978,923)
Proceeds from grants for capital purposes	-	-	-	-	-	-	-	-	-
Interest paid	-	(13,590)	-	-	-	-	(40,884)	-	(54,474)
Payment of capital lease obligations	-	(522,364)	-	-	-	-	(574,244)	-	(1,096,608)
Proceeds from sale of assets	-	344,704	-	-	-	-	-	-	344,704
Net cash provided by (used in) capital and related financing activities	-	(4,445,153)	-	-	-	(32,887)	(1,307,261)	-	(5,785,301)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Interest and dividends	7,651	44,266	5,757	2,167	4,236	21,878	29,972	-	115,927
Net cash provided by investing activities	7,651	44,266	5,757	2,167	4,236	21,878	29,972	-	115,927
Net increase (decrease) in cash and cash equivalents	(228,503)	(2,302,365)	(110,727)	(335,774)	(288,476)	95,931	(141,064)	-	(3,310,978)
Cash and cash equivalents - beginning of year	414,132	6,392,018	1,192,120	889,466	288,476	498,190	527,794	-	10,202,196
Cash and cash equivalents - end of year	\$ 185,629	\$ 4,089,653	\$ 1,081,393	\$ 553,692	\$ -	\$ 594,121	\$ 386,730	\$ -	\$ 6,891,218

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

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

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
Operating income (loss)	\$ (257,622)	\$ 317,312	\$ (419,997)	\$ (1,906,840)	\$ (58,131)	\$ (263,347)	\$ (233,649)	\$ (2,822,274)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	-	3,395,615	-	-	-	108,728	1,381,405	4,885,748
(Increase) decrease in accounts receivable	28	229	14,960	174,576	(576,828)	(1,040)	2,156	(385,919)
(Increase) decrease in prepaid expenses	(3,390)	-	(8,090)	(52,640)	46,899	-	108,054	90,833
(Increase) decrease in inventories	-	(50,018)	-	-	-	-	-	(50,018)
Increase (decrease) in accounts payable	18,328	(186,508)	18,072	(13,366)	(3,696)	(2,785)	(153,446)	(323,401)
Increase (decrease) in claims payable	-	-	273,578	60,167	53,894	-	-	387,639
Increase (decrease) in compensated absences payable	1,205	2,781	(1,123)	-	-	1,763	7,398	12,024
Increase (decrease) in deferred outflows related to pensions	(40,474)	(146,030)	(46,741)	(1,241)	-	(29,752)	(185,738)	(449,976)
Increase (decrease) in deferred inflows related to pensions	1,597	5,762	1,845	49	-	1,174	7,327	17,754
Increase (decrease) in net pension obligation	44,174	159,379	51,012	1,354	-	32,472	202,718	491,109
Total adjustments	21,468	3,181,210	303,513	168,899	(479,731)	110,560	1,369,874	4,675,793
Net cash provided by (used in) operating activities	(236,154)	3,498,522	(116,484)	(1,737,941)	(537,862)	(152,787)	1,136,225	1,853,519
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>								
Borrowing under capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total noncash investing, capital and financing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF TYLER, TEXAS  
**PRODUCTIVITY IMPROVEMENT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 4,000	\$ 7,651	\$ 3,651
Charges for services	1,100,000	830,000	(270,000)
Total revenues - budget and GAAP basis	\$ 1,104,000	\$ 837,651	\$ (266,349)
<b>EXPENSES</b>			
Salaries and benefits	\$ 196,237	193,365	\$ 2,872
Supplies and services	51,230	36,974	14,256
Special services	1,032,542	851,986	180,556
Total expenses - budget basis	\$ 1,280,009	1,082,325	\$ 197,684
Financial statement adjustments:			
Adjustment for net pension liability		5,297	
Total expenses - GAAP basis		\$ 1,087,622	

**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 PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 30,000	\$ 44,266	\$ 14,266
Current service charges	10,020,075	8,859,897	(1,160,178)
Miscellaneous	4,000	2,088	(1,912)
Sale of assets	320,000	357,362	37,362
<b>Total revenues</b>	<b>10,374,075</b>	<b>9,263,613</b>	<b>(1,110,462)</b>
Transfers out - COGS	(1,400,000)	(1,400,000)	-
<b>Total revenues - budget basis</b>	<b>\$ 8,974,075</b>	<b>7,863,613</b>	<b>\$ (1,110,462)</b>
Financial statement adjustments:			
Retirement of assets sold		(63,258)	
<b>Total revenues - GAAP basis</b>		<b>\$ 7,800,355</b>	
<b>EXPENSES</b>			
Garage administration and operations:			
Salaries and benefits	\$ 1,024,841	\$ 952,708	\$ 72,133
Supplies and services	6,392,215	3,988,213	2,404,002
Utilities	66,350	52,896	13,454
Maintenance	163,800	149,720	14,080
Capital outlay	4,972,329	4,266,559	705,770
<b>Total garage administration and operations</b>	<b>12,619,535</b>	<b>9,410,096</b>	<b>3,209,439</b>
<b>Total expenses - budget basis</b>	<b>12,619,535</b>	<b>9,410,096</b>	<b>3,209,439</b>
Financial statement adjustments:			
Adjustment for net pension liability		19,111	
Capital outlay items not expensed		(4,266,559)	
Depreciation expense		3,395,615	
<b>Total expenses - GAAP basis</b>		<b>\$ 8,558,263</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 PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 2,600	\$ 5,757	\$ 3,157
Collections - subrogation	-	319,493	319,493
Charges for services	1,431,434	1,446,058	14,624
Total revenues - budget and GAAP basis	<u>\$ 1,434,034</u>	<u>\$ 1,771,308</u>	<u>\$ 337,274</u>
<b>EXPENSES</b>			
Claims and premiums	\$ 1,562,032	\$ 1,917,163	\$ (355,131)
Administrative	287,874	262,268	25,606
Total expenses - budget basis	<u>\$ 1,849,906</u>	<u>2,179,431</u>	<u>\$ (329,525)</u>
Financial statement adjustments:			
Adjustment for net pension liability		<u>6,117</u>	
Total expenses - GAAP basis		<u>\$ 2,185,548</u>	

**CITY OF TYLER, TEXAS  
EMPLOYEE BENEFITS FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 3,000	\$ 2,167	\$ (833)
Charges for services	5,382	5,382	-
Contributions from City of Tyler	6,655,938	6,713,389	57,451
Contributions from employees	1,910,313	1,618,643	(291,670)
Transfer from Fleet Maintenance and Replacement Fund	1,400,000	1,400,000	-
Miscellaneous	-	514,246	514,246
	<u>\$ 9,974,633</u>	<u>\$ 10,253,827</u>	<u>\$ 279,194</u>
Total revenues - budget and GAAP basis			
<b>EXPENSES</b>			
Employee insurance fund administration:			
Special services	\$ 31,500	\$ 42,340	\$ (10,840)
Claims	8,859,429	9,849,314	(989,885)
Administrative	1,070,936	866,683	204,253
Life insurance	20	1	19
	<u>\$ 9,961,885</u>	<u>10,758,338</u>	<u>\$ (796,453)</u>
Total expenses - budget basis			
Financial statement adjustments:			
Adjustment for net pension liability		162	
Total expenses - GAAP basis		<u>\$ 10,758,500</u>	

**CITY OF TYLER, TEXAS  
RETIREE BENEFITS FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenues from use of money and property	\$ -	\$ 4,236	\$ 4,236
Contributions from employees	926,547	902,688	(23,859)
Contributions - OPEB Trust and RDS Reimbursement	<u>3,012,492</u>	<u>3,235,658</u>	<u>223,166</u>
Total revenues - budget and GAAP basis	<u>3,939,039</u>	<u>4,142,582</u>	<u>203,543</u>
<b>EXPENSES</b>			
Employee insurance fund administration:			
Special services	16,500	11,329	5,171
Claims	2,102,386	2,249,175	(146,789)
Administrative fees	1,820,144	1,935,964	(115,820)
Life insurance	<u>9</u>	<u>9</u>	<u>-</u>
Total expenses - budget and GAAP basis	<u>\$ 3,939,039</u>	<u>\$ 4,196,477</u>	<u>\$ (257,438)</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 PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 21,300	\$ 21,878	\$ 578
Charges for services	396,847	408,116	11,269
Total revenues	418,147	429,994	11,847
Transfers in	259,727	259,727	-
Total revenues - budget and GAAP basis	<u>\$ 677,874</u>	<u>\$ 689,721</u>	<u>\$ 11,847</u>
<b>EXPENSES</b>			
Total expenses - budget basis			
Salaries and benefits	\$ 158,326	\$ 161,335	\$ (3,009)
Supplies and services	102,762	80,756	22,006
Maintenance	297,180	316,750	(19,570)
Capital Outlay	148,425	32,789	115,636
Total property and facility administration	706,693	591,630	115,063
Total expenses - budget basis	<u>\$ 706,693</u>	591,630	<u>\$ 115,063</u>
Financial statement adjustments:			
Adjust OPEB assets and liabilities			
Adjustment for net pension liability		3,894	
Capital outlay items not expensed		(32,789)	
Depreciation expense		108,728	
Total expenses - GAAP basis		<u>\$ 671,463</u>	

CITY OF TYLER, TEXAS  
TECHNOLOGY FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 36,308	\$ 29,972	\$ (6,336)
Charges for services	4,779,871	4,522,787	(257,084)
Miscellaneous	-	183	183
Total revenues - budget and GAAP basis	<u>\$ 4,816,179</u>	<u>\$ 4,552,942</u>	<u>\$ (263,237)</u>
<b>EXPENSES</b>			
Office technology fund administration:			
Salaries and benefits	\$ 1,011,906	\$ 986,268	\$ 25,638
Supplies and services	68,852	41,595	27,257
Utilities	300	162	138
Maintenance	8,744	8,558	186
Total office technology fund administration	<u>1,089,802</u>	<u>1,036,583</u>	<u>53,219</u>
Office technology services:			
Supplies and services	855,986	785,323	70,663
Utilities	305,533	192,408	113,125
Maintenance	2,064,180	1,336,593	727,587
Capital outlay	692,133	692,133	-
Total office technology services	<u>3,917,832</u>	<u>3,006,457</u>	<u>911,375</u>
Total expenses - budget basis	<u>\$ 5,007,634</u>	<u>4,043,040</u>	<u>\$ 964,594</u>
Financial statement adjustments:			
Adjustment for net pension liability		24,307	
Capital outlay items not expensed		(692,133)	
Interest expense		40,884	
Depreciation expense		1,381,405	
Total expenses - GAAP basis		<u>\$ 4,797,503</u>	

## **FIDUCIARY FUNDS**

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

### **Employee Benefit Trust Funds**

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

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

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

### **Private Purpose Trust Funds**

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

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

CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016

	EMPLOYEE BENEFIT PLAN (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
<b>ASSETS</b>				
Equity in pooled cash	1,245,784	\$ -	\$ 293,367	\$ 1,539,151
Investments, at fair value				
Equities	-	-	4,635,404	4,635,404
Mutual funds	-	7,387,514	56,420,651	63,808,165
Total investments	-	7,387,514	61,056,055	68,443,569
Receivables				
Contributions receivable	-	-	61,991	61,991
Interest receivable	-	-	5,976	5,976
Total receivables	-	-	67,967	67,967
Total assets	1,245,784	7,387,514	61,417,389	70,050,687
<b>LIABILITIES</b>				
Accounts payable	1,059,494	576,828	-	1,636,322
Total liabilities	1,059,494	576,828	-	1,636,322
<b>NET POSITION</b>				
Held in trust for OPEB benefits	-	6,810,686	-	6,810,686
Held in trust for pension benefits	-	-	61,417,389	61,417,389
Held in trust for other purposes	186,290	-	-	186,290
Total net position	\$ 186,290	\$ 6,810,686	\$ 61,417,389	\$ 68,414,365

CITY OF TYLER, TEXAS  
 FIDUCIARY FUNDS  
 EMPLOYEE BENEFIT TRUST FUNDS  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	EMPLOYEE BENEFIT PLAN (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
<b>ADDITIONS</b>				
Contributions				
Employees	\$ 127,405	\$ -	\$ 1,523,740	\$ 1,651,145
Employer	1,688	-	2,364,989	2,366,677
Total contributions	<u>129,093</u>	<u>-</u>	<u>3,888,729</u>	<u>4,017,822</u>
Investment income				
Interest and dividend income	-	-	1,036,789	1,036,789
Net depreciation in fair value of investments	-	3,488,435	4,503,005	7,991,440
Less investment expense	-	(2,956,226)	(196,759)	(3,152,985)
Total investment income	<u>-</u>	<u>532,209</u>	<u>5,343,035</u>	<u>5,875,244</u>
Other income	-	-	3,071	3,071
Total additions	<u>129,093</u>	<u>532,209</u>	<u>9,234,835</u>	<u>9,896,137</u>
<b>DEDUCTIONS</b>				
Benefits	<u>145,147</u>	<u>-</u>	<u>6,905,836</u>	<u>7,050,983</u>
Total deductions	<u>145,147</u>	<u>-</u>	<u>6,905,836</u>	<u>7,050,983</u>
Change in net position	(16,054)	532,209	2,328,999	2,845,154
Net position- beginning of year	<u>202,344</u>	<u>6,278,477</u>	<u>59,088,390</u>	<u>65,569,211</u>
Net position - end of year	<u>\$ 186,290</u>	<u>\$ 6,810,686</u>	<u>\$ 61,417,389</u>	<u>\$ 68,414,365</u>

CITY OF TYLER, TEXAS  
 FIDUCIARY FUNDS  
 PRIVATE-PURPOSE TRUST FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2016

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
<b>ASSETS</b>			
Equity in pooled cash	\$ 2,518,890	\$ -	\$ 2,518,890
Investments, at fair value			
Equities	-	77,138	77,138
Total investments	-	77,138	77,138
Receivables			
Interest receivable	1,262	-	1,262
Total receivables	1,262	-	1,262
Total assets	2,520,152	77,138	2,597,290
<b>NET POSITION</b>			
Held in trust for other purposes	\$ 2,520,152	\$ 77,138	\$ 2,597,290

CITY OF TYLER, TEXAS  
 FIDUCIARY FUNDS  
 PRIVATE-PURPOSE TRUST FUNDS  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
<b>ADDITIONS</b>			
Contributions	\$ 39,000	\$ -	\$ 39,000
Investment income			
Interest and dividend income	16,283	2,479	18,762
Net appreciation in fair value of investments	-	5,124	5,124
Less investment expense	-	(1,258)	(1,258)
Total investment income	<u>16,283</u>	<u>6,345</u>	<u>22,628</u>
Total additions	<u>55,283</u>	<u>6,345</u>	<u>61,628</u>
<b>DEDUCTIONS</b>			
Benefits	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	55,283	6,345	61,628
Net position - beginning of year	<u>2,464,869</u>	<u>70,793</u>	<u>2,535,662</u>
Net position - end of year	<u>\$ 2,520,152</u>	<u>\$ 77,138</u>	<u>\$ 2,597,290</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 PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>PROPERTY TAX COLLECTIONS</b>			
Current taxes	\$ 16,179,234	\$ 16,109,924	\$ (69,310)
Delinquent taxes	140,412	162,090	21,678
Penalty and interest	125,641	123,336	(2,305)
Tax collection fee	44,547	5,834	(38,713)
Total property tax collections	<u>16,489,834</u>	<u>16,401,184</u>	<u>(88,650)</u>
<b>FRANCHISE FEES</b>			
Franchise - light and power	4,475,433	4,625,600	150,167
Franchise - natural gas	1,113,024	1,024,201	(88,823)
Franchise - telephone	887,015	798,796	(88,219)
Franchise - cable television	1,383,923	1,323,506	(60,417)
Franchise - street use fee	696,812	694,479	(2,333)
Franchise - water and sewer	1,832,617	1,861,559	28,942
Total franchise fees	<u>10,388,824</u>	<u>10,328,141</u>	<u>(60,683)</u>
<b>SALES AND USE TAXES</b>			
General sales tax	28,190,256	26,197,850	(1,992,406)
Mixed drink tax	423,834	440,006	16,172
Bingo tax	61,891	64,548	2,657
Total sales and use taxes	<u>28,675,981</u>	<u>26,702,404</u>	<u>(1,973,577)</u>
<b>LICENSES AND PERMITS</b>			
Parking meter	132,000	108,250	(23,750)
Taxicab and limousine	125	3,905	3,780
Burglar alarm	330,000	356,841	26,841
Building	560,000	767,769	207,769
Electrical	165,000	158,307	(6,693)
Plumbing	115,000	120,095	5,095
Zoning	70,000	58,963	(11,037)
Mechanical	70,000	85,082	15,082
Cert. of Occupancy	23,000	25,181	2,181
TABC fee	4,000	6,035	2,035
Billboard registration	79,000	43,855	(35,145)
Sign	20,000	31,955	11,955
Moving and clearing	250	100	(150)
Contractor license	45,000	48,100	3,100
Total licenses and permits	<u>1,613,375</u>	<u>1,814,438</u>	<u>201,063</u>
<b>FINES, FORFEITURES AND PENALTIES</b>			
Moving violation fines	4,000,000	3,535,033	(464,967)
Tax service fees on fines	235,000	176,252	(58,748)
Arrest fee fines	175,000	145,536	(29,464)
Municipal court administrative fees	150,000	106,145	(43,855)
Warrant fees	800,000	661,337	(138,663)
Child safety fees	190,000	188,434	(1,566)
Miscellaneous municipal court fines	28,127	39,700	11,573
Special court fees	850,000	635,946	(214,054)
Collection firm fee	260,000	194,297	(65,703)
Parking fees	226,440	146,469	(79,971)
Scofflaw	50,000	38,806	(11,194)
Animal fines	50,000	15,263	(34,737)
Omnibase program	100,000	52,189	(47,811)
Total fines, forfeitures and penalties	<u>7,114,567</u>	<u>5,935,407</u>	<u>(1,179,160)</u>

(Continued)

CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES FROM USE OF MONEY OR PROPERTY</b>			
Rent - miscellaneous	\$ 524,528	\$ 530,110	\$ 5,582
Distributed interest	51,550	82,532	30,982
Total revenues from use of money or property	<u>576,078</u>	<u>612,642</u>	<u>36,564</u>
<b>CHARGES FOR CURRENT SERVICES</b>			
Swimming pool admissions	1,300	1,805	505
Fire inspection fees	37,694	32,790	(4,904)
Lot mowing	36,500	32,199	(4,301)
Glass membership fees	51,500	36,978	(14,522)
Copying fees	20,731	20,727	(4)
Utility cut fees	135,000	132,000	(3,000)
Open records	30,000	32,151	2,151
Participant fees	139,750	102,303	(37,447)
Field rental	13,000	125	(12,875)
Sports field maintenance	23,000	30,045	7,045
Recreation classes and events	40,000	47,891	7,891
Reimbursement of overhead from tourism and convention fund	45,275	45,275	-
One-Half cent administration costs	175,000	175,000	-
Reimbursement of overhead from water and sewer operating fund	1,045,903	1,045,903	-
Reimbursement of overhead from sanitation fund	207,766	207,766	-
Maps, plans and specs fee	250	100	(150)
Platting	40,000	46,854	6,854
HOT membership	40,000	40,000	-
Main street festivals	43,369	30,551	(12,818)
Animal shelter fees	25,360	33,339	7,979
Liberty hall tickets sales	84,500	89,079	4,579
Library	52,726	61,666	8,940
Total charges for current services	<u>2,288,624</u>	<u>2,244,547</u>	<u>(44,077)</u>
<b>REVENUES FROM OTHER AGENCIES</b>			
State government	20,000	18,053	(1,947)
County hazardous material service	5,000	5,000	-
Prior year restitution income	150	129	(21)
Auto theft task force grant	109,669	109,309	(360)
Safe and Sober grant	50,000	73,282	23,282
School crossing guards	223,829	228,551	4,722
US Marshal grant	-	5,274	5,274
CLG grant	20,496	23,399	2,903
JAG 14/15	-	16,835	16,835
Federal JAG	26,206	26,206	-
Justice assistance	63,956	62,807	(1,149)
Total revenues from other agencies	<u>519,306</u>	<u>568,845</u>	<u>49,539</u>

(Continued)

CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>MISCELLANEOUS</b>			
Oil and lease royalties	\$ 195,000	\$ 364,327	\$ 169,327
Miscellaneous charges	281,300	567,249	285,949
Unclaimed property revenue	15,000	14,462	(538)
Returned check fees	1,500	775	(725)
Funeral escorts	20,000	17,388	(2,612)
Contractor testing fees	60,000	129,685	69,685
Merchandise sales	57,000	21,831	(35,169)
Animal control	5,500	450	(5,050)
Junked vehicle	200	92	(108)
Total miscellaneous	<u>635,500</u>	<u>1,116,259</u>	<u>480,759</u>
Total revenues before other financing sources	<u>68,302,089</u>	<u>65,723,867</u>	<u>(2,578,222)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer from special revenue	2,043,000	2,043,000	-
Transfer from enterprise	75,000	75,000	-
Total other financing sources	<u>2,118,000</u>	<u>2,118,000</u>	<u>-</u>
Total revenue	<u>\$ 70,420,089</u>	<u>\$ 67,841,867</u>	<u>\$ (2,578,222)</u>

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>GENERAL GOVERNMENT</b>			
GENERAL GOVERNMENT SERVICES			
Salaries and benefits	\$ 2,342,346	\$ 2,174,129	\$ 168,217
Supplies and services	2,404,916	1,841,642	563,274
Utilities	79,800	66,939	12,861
Maintenance	13,000	13,000	-
Total general government services	<u>4,840,062</u>	<u>4,095,710</u>	<u>744,352</u>
COMMUNICATIONS			
Salaries and benefits	310,391	255,851	54,540
Supplies and services	87,836	57,366	30,470
Utilities	360	23	337
Maintenance	1,000	887	113
Total communications	<u>399,587</u>	<u>314,127</u>	<u>85,460</u>
FINANCE			
Salaries and benefits	591,009	554,701	36,308
Supplies and services	525,238	483,739	41,499
Utilities	1,000	187	813
Maintenance	-	336	(336)
Total finance	<u>1,117,247</u>	<u>1,038,963</u>	<u>78,284</u>
HUMAN RESOURCES			
Salaries and benefits	385,197	293,835	91,362
Supplies and services	66,062	111,936	(45,874)
Total human resources	<u>451,259</u>	<u>405,771</u>	<u>45,488</u>
LEGAL			
Salaries and benefits	795,527	768,338	27,189
Supplies and services	179,825	152,071	27,754
Utilities	260	42	218
Maintenance	839	813	26
Total legal	<u>976,451</u>	<u>921,264</u>	<u>55,187</u>
PARKING GARAGE			
Supplies and services	95,420	91,347	4,073
Utilities	21,200	15,563	5,637
Maintenance	9,600	7,115	2,485
Total parking garage	<u>126,220</u>	<u>114,025</u>	<u>12,195</u>
Total general government	<u>7,910,826</u>	<u>6,889,860</u>	<u>1,020,966</u>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>PUBLIC SAFETY</b>			
POLICE			
Salaries and benefits	\$ 22,895,837	\$ 22,809,586	\$ 86,251
Supplies and services	2,290,692	2,074,625	216,067
Utilities	218,215	134,164	84,051
Maintenance	1,127,396	1,114,784	12,612
Total police	<u>26,532,140</u>	<u>26,133,159</u>	<u>398,981</u>
FIRE			
Salaries and benefits	15,694,667	15,765,506	(70,839)
Supplies and services	934,601	730,805	203,796
Utilities	150,925	132,383	18,542
Maintenance	364,851	310,841	54,010
Total fire	<u>17,145,044</u>	<u>16,939,535</u>	<u>205,509</u>
MUNICIPAL COURT			
Salaries and benefits	800,069	762,027	38,042
Supplies and services	846,665	658,598	188,067
Utilities	12,900	8,776	4,124
Maintenance	41,838	35,802	6,036
Total municipal court	<u>1,701,472</u>	<u>1,465,203</u>	<u>236,269</u>
Total public safety	<u>45,378,656</u>	<u>44,537,897</u>	<u>840,759</u>
<b>PUBLIC SERVICES</b>			
ANIMAL SERVICES			
Salaries and benefits	698,489	663,712	34,777
Supplies and services	266,690	173,487	93,203
Utilities	74,261	11,973	62,288
Maintenance	63,335	49,211	14,124
Total animal services	<u>1,102,775</u>	<u>898,383</u>	<u>204,392</u>
PLANNING AND ZONING SERVICES			
Salaries and benefits	434,186	432,538	1,648
Supplies and services	116,566	102,596	13,970
Utilities	750	60	690
Total planning and zoning services	<u>551,502</u>	<u>535,194</u>	<u>16,308</u>
DEVELOPMENT SERVICES			
Salaries and benefits	241,746	230,081	11,665
Supplies and services	73,952	76,382	(2,430)
Utilities	420	168	252
Total development services	<u>316,118</u>	<u>306,631</u>	<u>9,487</u>
BUILDING SERVICES			
Salaries and benefits	528,747	530,459	(1,712)
Supplies and services	83,413	85,117	(1,704)
Utilities	100	56	44
Maintenance	29,073	29,825	(752)
Total building services	<u>641,333</u>	<u>645,457</u>	<u>(4,124)</u>
Total public services	<u>2,611,728</u>	<u>2,385,665</u>	<u>226,063</u>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>HIGHWAYS AND STREETS</b>			
ENGINEERING			
Salaries and benefits	\$ 403,599	\$ 388,912	\$ 14,687
Supplies and services	129,239	54,351	74,888
Utilities	150	50	100
Maintenance	11,136	964	10,172
Total engineering	<u>544,124</u>	<u>444,277</u>	<u>99,847</u>
STREET ADMINISTRATION			
Salaries and benefits	1,237,706	873,541	364,165
Supplies and services	255,217	418,034	(162,817)
Utilities	11,625	3,682	7,943
Maintenance	832,187	871,822	(39,635)
Total street administration	<u>2,336,735</u>	<u>2,167,079</u>	<u>169,656</u>
TRAFFIC OPERATIONS			
Salaries and benefits	918,983	903,991	14,992
Supplies and services	148,936	103,928	45,008
Utilities	1,330,090	1,285,526	44,564
Maintenance	218,165	258,389	(40,224)
Total traffic operations	<u>2,616,174</u>	<u>2,551,834</u>	<u>64,340</u>
Total highways and streets	<u>5,497,033</u>	<u>5,163,190</u>	<u>333,843</u>
<b>CULTURE AND RECREATION</b>			
LIBRARY			
Salaries and benefits	1,064,351	1,017,369	46,982
Supplies and services	232,206	384,880	(152,674)
Utilities	60,675	52,950	7,725
Maintenance	53,535	64,057	(10,522)
Total library	<u>1,410,767</u>	<u>1,519,256</u>	<u>(108,489)</u>
PARKS ADMINISTRATION			
Salaries and benefits	816,600	763,787	52,813
Supplies and services	477,127	482,907	(5,780)
Utilities	651,850	579,557	72,293
Maintenance	536,154	422,871	113,283
Total parks administration	<u>2,481,731</u>	<u>2,249,122</u>	<u>232,609</u>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>CULTURE AND RECREATION (cont'd)</b>			
INDOOR RECREATION			
Salaries and benefits	\$ 388,557	\$ 412,906	\$ (24,349)
Supplies and services	99,878	90,117	9,761
Utilities	200	34	166
Maintenance	37,950	41,492	(3,542)
Total indoor recreation	<u>526,585</u>	<u>544,549</u>	<u>(17,964)</u>
OUTDOOR RECREATION			
Salaries and benefits	147,344	129,118	18,226
Supplies and services	229,575	199,717	29,858
Total outdoor recreation	<u>376,919</u>	<u>328,835</u>	<u>48,084</u>
MEDIAN MAINTENANCE AND ARBORIST			
Salaries and benefits	204,415	183,547	20,868
Supplies and services	186,151	144,007	42,144
Maintenance	57,370	26,261	31,109
Total median maintenance and arborist	<u>447,936</u>	<u>353,815</u>	<u>94,121</u>
ROSE GARDEN CENTER			
Salaries and benefits	156,108	159,726	(3,618)
Supplies and services	36,236	37,838	(1,602)
Utilities	70,000	47,037	22,963
Maintenance	30,500	30,451	49
Total rose garden center	<u>292,844</u>	<u>275,052</u>	<u>17,792</u>
ROSE GARDEN MAINTENANCE			
Salaries and benefits	302,936	273,730	29,206
Supplies and services	107,210	107,811	(601)
Utilities	43,925	48,888	(4,963)
Maintenance	80,826	60,019	20,807
Total rose garden maintenance	<u>534,897</u>	<u>490,448</u>	<u>44,449</u>
VISITOR FACILITIES			
Salaries and benefits	428,727	447,260	(18,533)
Supplies and services	133,741	145,913	(12,172)
Utilities	140,075	125,953	14,122
Maintenance	63,857	67,985	(4,128)
Total visitor facilities	<u>766,400</u>	<u>787,111</u>	<u>(20,711)</u>
LIBERTY HALL			
Salaries and benefits	91,506	105,268	(13,762)
Supplies and services	139,649	129,064	10,585
Utilities	17,680	13,971	3,709
Maintenance	6,250	7,118	(868)
Total liberty hall	<u>255,085</u>	<u>255,421</u>	<u>(336)</u>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>CULTURE AND RECREATION (cont'd)</b>			
MAIN STREET			
Salaries and benefits	\$ 129,570	\$ 130,558	\$ (988)
Supplies and services	90,704	76,673	14,031
Utilities	7,250	4,621	2,629
Maintenance	2,050	2,050	-
Total main street	<u>229,574</u>	<u>213,902</u>	<u>15,672</u>
Total culture and recreation	<u>7,322,738</u>	<u>7,017,511</u>	<u>305,227</u>
<b>OTHER FINANCING USES</b>			
Transfer to transit system	551,242	622,387	(71,145)
Transfer to capital projects	134,158	80,000	54,158
Transfer to property and facility	147,955	101,305	46,650
Transfer to permanent	200,000	200,000	-
Total other financing uses	<u>1,033,355</u>	<u>1,003,692</u>	<u>29,663</u>
Capital outlay	<u>1,935,398</u>	<u>293,290</u>	<u>1,642,108</u>
Total expenditures	<u>\$ 71,689,734</u>	<u>\$ 67,291,105</u>	<u>\$ 4,398,629</u>

CITY OF TYLER, TEXAS  
 UTILITIES FUND  
 DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

	<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	\$ 114,403	\$ 187,106	\$ 72,703
Charges for current services	37,045,349	36,612,671	(432,678)
Miscellaneous income	<u>25,100</u>	<u>502,085</u>	<u>476,985</u>
Total revenue - budget and GAAP basis	<u>\$ 37,184,852</u>	<u>\$ 37,301,862</u>	<u>\$ 117,010</u>

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>WATER ADMINISTRATION AND SUNDRY</b>			
Salaries and benefits	\$ 1,206,940	\$ 1,211,551	\$ (4,611)
Supplies and services	3,778,873	3,973,493	(194,620)
Utilities	14,580	11,066	3,514
Maintenance	43,375	34,802	8,573
Total water administration and sundry	<u>5,043,768</u>	<u>5,230,912</u>	<u>(187,144)</u>
<b>WATER OFFICE</b>			
Salaries and benefits	949,717	941,976	7,741
Supplies and services	878,143	796,599	81,544
Utilities	500	83	417
Maintenance	34,820	31,076	3,744
Total water office	<u>1,863,180</u>	<u>1,769,734</u>	<u>93,446</u>
<b>WATER DISTRIBUTION</b>			
Salaries and benefits	1,604,675	1,504,696	99,979
Supplies and services	247,002	370,066	(123,064)
Utilities	13,780	11,945	1,835
Maintenance	659,060	635,964	23,096
Total water distribution	<u>2,524,517</u>	<u>2,522,671</u>	<u>1,846</u>
<b>WATER PLANT</b>			
Salaries and benefits	1,325,324	1,295,225	30,099
Supplies and services	1,865,130	1,991,386	(126,256)
Utilities	1,644,465	1,817,930	(173,465)
Maintenance	506,035	289,203	216,832
Total water plant	<u>5,340,954</u>	<u>5,393,744</u>	<u>(52,790)</u>
<b>WASTE COLLECTION</b>			
Salaries and benefits	1,153,102	949,484	203,618
Supplies and services	179,763	241,416	(61,653)
Utilities	465	23	442
Maintenance	732,116	778,636	(46,520)
Total waste collection	<u>2,065,446</u>	<u>1,969,559</u>	<u>95,887</u>
<b>WASTE TREATMENT PLANT</b>			
Salaries and benefits	1,415,684	1,358,540	57,144
Supplies and services	1,205,000	1,171,696	33,304
Utilities	838,256	807,528	30,728
Maintenance	439,822	260,169	179,653
Total waste treatment plant	<u>3,898,762</u>	<u>3,597,933</u>	<u>300,829</u>

(Continued)

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>LAKE TYLER</b>			
Salaries and benefits	\$ 544,318	\$ 321,573	\$ 222,745
Supplies and services	886,926	449,242	437,684
Utilities	15,622	10,241	5,381
Maintenance	505,512	125,447	380,065
Total Lake Tyler	<u>1,952,378</u>	<u>906,503</u>	<u>1,045,875</u>
<b>STORM WATER MANAGEMENT</b>			
Salaries and benefits	658,548	500,243	158,305
Supplies and services	114,809	161,635	(46,826)
Utilities	0	7,165	(7,165)
Maintenance	478,804	447,000	31,804
Total storm water management	<u>1,252,161</u>	<u>1,116,043</u>	<u>136,118</u>
<b>GEOGRAPHICAL INFORMATION SYSTEMS</b>			
Salaries and benefits	408,651	402,936	5,715
Supplies and services	420,656	334,784	85,872
Total geographical information systems	<u>829,307</u>	<u>737,720</u>	<u>91,587</u>
<b>SLUDGE HAULING</b>			
Salaries and benefits	142,755	156,490	(13,735)
Supplies and services	643,882	473,779	170,103
Utilities	11,400	0	11,400
Maintenance	165,662	122,647	43,015
Total sludge hauling	<u>963,699</u>	<u>752,916</u>	<u>210,783</u>
<b>PURCHASING</b>			
Salaries and benefits	136,575	135,148	1,427
Supplies and services	11,895	7,683	4,212
Utilities	250	24	226
Maintenance	15,232	14,913	319
Total purchasing	<u>163,952</u>	<u>157,768</u>	<u>6,184</u>
Capital outlay	<u>14,839,529</u>	<u>6,289,617</u>	<u>8,549,912</u>
Principal payments on bonds	<u>3,110,000</u>	<u>3,000,000</u>	<u>110,000</u>
Interest expense	<u>2,337,846</u>	<u>2,472,919</u>	<u>(135,073)</u>
Transfers out	<u>116,711</u>	<u>116,711</u>	<u>-</u>
Total expenditures - budget basis	<u>\$ 46,302,210</u>	<u>36,034,750</u>	<u>\$ 10,267,460</u>
Financial statement adjustments:			
Adjustment for net pension liability		173,403	
Capital outlay items not expensed		(6,285,338)	
Principal payments of bonds		(3,000,000)	
Amortization expense		(110,652)	
Depreciation expense		<u>6,059,236</u>	
Total expenditures - GAAP basis		<u>\$ 32,871,399</u>	

**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Franchise fees	\$ 500,000	\$ 510,326	\$ 10,326
Revenue from use of money or property	15,000	20,801	5,801
Current service charges	10,565,000	11,000,820	435,820
Miscellaneous	32,000	15,982	(16,018)
Sale of assets	94,500	195,987	101,487
	<u>\$ 11,206,500</u>	<u>11,743,916</u>	<u>\$ 537,416</u>
Total revenues - budget basis			
Financial statement adjustments:			
Retirement of assets sold		(10,784)	
Total revenues - GAAP basis		<u>\$ 11,733,132</u>	
<b>EXPENSES</b>			
Solid waste administration			
Salaries and benefits	\$ 702,126	\$ 725,152	\$ (23,026)
Supplies and services	1,159,198	1,052,566	106,632
Utilities	300	177	123
	<u>1,861,624</u>	<u>1,777,895</u>	<u>83,729</u>
Total solid waste administration			
Residential collections			
Salaries and benefits	1,658,326	1,528,509	129,817
Supplies and services	1,992,676	1,861,856	130,820
Utilities	2,587	2,278	309
Maintenance	2,387,902	2,351,273	36,629
	<u>6,041,491</u>	<u>5,743,916</u>	<u>297,575</u>
Total residential collections			
Commercial collections			
Salaries and benefits	876,536	819,965	56,571
Supplies and services	1,590,979	1,665,732	(74,753)
Utilities	4,173	4,035	138
Maintenance	493,039	613,313	(120,274)
	<u>2,964,727</u>	<u>3,103,045</u>	<u>(138,318)</u>
Total commercial collections			
Litter control			
Salaries and benefits	58,159	41,301	16,858
Supplies and services	196,920	126,396	70,524
Utilities	1,300	671	629
	<u>256,379</u>	<u>168,368</u>	<u>88,011</u>
Total litter control			

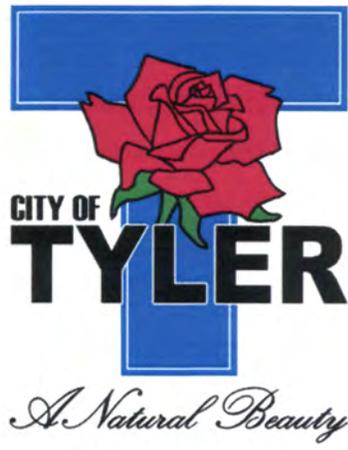
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**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>EXPENSES (cont'd)</b>			
Code enforcement			
Salaries and benefits	\$ 417,215	\$ 422,971	\$ (5,756)
Supplies and services	83,262	69,678	13,584
Utilities	250	34	216
Maintenance	<u>61,330</u>	<u>65,586</u>	<u>(4,256)</u>
Total code enforcement	562,057	558,269	3,788
Capital outlay	564,780	370,627	194,153
Transfers out	<u>91,711</u>	<u>91,711</u>	<u>-</u>
Total expenses - budget basis	<u>\$ 12,342,769</u>	11,813,831	<u>\$ 528,938</u>
Financial statement adjustments:			
Adjustment for net pension liability		74,665	
Capital outlay items not expensed		(370,627)	
Depreciation expense		<u>571,485</u>	
Total expenses - GAAP basis		<u>\$ 12,089,354</u>	

**CITY OF TYLER, TEXAS  
AIRPORT FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Airport services	\$ 1,654,727	\$ 1,392,922	\$ (261,805)
Revenues from use of money and property	47,000	43,694	(3,306)
Capital contributions	14,042,474	11,482,387	(2,560,087)
Miscellaneous revenues	40,500	27,504	(12,996)
Total revenues	15,784,701	12,946,507	(2,838,194)
Transfers in	175,000	1,268,314	1,093,314
Total revenues - budget and GAAP basis	<u>\$ 15,959,701</u>	<u>\$ 14,214,821</u>	<u>\$ (1,744,880)</u>
<b>EXPENSES</b>			
Municipal airport operations			
Salaries and benefits	646,626	625,899	20,727
Supplies and services	1,819,307	745,727	1,073,580
Utilities	239,450	180,311	59,139
Maintenance	169,710	151,257	18,453
Total municipal airport operations	2,875,093	1,703,194	1,171,899
Interest expense	39,180	39,668	(488)
Principal payments on bonds	65,000	65,000	-
Capital outlay	14,411,557	13,108,684	1,302,873
Total expenses- budget basis	<u>\$ 17,390,830</u>	14,916,546	<u>\$ 2,474,284</u>
Financial statement adjustments:			
Adjustment for net pension liability		13,400	
Principal payments on bonds		(65,000)	
Capital outlay items not expensed		(13,108,684)	
Depreciation expense		1,665,715	
Total expenses - GAAP basis		<u>\$ 3,421,977</u>	



**STATISTICAL SECTION (UNAUDITED)**

## CITY OF TYLER, TEXAS STATISTICAL SECTION

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

<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.	118
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	124
<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.	130
<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.	135
<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.	137

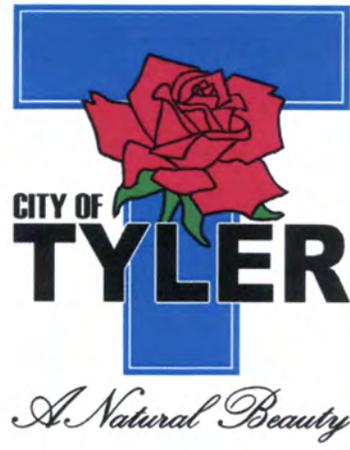


TABLE 1

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 210,591,077	\$ 227,755,201	\$ 239,906,695	\$ 239,107,580	\$ 239,531,725	\$ 235,722,589	\$ 226,678,557	\$ 243,391,685	\$ 248,481,237	\$ 255,335,707
Restricted	33,847,339	20,472,939	9,219,851	11,517,178	17,671,823	18,144,679	25,006,305	22,022,830	21,857,483	19,998,703
Unrestricted	24,690,983	25,250,120	22,863,133	19,492,047	15,660,827	23,997,766	24,904,041	21,104,444	(23,090,282)	(29,206,408)
Total governmental activities net position	<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>	<u>\$ 276,588,903</u>	<u>\$ 286,518,959</u>	<u>\$ 247,248,438</u>	<u>\$ 246,128,002</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 136,990,101	\$ 145,115,746	\$ 146,154,811	\$ 133,928,119	\$ 139,645,933	\$ 146,342,227	\$ 155,451,446	\$ 161,933,656	\$ 171,337,799	\$ 185,888,696
Restricted	10,383,523	7,300,006	9,194,730	20,885,481	15,567,963	14,296,705	21,543,386	19,104,927	14,620,332	13,984,060
Unrestricted	20,912,997	12,746,703	10,186,615	10,328,726	13,559,374	14,488,578	6,834,476	6,150,703	676,523	803,659
Total business-type activities net position	<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>	<u>\$ 183,829,308</u>	<u>\$ 187,189,286</u>	<u>\$ 186,634,654</u>	<u>\$ 200,676,415</u>
Primary government										
Invested in capital assets, net of related debt	\$ 347,581,178	\$ 372,870,947	\$ 386,061,506	\$ 373,035,699	\$ 379,177,658	\$ 382,064,816	\$ 382,130,003	\$ 405,325,341	\$ 419,819,036	\$ 441,224,403
Restricted	44,230,862	27,772,945	18,414,581	32,402,659	33,239,786	32,441,384	46,549,691	41,127,757	36,477,815	33,982,763
Unrestricted	45,603,980	37,996,823	33,049,748	29,820,773	29,220,201	38,486,344	31,738,517	27,255,147	(22,413,759)	(28,402,749)
Total primary government net position	<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>	<u>\$ 460,418,211</u>	<u>\$ 473,708,245</u>	<u>\$ 433,883,092</u>	<u>\$ 446,804,417</u>

Source: Government-wide Statement of Net Position

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 6,426,203	\$ 7,454,087	\$ 10,320,209	\$ 7,809,290	\$ 9,389,003	\$ 7,699,118	\$ 8,814,941	\$ 10,788,232	\$ 7,411,863	\$ 10,454,415
Public safety	34,702,549	37,491,453	38,280,137	38,769,464	41,169,622	42,534,178	43,594,916	43,241,597	42,751,866	50,776,656
Highways and streets	17,047,887	6,548,649	6,319,359	16,527,248	15,033,649	16,221,560	16,197,280	13,828,933	12,190,307	12,564,341
Public services	13,951,231	25,829,353	27,916,561	14,695,196	14,814,548	13,961,677	14,395,725	14,207,356	15,086,795	15,609,073
Cultures and recreation	5,818,106	6,842,821	6,775,264	8,002,574	8,497,285	8,470,638	8,314,970	7,737,071	9,344,668	7,933,036
Interest on long term debt	260,027	161,066	85,952	102,507	117,564	106,407	74,423	67,788	69,680	60,341
Total governmental activities expenses	78,206,003	84,327,429	89,697,482	85,906,279	89,021,671	88,993,578	91,392,255	89,870,977	86,855,179	97,397,862
Business-type activities:										
Water and sewer	27,457,606	29,223,154	29,488,289	30,851,493	30,449,882	31,109,582	32,097,630	31,080,132	31,574,214	32,754,688
Sanitation	9,371,472	10,645,321	11,254,980	11,023,910	11,324,625	11,327,917	11,202,044	11,474,007	11,586,745	11,997,643
Airport	1,902,590	2,104,355	2,111,713	2,242,547	2,632,814	2,522,166	2,722,446	2,839,883	3,074,982	3,421,977
Total business-type activities expenses	38,731,668	41,972,830	42,854,982	44,117,950	44,407,321	44,959,665	46,022,120	45,394,022	46,235,941	48,174,308
Total primary government expenses	\$ 116,937,671	\$ 126,300,259	\$ 132,552,464	\$ 130,024,229	\$ 133,428,992	\$ 133,953,243	\$ 137,414,375	\$ 135,264,999	\$ 133,091,120	\$ 145,572,170
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,367,849	\$ 1,016,572	\$ 1,040,889	\$ 1,661,810	\$ 1,857,150	\$ 2,262,331	\$ 2,242,946	\$ 2,451,394	2,413,406	3,144,517
Public safety	5,869,061	6,373,097	6,749,859	6,969,674	7,081,718	8,427,569	7,943,419	7,910,583	7,709,536	7,278,868
Highways and streets	108,658	105,590	103,749	101,961	99,130	95,913	94,981	92,034	175,622	142,380
Public services	1,849,755	1,805,204	1,494,735	1,646,938	1,735,565	2,083,303	1,962,945	2,449,877	2,125,553	2,317,480
Cultures and recreation	1,670,000	1,756,442	2,064,127	1,967,468	2,007,504	1,149,328	1,027,908	1,206,025	1,201,230	1,141,469
Operating grants and contributions	11,667,106	11,770,402	12,741,193	11,821,887	11,483,945	10,569,298	11,033,709	11,870,746	11,016,862	11,447,285
Capital grants and contributions	664,756	1,464,546	1,905,580	2,004,617	2,033,980	329,091	774,752	393,979	319,933	1,010,989
Total governmental activities program revenues	23,197,185	24,291,853	26,100,132	26,174,355	26,298,992	24,916,833	25,080,660	26,374,638	24,962,142	26,482,988
Business-type activities:										
Charges for services:										
Water and sewer	24,220,110	25,251,490	27,177,264	28,988,948	35,349,773	32,493,375	34,680,614	33,520,628	34,651,646	36,512,873
Sanitation	9,478,869	10,208,139	10,191,306	10,396,140	10,231,984	11,250,663	11,502,821	11,508,277	11,485,864	11,378,673
Airport	1,093,674	1,096,372	1,007,417	1,067,734	952,105	1,174,841	1,433,089	1,559,769	1,625,731	1,345,440
Capital grants and contributions	4,395,723	1,296,949	4,702,692	3,503,343	1,861,673	5,449,727	5,998,483	2,310,974	6,479,939	11,482,387
Total business-type activities program revenues	39,188,376	37,852,950	43,078,679	43,956,165	48,395,535	50,368,606	53,615,007	48,899,648	54,243,180	60,719,373
Total primary government program revenues	\$ 62,385,561	\$ 62,144,803	\$ 69,178,811	\$ 70,130,520	\$ 74,694,527	\$ 75,285,439	\$ 78,695,667	\$ 75,274,286	\$ 79,205,322	\$ 87,202,361
Net (expense)/revenue										
Governmental activities	\$ (55,008,818)	\$ (60,035,576)	\$ (63,597,350)	\$ (59,731,924)	\$ (62,722,679)	\$ (64,076,745)	\$ (66,311,595)	\$ (63,496,339)	\$ (61,893,037)	\$ (70,914,874)
Business-type activities	456,708	(4,119,880)	223,697	(161,785)	3,988,214	5,408,941	7,592,887	3,505,626	8,007,239	12,545,065
Total primary government net expense	\$ (54,552,110)	\$ (64,155,456)	\$ (63,373,653)	\$ (59,893,709)	\$ (58,734,465)	\$ (58,667,804)	\$ (58,718,708)	\$ (59,990,713)	\$ (53,885,798)	\$ (58,369,809)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	\$ 12,622,887	\$ 12,460,794	\$ 13,525,006	\$ 13,798,294	\$ 14,037,311	\$ 14,155,402	\$ 14,333,678	\$ 15,458,985	\$ 15,859,234	\$ 16,464,898
Franchise taxes	8,283,477	9,202,397	9,121,057	9,215,625	10,010,620	9,882,588	10,186,300	10,434,684	10,476,018	10,592,842
Sales and use taxes	36,972,343	39,718,617	37,618,275	35,831,538	36,902,058	38,362,310	40,582,134	43,577,045	45,043,290	43,321,470
Unrestricted investment earnings and use of money and property	3,218,698	2,182,350	793,536	292,013	249,064	226,322	191,907	205,478	255,243	181,013
Gain (loss) on sale of assets	(389,284)	560,303	556,151	(2,010,976)	244,895	550,466	224,224	385,327	(443,252)	294,107
Miscellaneous	-	580,227	328,047	181,771	3,352,240	328,963	148,120	294,476	334,677	-
Donations	-	-	-	-	-	-	26,704	2,745,000	-	-
Equity in earnings of joint venture	-	(3,000)	-	-	-	-	-	-	-	-
Transfers	(739,711)	(317,251)	166,697	550,785	674,061	(679,152)	(657,603)	325,400	(250,581)	(1,059,892)
Total governmental activities	59,968,410	64,384,437	62,108,769	57,859,050	65,470,249	62,826,899	65,035,464	73,426,395	71,274,629	69,794,438
Business-type activities:										
Unrestricted investment earnings and use of money and property	1,000,842	660,160	307,280	311,351	305,330	266,145	197,626	242,517	177,701	251,601
Gain (loss) on sale of assets	59,783	18,303	9,421	7,389	11,461	-	253,682	324,964	92,824	185,203
Transfers	739,711	317,251	(166,697)	(550,785)	(674,061)	679,152	657,603	(325,400)	250,581	1,059,892
Total business-type activities	1,800,336	995,714	150,004	(232,045)	(357,270)	945,297	1,108,911	242,081	521,106	1,496,696
Total primary government	\$ 61,768,746	\$ 65,380,151	\$ 62,258,773	\$ 57,627,005	\$ 65,112,979	\$ 63,772,196	\$ 66,144,375	\$ 73,668,476	\$ 71,795,735	\$ 71,291,134
<b>Change in Net Position</b>										
Governmental activities	\$ (67,166)	\$ 4,348,861	\$ (1,488,581)	\$ (1,872,874)	\$ 2,747,570	\$ (1,249,846)	\$ (1,276,131)	\$ 9,930,056	\$ 9,381,592	\$ (1,120,436)
Business-type activities	(2,319,544)	(3,124,166)	373,701	(393,830)	3,630,944	6,354,238	8,701,798	3,747,707	8,528,345	14,041,761
Total primary government	\$ 7,216,636	\$ 1,224,695	\$ (1,114,880)	\$ (2,266,704)	\$ 6,378,514	\$ 5,104,392	\$ 7,425,667	\$ 13,677,763	\$ 17,909,937	\$ 12,921,325

Source: Government-wide Statement of Activities

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

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax (1)	Total
2007	12,622,887	8,283,477	36,972,343	57,878,707
2008	12,460,794	9,202,397	39,718,617	61,381,808
2009	13,525,006	9,121,057	37,618,275	60,264,338
2010	13,798,294	9,215,625	35,831,538	58,845,457
2011	14,037,311	10,010,620	36,902,058	60,949,989
2012	14,155,402	9,882,588	38,362,310	62,400,300
2013	14,333,678	10,186,300	40,582,134	65,102,112
2014	15,458,985	10,434,684	43,577,045	69,470,714
2015	15,859,234	10,476,018	45,043,290	71,378,542
2016	16,464,898	10,592,842	43,321,470	70,379,210

Source: Government-wide Statement of Activities

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved For:										
Reserved	\$ 970,985	\$ 710,167	\$ 841,201	\$ 61,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,781,276	10,395,564	9,293,115	8,712,233	-	-	-	-	-	-
Nonspendable	-	-	-	-	111,596	49,767	48,565	48,318	41,624	98,179
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	361,785	365,140	1,208,611	1,549,828	2,092,909
Unassigned	-	-	-	-	12,121,180	11,856,089	12,198,776	10,823,011	12,766,508	12,717,634
Total General Fund	<u>\$ 10,752,261</u>	<u>\$ 11,105,731</u>	<u>\$ 10,134,316</u>	<u>\$ 8,773,726</u>	<u>\$ 12,232,776</u>	<u>\$ 12,267,641</u>	<u>\$ 12,612,481</u>	<u>\$ 12,079,940</u>	<u>\$ 14,357,960</u>	<u>\$ 14,908,722</u>
One-Half Cent Sales Tax fund										
Reserved	\$ 23,263,920	\$ 14,205,050	\$ 3,909,296	\$ 5,649,324	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	8,151,725	10,760,784	17,534,474	13,183,589	13,391,689	10,491,754
Total One-Half Cent Sales Tax fund	<u>\$ 23,263,920</u>	<u>\$ 14,205,050</u>	<u>\$ 3,909,296</u>	<u>\$ 5,649,324</u>	<u>\$ 8,151,725</u>	<u>\$ 10,760,784</u>	<u>\$ 17,534,474</u>	<u>\$ 13,183,589</u>	<u>\$ 13,391,689</u>	<u>\$ 10,491,754</u>
All Other Governmental Funds										
Reserved For:										
Reserved	\$ 10,819,001	\$ 6,132,548	\$ 5,246,366	\$ 5,973,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,281,827	5,288,898	4,902,631	5,138,817	-	-	-	-	-	-
Nonspendable	-	-	-	-	2,537,012	2,618,800	2,681,379	2,751,496	2,841,929	2,930,388
Restricted	-	-	-	-	6,989,485	4,769,545	4,795,421	6,092,195	5,645,636	7,576,542
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	2,304,944	1,008,898	1,807,246	784,195	586,738
Unassigned	-	-	-	-	(2,626)	-	-	34,151	-	-
Total All Other Governmental Funds	<u>\$ 17,100,828</u>	<u>\$ 11,421,446</u>	<u>\$ 10,148,997</u>	<u>\$ 11,112,571</u>	<u>\$ 9,523,871</u>	<u>\$ 9,693,289</u>	<u>\$ 8,485,698</u>	<u>\$ 10,685,088</u>	<u>\$ 9,271,760</u>	<u>\$ 11,093,668</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes	\$ 57,895,447	\$ 61,346,899	\$ 60,296,164	\$ 58,821,522	\$ 60,950,034	\$ 62,458,006	\$ 65,100,567	\$ 69,452,558	\$ 71,348,666	\$ 70,367,919
Licenses and permits	1,277,127	1,313,566	1,069,993	942,228	1,134,112	986,939	1,251,436	1,675,295	1,526,595	1,818,538
Fines, forfeitures, and penalties	5,869,061	6,353,098	6,749,859	6,969,674	7,081,718	7,213,751	6,747,247	7,684,828	7,510,714	6,771,908
Revenues from use of money or property	2,716,977	1,881,323	825,692	505,666	769,565	890,955	790,478	802,335	841,955	750,320
Charges for current services	2,588,688	2,691,910	3,014,543	3,034,416	3,360,649	2,669,475	2,630,074	2,849,107	2,792,386	2,807,579
Revenues from other agencies	11,083,735	12,440,981	13,623,265	12,232,230	13,041,163	10,608,019	11,190,288	11,816,379	11,276,795	12,458,274
Donations	731,232	413,144	403,659	847,951	312,271	181,932	402,064	352,948	339,795	374,071
Miscellaneous	1,258,817	1,086,713	1,304,380	1,547,892	1,097,574	1,229,190	714,585	836,490	2,239,017	1,338,192
Total revenues	<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>	<u>88,826,739</u>	<u>95,469,940</u>	<u>97,875,923</u>	<u>96,686,801</u>
<b>Expenditures</b>										
General government	6,911,903	6,733,947	7,429,667	6,704,650	7,070,867	6,887,278	7,249,762	8,323,657	7,758,004	7,185,846
Public safety	31,814,585	34,456,024	36,927,994	37,193,941	37,976,171	39,724,861	41,169,936	42,316,320	44,644,245	45,249,043
Public services	15,221,282	16,468,571	15,948,148	13,830,744	13,507,358	12,652,458	12,850,038	12,926,496	14,324,967	15,072,374
Highways and streets	4,774,083	5,683,413	5,436,862	5,464,426	3,667,305	4,813,390	4,914,648	5,090,951	5,228,922	5,596,575
Culture and recreation	4,812,659	5,101,737	6,329,960	6,328,027	6,692,554	6,902,974	7,021,610	7,105,539	7,707,090	7,461,931
Capital outlay	16,283,239	29,400,401	28,292,242	14,281,326	14,011,314	12,358,611	8,196,820	22,200,604	16,213,454	16,659,253
Debt service										
Principal	1,030,000	3,310,000	-	-	-	97,331	316,927	313,756	376,998	54,094
Interest	211,733	91,805	277	1,091	1,045	13,363	10,718	13,936	7,133	5,867
Total expenditures	<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>	<u>81,730,459</u>	<u>98,291,259</u>	<u>96,260,813</u>	<u>97,284,983</u>
Excess of revenues over (under) expenditures	2,361,600	(13,718,264)	(13,077,595)	1,097,374	4,820,472	2,788,001	7,096,280	(2,821,319)	1,615,110	(598,182)
<b>Other financing sources (uses)</b>										
Capital lease proceeds	-	-	-	-	-	1,029,095	-	71,610	126,480	405,126
Transfers in	2,571,195	3,236,749	2,624,512	3,523,779	2,820,585	2,690,528	2,233,311	5,028,638	3,364,434	50,000
Transfers out	(3,161,071)	(3,893,979)	(2,616,280)	(3,355,876)	(3,269,959)	(3,694,280)	(3,418,652)	(4,962,965)	(4,033,232)	(1,369,619)
Sale of capital assets	7,975	10,712	348,691	77,738	1,652	-	-	-	-	-
Total other financing sources (uses)	<u>(581,901)</u>	<u>(646,518)</u>	<u>356,923</u>	<u>245,641</u>	<u>(447,722)</u>	<u>25,343</u>	<u>(1,185,341)</u>	<u>137,283</u>	<u>(542,318)</u>	<u>(914,493)</u>
Net Change in fund balances	<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>	<u>\$ 5,910,939</u>	<u>\$ (2,684,036)</u>	<u>\$ 1,072,792</u>	<u>\$ (1,512,675)</u>
Debt service as a percentage of noncapital expenditures	1.92%	4.73%	0.0004%	0.0016%	0.0015%	0.1557%	0.4456%	0.4307%	0.4799%	0.0744%

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
2007	12,639,627	8,283,477	36,972,343	57,895,447
2008	12,425,885	9,202,397	39,718,617	61,346,899
2009	13,556,832	9,121,057	37,618,275	60,296,164
2010	13,774,359	9,215,625	35,831,538	58,821,522
2011	14,037,356	10,010,620	36,902,058	60,950,034
2012	14,213,108	9,882,588	38,362,310	62,458,006
2013	14,332,133	10,186,300	40,582,134	65,100,567
2014	15,440,829	10,434,684	43,577,045	69,452,558
2015	15,829,358	10,476,018	45,043,290	71,348,666
2016	16,453,607	10,592,842	43,321,470	70,367,919

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.

**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
2007	23,154,848	11,577,424	34,732,272
2008	24,858,943	12,429,471	37,288,414
2009	23,471,623	11,737,812	35,209,435
2010	22,314,720	11,157,410	33,472,130
2011	22,849,738	11,424,869	34,274,608
2012	23,390,802	11,695,401	35,086,203
2013	24,708,985	12,354,493	37,063,478
2014	26,539,723	13,269,861	39,809,584
2015	26,917,614	13,458,807	40,376,421
2016	26,338,713	13,169,356	39,508,069

<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			
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	5,693,876,878	N/A	972,528,791	N/A	N/A	6,666,405,669	0.208865
2012	5,759,889,140	N/A	970,691,666	N/A	N/A	6,730,580,806	0.208865
2013	5,859,969,154	N/A	984,818,840	N/A	N/A	6,844,787,994	0.207708
2014	6,005,291,458	N/A	995,470,019	N/A	N/A	7,000,761,477	0.220000
2015	6,186,217,088	N/A	1,004,310,191	N/A	N/A	7,190,527,279	0.220000
2016	6,529,329,564	N/A	990,187,897	N/A	N/A	7,519,517,461	0.220000

Source: Smith County Appraisal District

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

N/A - Not available

TABLE 9

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

Fiscal Year Ended	City of Tyler			Overlapping Rates					Total Direct and Overlapping Rates
	Operating	Debt		Smith County Total	Tyler ISD Total	Tyler Junior College Total	Chapel Hill ISD Total	Whitehouse ISD Total	
		Service	Total**						
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	0.208865	-	0.208865	0.32390	1.37500	0.18218	1.26000	1.19300	4.54294
2013	0.207708	-	0.207708	0.32356	1.37500	0.19993	1.24500	1.19300	4.54420
2014	0.220000	-	0.220000	0.32356	1.37500	0.19993	1.25300	1.19300	4.56449
2015	0.220000	-	0.220000	0.32356	1.37500	0.19993	1.24500	1.19300	4.55649
2016	0.220000	-	0.220000	0.33000	1.37500	0.19993	1.24500	1.19300	4.56293

Sources: Smith County Appraisal District

Note:

\* Rates are per \$100 valuation.

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

TABLE 10

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

Taxpayer	2016			2007		
	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)	\$ 248,097,204	1	3.30%	\$ 144,850,172	1	2.60%
Brookshire Grocery Company	112,017,835	2	1.49%	103,953,098	3	1.87%
Trane / American Standard	86,070,165	3	1.14%	118,370,733	2	2.13%
Genecov Investment	82,830,365	4	1.10%	56,263,940	5	1.01%
Oncor Electric Delivery/Oncor Elec.	63,959,665	5	0.85%			
Tyler Broadway/Centennial LP	63,454,639	6	0.84%			
Simon Property Group	43,575,000	7	0.58%	46,559,890	7	0.84%
Walmart / Sam's East Inc	42,566,806	8	0.57%	72,711,968	4	1.31%
BRE MF Cascades I LLC	42,494,614	9	0.57%			
Texas SJH Holdings LTD	37,709,640	10	0.50%			
TXU / Oncor Electric				47,944,027	6	0.86%
Carrier Corporation				39,177,006	8	0.70%
AT&T				34,023,290	9	0.61%
Suddenlink				30,892,241	10	0.55%
Total	<u>\$ 822,775,933</u>		10.94%	<u>\$ 694,746,365</u>		12.47%

Source: Smith County Appraisal District

Note:

\* Total taxable value including real and personal property for tax year 2015 (fiscal year 2016) is--

\$ 7,519,517,461

<sup>b</sup> Total taxable value including real and personal property for tax year 2006 (fiscal year 2007) is --

5,569,801,329

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
2007	12,461,722	12,228,627	98.1%	236,023	12,464,650	100.0%
2008	12,091,624	11,876,112	98.2%	198,822	12,074,934	99.9%
2009	13,369,180	13,177,721	98.6%	174,499	13,352,220	99.9%
2010	13,617,164	13,377,811	98.2%	170,918	13,548,729	99.5%
2011	13,848,376	13,629,528	98.4%	183,592	13,813,120	99.7%
2012	13,989,361	13,799,246	98.6%	125,343	13,924,589	99.5%
2013	14,159,255	13,990,275	98.8%	115,216	14,105,491	99.6%
2014	15,308,284	15,114,733	98.7%	114,679	15,229,412	99.5%
2015	15,668,435	15,498,266	98.9%	66,300	15,564,566	99.3%
2016	16,342,661	16,109,924	98.6%	-	16,109,924	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	Other Obligations***	Water and Sewer Revenue Bonds**	Other Obligations***			
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
2012	-	-	68,125,000	-	68,125,000	2.56%	603
2013	-	5,372,972	64,864,840	-	70,237,812	2.49%	673
2014	-	5,265,104	62,983,762	-	68,248,866	2.35%	656
2015	-	4,240,385	66,705,618	-	70,946,003	2.37%	700
2016	-	3,494,817	63,482,669	-	66,977,486	2.17%	646

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

\* See Table 17 for personal income and population data

\*\* Revenue bonds issued for the construction of a new water treatment plant resulted in a 75% increase in production capacity in 2003 ( see table 20 ). This also includes Customer Facility Charge Revenue Bonds

\*\*\* In 2013, we started including Capital Leases in Other Obligations

TABLE 13

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Debt Service Fund Balance	Total		
2007	3,310,000	(3,311,936)	(1,936)	n/a	-
2008	-	-	-	n/a	-
2009	-	-	-	n/a	-
2010	-	-	-	n/a	-
2011	-	-	-	n/a	-
2012	-	-	-	n/a	-
2013	-	-	-	n/a	-
2014	-	-	-	n/a	-
2015	-	-	-	n/a	-
2016	-	-	-	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, 2016**

<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	\$ 23,465,000	50.08%	\$ 11,751,272
Tyler Independent School District	296,871,923	71.04%	210,897,814
Tyler Junior College	118,445,020	65.00%	76,989,263
Chapel Hill Independent School District	37,940,000	19.15%	7,265,510
Whitehouse Independent School District	27,260,068	27.37%	7,461,081
Subtotal, overlapping debt			<u>314,364,940</u>
<b>City of Tyler (direct debt)**</b>	3,494,817	100%	3,494,817
<b>Total direct and overlapping debt</b>			<u><u>\$ 317,859,757</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 556,980,133	\$ 614,230,903	\$ 657,487,241	\$ 670,131,743	\$ 666,640,567	\$ 673,058,081	\$ 684,478,799	\$ 700,076,148	\$ 719,052,728	\$ 751,851,746
Total net debt applicable to limit	(1,936)	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 556,982,069	\$ 614,230,903	\$ 657,487,241	\$ 670,131,743	\$ 666,640,567	\$ 673,058,081	\$ 684,478,799	\$ 700,076,148	\$ 719,052,728	\$ 751,851,746
Total net debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	# 0.00%	0.00%	# 0.00%	0.00%	# 0.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 7,519,517,461
Add back: exempt real property	-
Total assessed value	<u>7,519,517,461</u>
Debt limit (10% of total assessed value)	<u>751,951,746</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>\$ 751,951,746</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  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS**

Fiscal Year	Water and Sewer Revenue Bonds				
	Total Revenues <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue	Annual Debt Service Requirement	Times Coverage
2007	24,697,562	18,140,470	6,557,092	5,054,550	1.297
2008	25,731,875	18,831,282	6,900,593	5,059,786	1.364
2009	25,322,636	18,729,094	6,593,542	5,375,972	1.226
2010	29,256,165	20,380,883	8,875,282	6,189,701	1.434
2011	35,659,701	20,253,413	15,406,288	6,167,128	2.498
2012	32,316,843	21,214,236	11,102,607	6,158,805	1.803
2013	34,657,192	22,038,340	12,618,852	5,439,152	2.320
2014	35,376,457	23,875,525	11,500,932	5,416,208	2.123
2015	36,163,014	24,803,360	11,359,654	5,416,505	2.097
2016	38,535,182	26,166,490	12,368,692	5,542,223	2.232

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 (excluding capital activity) minus depreciation plus net transfers out.

Source: Comprehensive Annual Financial Report

TABLE 17

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

Fiscal Year	Estimated Population <sup>1</sup>	Estimated Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age <sup>2</sup>	Education Level in Years of Formal Schooling <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>2</sup>
2007	107,802	2,360,211	21,894	34.1	13.6	18,040	4.7%
2008	108,909	2,431,017	22,322	34.1	13.6	18,015	4.2%
2009	109,427	2,503,948	22,882	34.1	13.6	18,090	4.7%
2010	109,748	2,579,066	23,500	34.1	13.6	18,344	7.2%
2011	112,986	2,656,438	23,511	34.1	13.6	18,480	7.7%
2012	104,083	2,736,131	26,288	34.1	13.6	18,336	7.8%
2013	104,426	2,818,215	26,988	32.8	13.6	18,403	6.9%
2014	104,083	2,902,762	27,889	33.5	13.6	18,029	5.8%
2015	101,421	2,989,845	27,361	33.5	13.6	18,198	5.8%
2016	103,700	3,079,540	26,972	33.9	13.6	18,172	4.2%

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.

TABLE 18

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
Trinity Mother Frances *	3,523	1	7.3%	3,522	2	7.5%
East Texas Medical Center *	3,460	2	7.2%	3,650	1	7.8%
Tyler Independent School District	2,720	3	5.7%	2,566	3	5.5%
Brookshire Grocery Company *	2,058	4	4.3%	1,888	5	4.0%
The University of Texas at Tyler	1,661	5	3.5%	857	10	1.8%
Suddenlink*	1,500	6	3.1%	1,033	8	2.2%
UT Health Northeast	1,388	7	2.9%	860	9	1.8%
Trane Company *	1,319	8	2.7%	2,112	4	4.5%
Wal-Mart	1,191	9	2.5%	1,297	6	2.8%
Tyler Junior College	941	10	2.0%	**		0.0%
City of Tyler	827	11	1.7%	**		0.0%
Smith County	819	12	1.7%	**		0.0%
John Soules Food*	735	13	1.5%	**		0.0%
Target Distribution Center	650	14	1.4%	**		0.0%
Total	22,792		47.5%	17,785		38.0%

Source: Tyler Economic Development Council

\* Headquarters located in Tyler.

(1) total city employment of 47,975

(2) total city employment of 46,782

\*\* Not part of top 10 in 2007

TABLE 19

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	63	62	67	55	55	60	63	60	64	84
Public safety	373	375	387	431	434	436	437	436	440	428
Highways and streets	73	76	61	54	54	53	52	53	51	53
Public Services	55	54	30	40	42	37	33	37	47	28
Culture and Recreation	83	82	79	73	72	66	75	66	68	76
Water & sewer	88	90	89	89	102	101	106	101	111	120
Sanitation	36	33	40	39	38	39	41	39	44	44
Airport	10	10	10	10	9	10	9	10	11	10
All Others				33	31	29	30	29	48	43
Total	781	782	763	824	837	831	846	831	884	886

Source: City of Tyler Finance Department

TABLE 20

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General government</b>										
<b>Accounting</b>										
Dollar value of accounts payable	\$ 73,895,738	\$ 85,585,415	\$ 95,605,330	\$ 84,632,623	\$ 72,211,330	\$ 77,395,157	\$ 76,966,097	\$ 88,038,170	\$ 92,771,122	\$ 93,396,592
<b>Legal</b>										
Number of ordinances prepared and adopted	130	155	127	126	110	104	121	112	93	113
Number of resolutions prepared and adopted	36	29	38	32	29	34	31	30	26	45
<b>Public Safety</b>										
<b>Police</b>										
Number of sworn officers authorized	182	187	187	185	191	191	193	194	194	194
<b>Fire</b>										
Number of structure fires	180	160	125	157	135	114	105	107	84	98
<b>Highways and Streets</b>										
<b>Streets</b>										
Percentage of city streets graded A condition	61.0%	60.8%	61.0%	61.9%	72.3%	78.0%	**	**	**	**
<b>Traffic</b>										
Number of traffic signals maintained	133	133	135	138	145	147	153	152	156	148
<b>Public Services</b>										
<b>Planning</b>										
Number of historic building designations awarded	5	2	1	1	6	17	95	102	113	117
<b>Culture and Recreation</b>										
<b>Parks</b>										
Amount of park acreage (maintained from 2008)	1113.4	856.35	856.35	856.35	856.35	757.99	757.99	1216	1216	1216
Number of rose bushes planted	1829	1500	2077	1776	1056	536	2563	600	2785	1337
<b>Library *</b>										
Total number of volumes owned	233,966	241,164	250,137	229,610	200,257	188,856	175,402	183,154	180,136	179,668
<b>Water &amp; sewer</b>										
Average volume of wastewater treated daily (gallons)	14.2 million	11.4 million	11.3 million	12.8 million	14.03 million	14.03 million	14.27 million	15.67 million	17.26 million	17.89 million
Average monthly volume of water production (gallons)	585.5 million	692.2 million	650.98 million	725.48 million	844.70 million	768.76 million	746.22 million	719.54 million	748.92 million	733.87 million
Water production capability (gallons per day)	70 million	70 million	70 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million
Average monthly revenue billed	\$ 1,977,370	\$ 2,030,821	\$ 2,169,007	\$ 2,325,159	\$ 2,926,751	\$ 2,701,842	\$ 2,844,007	\$ 2,819,163	\$ 2,883,216	\$ 3,098,527
<b>Sanitation</b>										
Number of residential customers	27,658	27,881	28,467	28,151	28,441	28,743	27,399	27,778	28,745	35,681
Number of curbside garbage carts in use	23,572	27,280	27,924	27,699	28,357	29,067	28,374	30,516	34,959	29,261
<b>Airport</b>										
Annual gallons of fuel flowage	1,056,595	1,004,469	921,634	984,181	978,831	1,029,059	1,370,092	1,480,379	1,327,585	1,249,362
Number of annual enplanements	78,416	77,942	73,989	73,114	72,509	73,343	85,069	85,069	66,951	55,693

Source: City Departments  
 n/a - Data not available

\* E-books are included.

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

TABLE 21

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

Function/Program	2007*	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public Safety</b>										
Police Stations	4	2	2	2	2	2	2	2	2	3
Police Patrol Units	61	63	60	62	62	61	80	56	68	70
Police Motorcycle Units	11	11	16	16	16	16	17	16	16	15
Fire Stations	9	10	10	10	10	10	10	10	10	10
<b>Highways and Streets</b>										
City Maintained Paved Streets- (miles)***	468	474	474	476	476	570	1120	1120	1120	1120
Annual Street Overlays- (miles)***	2	5	5	10	45	16	27	28	32	32
<b>Public Services</b>										
Transit Buses	17	17	17	17	20	20	14	13	15	16
<b>Culture and Recreation</b>										
Parks (acres)	1113.4	1113.4	1113.4	1113.4	1113.4	1207.4	1207.4	1216.4	1216.4	1216.4
Playgrounds	21	21	21	21	22	22	22	23	26	26
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	2	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Public Library	1	1	1	1	1	1	1	1	1	1
<b>Water &amp; Sewer</b>										
Water mains (miles)	590	595	625	654	660	693	693	727	734	745
Fire Hydrants	3450	3545	3596	3703	3868	4220	4219	4118	4279	4310
Water Plants	2	2	2	2	2	2	2	2	2	2
Sanitary Sewers (miles)	519	567	590	597	608	621	631	658	688	718
<b>Sanitation</b>										
Garbage Trucks	40	43	40	41	41	45	36	29	34	47
<b>Airport</b>										
Airport Terminal	1	1	1	2	2	1**	1**	1**	1**	1**
Airport Runways	3	3	3	3	3	3	3	3	3	3

Source: City Departments

n/a - Data not available.

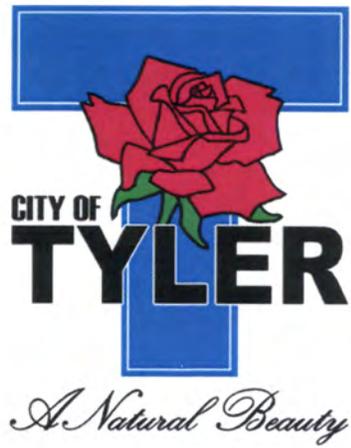
\* In FY 2007

A complete inventory of 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 Caf .

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



**GOVERNMENTAL COMPLIANCE SECTION**

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

The Honorable City Council and Audit Committee  
Tyler, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise City of Tyler, Texas' basic financial statements and have issued our report thereon dated March 8, 2017.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Gollub Morgan Peddy PC". The signature is written in a cursive, flowing style.

Certified Public Accountants  
Tyler, Texas  
March 8, 2017

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Tyler's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Tyler's major federal programs for the year ended September 30, 2016. The City of Tyler's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Tyler's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Tyler's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Tyler's compliance.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, City of Tyler complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2016.

## Report on Internal Control Over Compliance

Management of City of Tyler is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered City of Tyler's internal control over compliance with the types of requirements that could have a direct and material effect on each federal major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Tyler's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Tyler, Texas  
March 8, 2017

CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	PASSED THROUGH TO SUBRECIPIENT	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<u>CDBG - Entitlement Grants Cluster</u>				
Community Development Block Grant Entitlement Grants	14.218	B04MC480028	\$ 29,858	\$ 677,399
HOME Investment Partnership Grant	14.239	-		561,606
<u>Housing Voucher Cluster</u>				
Section 8 Housing Choice Voucher Program	14.871	TX456VO		7,757,617
Family Self Sufficiency Coordinator Grant	14.871	FSS8-TX456-5106		54,053
Total Housing Voucher Program				<u>7,811,670</u>
Total U.S. Department of Housing and Urban Development				<u>9,050,675</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Passed through Smith County:				
<u>JAG Program Cluster</u>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-1076		26,206
Passed through East Texas Council of Governments:				
<u>JAG Program Cluster</u>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2725402		<u>62,807</u>
Total U.S. Department of Justice				<u>89,013</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through Federal Aviation Administration:				
Airport Improvement Program	20.106	3(48-0215-35)14		3,665,157 +
Airport Improvement Program	20.106	3(48-0215-36)15		7,530,105 +
Airport Improvement Program	20.106	3(48-0215-37)16		242,734 +
Total Airport Improvement Program				<u>11,437,996</u>
Passed through Texas Department of Transportation:				
Comprehensive Traffic Enforcement Grant Programs	20.600	17560006979028		68,084
TxDot Sidewalk Enhancement	20.205	STP 2014 (125)TE		465,543
Section 104F Grant MPO	20.505	50-XXXXF0016		217,838
Total Texas Department of Transportation				<u>751,465</u>

CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	PASSED THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
<b><u>U.S. DEPARTMENT OF TRANSPORTATION (cont'd)</u></b>				
Passed through Federal Transit Administration:				
<u>Federal Transit Cluster</u>				
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-X997		\$ 11,989
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-X995		20,808
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-Y041		392,591
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-Y068		713,821
Federal Transit Capital and Operating Assistance Formula	20.507	TX-2016-021-02-00		43,096
Total Federal Transit Formula Grants				<u>1,182,305</u>
Transit System Grant	20.526	51410F7271		<u>416,401</u>
Total Federal Transit Cluster				<u>1,598,706</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51510F7140		<u>145,267</u>
Total U.S. Department of Transportation				<u>13,933,434</u>
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>				
Passed through Texas State Library and Archives Commission Grants to States	45.310	475-15020		<u>799</u>
Total Institute of Museum and Library Services				<u>799</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Passed through Transportation Security Administration: Law Enforcement Officer Reimbursement Agreement	97.090	HSTS02-13-H-SLR721		<u>31,044</u>
Passed through Texas Division of Emergency Management				
Public Assistance Grant	97.036	PA-06-TX-4245-PW-00100		21,942
Public Assistance Grant	97.036	PA-06-TX-4245-PW-00131		11,748
Public Assistance Grant	97.036	PA-06-TX-4245-PW-00254		139,340
Public Assistance Grant	97.036	PA-06-TX-4245-PW-00130		87,257
Total U.S. Department of Homeland Security				<u>291,331</u>
<b>Total Federal Assistance</b>			<u>\$ 29,858</u>	<u>\$ 23,365,252</u>

+ Denotes Major Program

**CITY OF TYLER, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**NOTE A – BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the City of Tyler, Texas under programs of the federal government for the year ended September 30, 2016 and is presented on the modified accrual basis of accounting. This information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operation the City of Tyler, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Tyler, Texas

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

The City of Tyler did not receive any non-cash assistance through federal awards during the year ended September 30, 2016. There were no federal loans or loan guarantees outstanding at year end.

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

Type of Coverage	Liability Limit
Property	\$ 322,276,124
Inland Marine (EDP/Hardware)	6,323,321
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	1,000,000
Cyber Liability	1,000,000
Umbrella Liability	2,000,000

**NOTE C- INDIRECT COST RATES**

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

**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditors’ report issued on compliance for major programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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City of Tyler was classified as a low-risk auditee Auditee qualified as a low-risk auditee	Yes
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**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**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, 2016**

None.