

REVITALIZE. REINVEST. RENEW.

2017-18

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ending September 30, 2018

CITY OF TYLER, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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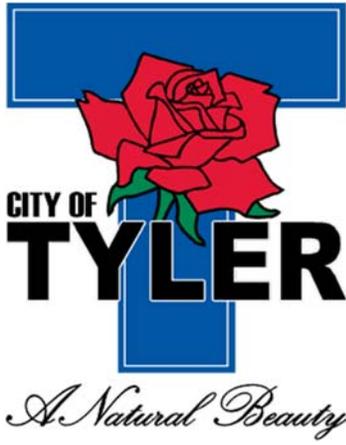
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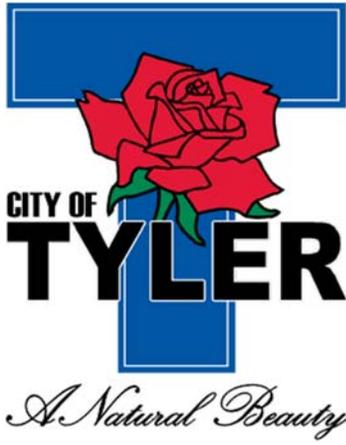
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INTRODUCTORY SECTION





March 8, 2019

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, 2018.

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, 2018. In addition to meeting City Charter requirements, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related Uniform Guidance. The independent auditor's report is located at the front of the financial section of this report.

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

City Profile

The City of Tyler, Texas, the county seat of Smith County, is considered the advanced manufacturing, health care, educational and retail center of East Texas. Tyler is located on U.S. Highway 69 just south of Interstate 20 equal distance (approximately 90 miles) between the cities of Dallas, Texas and Shreveport, Louisiana. The City, encompassing approximately 53 square miles, had a 2010 census population of 96,900, which is a 15.84% increase from the 2000 census population of 83,650. Currently, the City's population is estimated to be 104,798. The City is commonly referred to as the City of Roses.

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

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

property and facility management services; productivity pool; risk management services and the active and retired employee health and dental coverage. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable including blended component units as defined by the Governmental Accounting Standards Board (GASB).

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

Local Economy

The information presented in the budget document is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The chief industries in and around Tyler include: health care and research; education; grocery distribution; retail and retail distribution; air conditioning unit manufacturing; cable, internet and phone services; government services; engineering services; banking services; meat packing and processing; cast iron pipes and fitting manufacturing; oil and gas refining; ready mix concrete production; tourism; and growing and shipping rose bushes. This diversification is evident in the fact that no single taxpayer represents more than 2.77% of assessed valuation in the City.

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

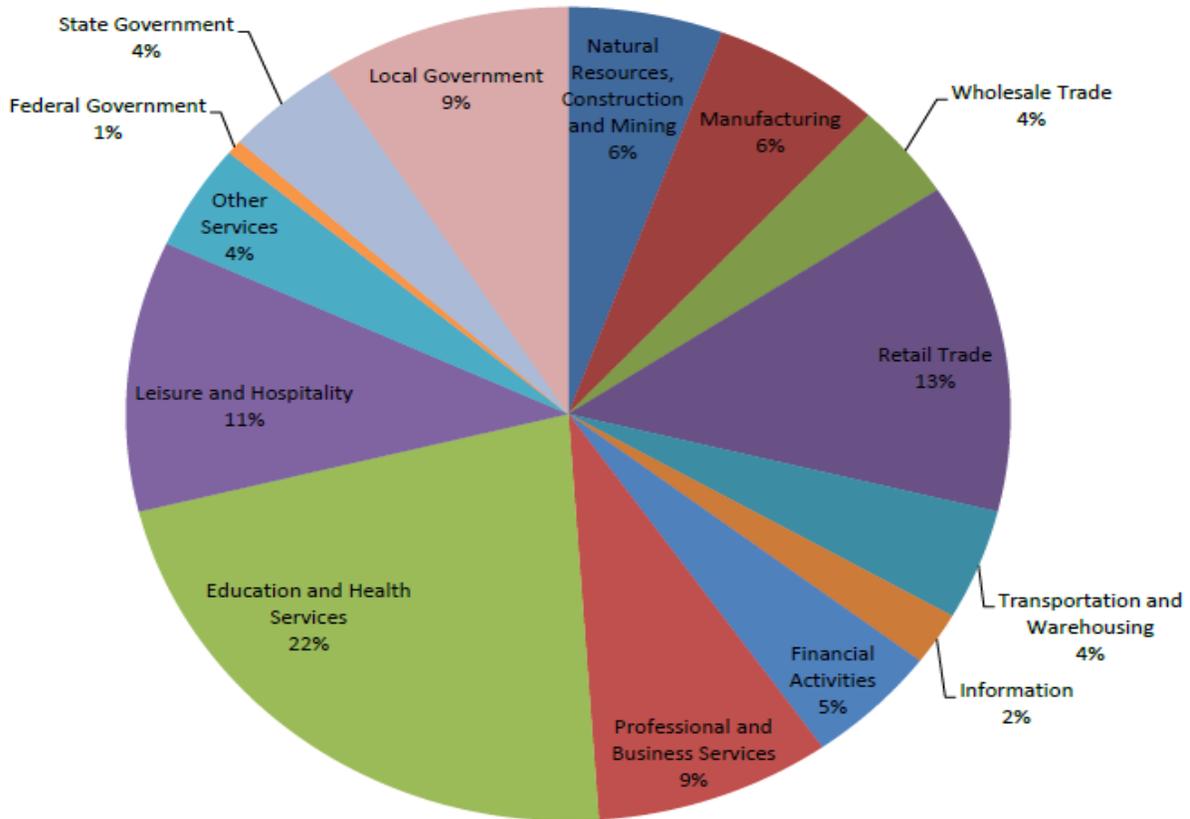
Tyler is also the medical center of East Texas with three hospitals and numerous other supporting clinics, practices and specialty hospitals. Additionally, Tyler has many tourist attractions. The Texas Rose Festival includes the crowning of the Rose Queen attracting a large number of visitors each year.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

The City actively works with the Tyler Economic Development Corporation and local industries to encourage expansions and relocations to our community. Two TIF/TIRZ zones were created in 2008, one in the downtown area and another in north Tyler in coordination with revitalization efforts. In fiscal year 2016, the downtown TIF/TIRZ was dissolved due to value falling below the initial baseline. This was due to governmental agencies purchasing of properties and housing units receiving favorable tax exemptions. In October 2016, the city began the process for creating the new downtown TIRZ. In February 2018, the interlocal agreements were approved by City Council creating zone 4. Land is available for development; the area has an abundant water supply and typically mild weather. The Tyler area cost of living index has consistently been 90-96% of the national average for the past five years. Economic incentives as well as historic preservation incentives are available to facilitate business expansions or relocations.

Because of its location in a region with a varied economic base, unemployment is relatively stable, and in the last five years while trending with the State of Texas has remained consistently below the national average. During the past ten years, the unemployment rate has ranged from a low of 4.2 percent (2007) to a previous decade high of 7.7 percent (2009), only to end at the current rate of 3.3 percent. This figure indicates a decrease of 1.0 % under the prior year while remaining in line with the State and National trends. The total workforce for the Tyler region has increased from 47,169 in 2007 to 52,094 in 2018.

Workforce Breakdown

Smith County/Tyler MSA

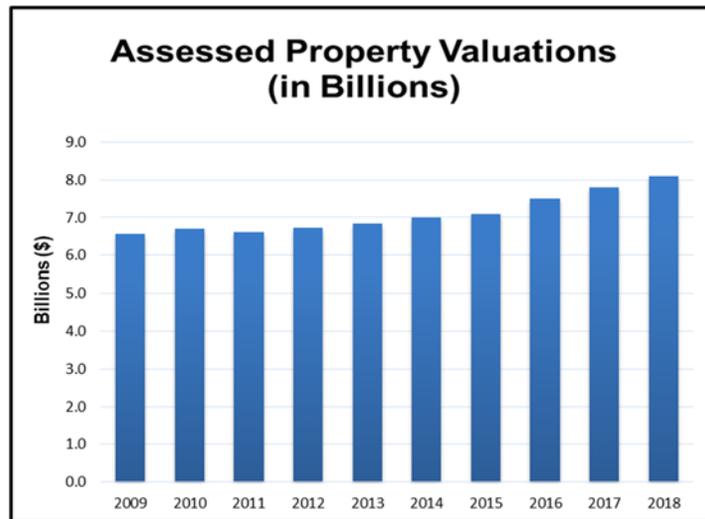
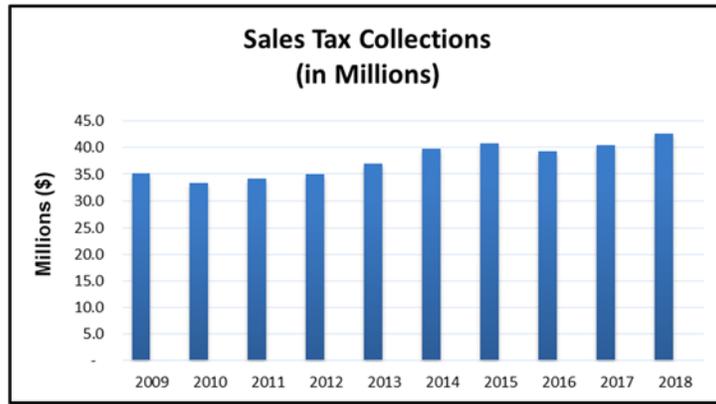


Population growth in the last five years has outpaced previous periods. The population grew 10 percent from 1990 to the year 2000. From the year 2000 to 2010 the population grew 16 percent. From 2010 to the current year, the growth has been an astounding 8 percent. Market and economic analysts estimate that as many as 270,000 people come to Tyler each day to work, attend school, seek medical services, or shop. Loop 49 Toll Project is complete from State Highway 110 to I-20 to the west of Tyler. Loop 49 Toll will create a horseshoe loop around Tyler connecting the City's southern regions to I-20. The loop allows for increased traffic from I-20 into the City of Tyler for shopping and economic development purposes.

Along with the Loop 49 project, the Northeast Texas Regional Mobility Authority was authorized in 2004 to construct, operate and maintain turnpike projects in the state which includes the Tyler area. Including various other means of interstate access, the Tyler Pounds Regional Airport allows for secure and efficient air travel in and out of the region. Total flight enplanements have declined slightly due to the general economic climate nationwide from 73,989 in 2009 to a current level of 48,505 in 2018. Tyler is the first Certified Retirement City in Texas. Tyler meets high standards for retiree living such as low cost of living, low crime rate, quality health care, abundant recreation and educational opportunities. Tyler is 16th in the nation for cost of living in Retirement Places Rated: Special Millennium Edition.

The economic outlook for Tyler is encouraging with an increase in sales tax collections by 5.69%. According to economist Dr. Ray Perryman, Tyler should see job growth over the next five years. Growth in Tyler is expected to occur at a pace faster than the nationwide rate. Assessed values have increased by 3.98% in 2018. The potential for sustained development is present, and many governmental and business leaders are working to ensure the City is poised for economic growth.

Economic Signs:



Long-term Financial Planning

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

The City has continued to maintain the lowest property tax rate for mid to large-sized cities in Texas in an effort to balance citizen desire for lower property tax rates and the City's need to match operating costs associated with future planning initiatives. Sales tax has played a large role in allowing the City to obtain this objective with a ten year average increase of 1.49 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 six years as a part of the revenue and expenditure budgeting process in order to realize all potential budgetary gains during restricted budgetary cycles. An OPEB trust was created in fiscal year 2009 to separate and invest the dollars related to retiree benefits in order to realize a greater rate of return while maintaining fiduciary responsibility and security of principal.

Major Initiatives

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

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

Upgraded Bond Rating

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

Industry Growth Initiative

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

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

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

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

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

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

Veteran and Military Growth Initiative

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

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

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

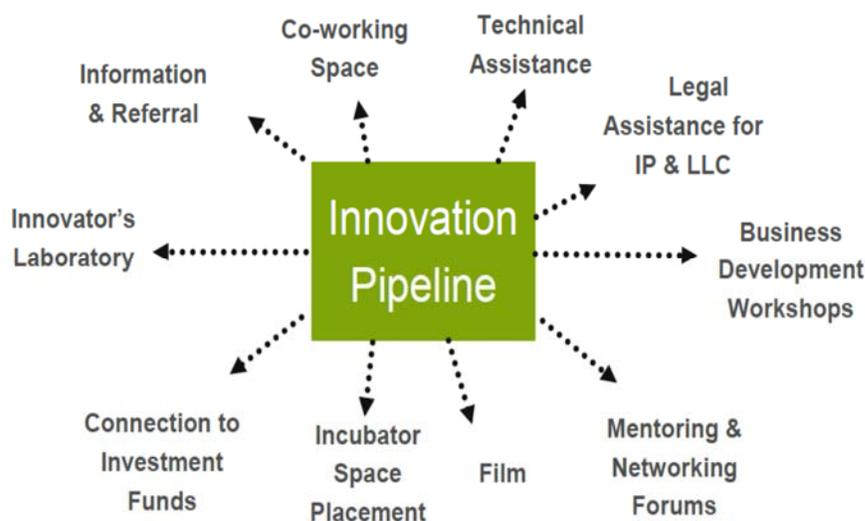
We are proclaiming Tyler a Purple Heart City and honoring those who have been so brave in defending our freedoms.

Mayor's Innovation Pipeline

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

The Network:

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



The Place: Innovator's Laboratory

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

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

Joint Financial Task Force

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This is the thirty-second 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.

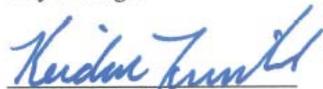
For twelve years in a row, the City of Tyler has been presented with the Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada. This award assures that state and local governments prepare budget documents of the very highest quality that 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

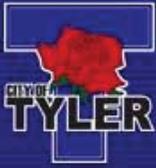
**City of Tyler
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

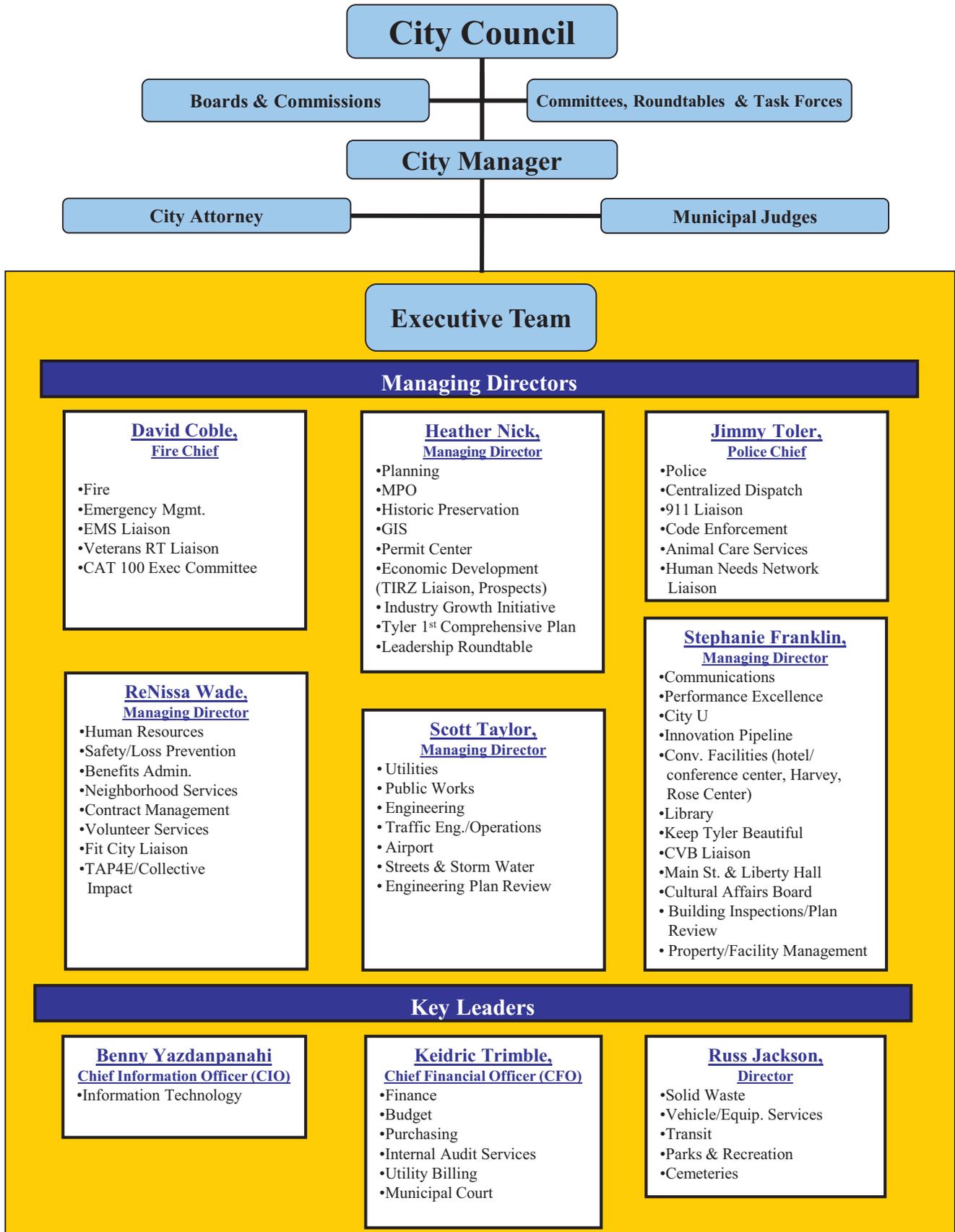
September 30, 2017

Christopher P. Morrill

Executive Director/CEO



A Natural Beauty



**CITY OF TYLER, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2018**

MAYOR – MARTIN HEINES

Members of City Council:

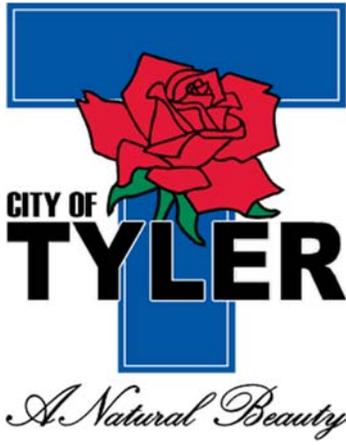
Linda Sellers, District 1
Broderick McGee, District 2
Edward Moore, District 3
Donald Warren, District 4
Bob Westbrook, District 5
John Nix, District 6

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, 2018, 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, 2018, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of changes in pension/OPEB liabilities on pages 4-12 and 70-76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tyler, Texas' basic financial statements. The introductory section, additional supplemental information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 20.0, *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, 2019, on our consideration of the City of Tyler, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tyler, Texas' internal control over financial reporting and compliance.



Certified Public Accountants

Tyler, Texas
March 8, 2019



A Natural Beauty

CITY OF TYLER, TEXAS

Management's Discussion and Analysis
For Year Ended September 30, 2018
(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, 2018. 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 \$464,136,956 (net position).
- The City's total net position increased by \$2,259,312 for the current year. This increase does take in account a prior period adjustment of (\$27,921,910) for a total change in net position of \$30,181,222.
- As of the close of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$53,518,708. \$16,246,434 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 \$16,246,434. The general fund operating reserve targeted amount was \$10,139,852 (15% of general fund expenditures).
- The City's revenue bond payable had a net increase of \$4,620,000 due to the issuance of revenue bond liabilities. The City has no general obligation bond payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

governmental activities of the City include general government, public safety, highways and streets, public services and culture and recreation. The business-type activities of the City include utilities, airport and sanitation operations. The government-wide financial statements can be found on pages 14-15 of this report.

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

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

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

The City maintains 25 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and the Capital Projects Half Cent Sales Tax Fund, both of which are considered to be major funds. Data from the other 23 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 16-21.

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

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Tyler's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 25-26 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 57-65. The Fireman's Relief and Retirement Fund as of 2012 is reported in the City's financial statements as a blended component unit. This information is included in the basic fiduciary fund statement on page 25-26. A separate independent audit of the Fund's financial condition is completed each fiscal year and details can be found in note 5 on pages 53-57.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-68.

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 70-76 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 78-130 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 \$464,136,956 as of September 30, 2018.

The largest portion of the City's net position, 98.6%, or \$457,751,025, 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 2018

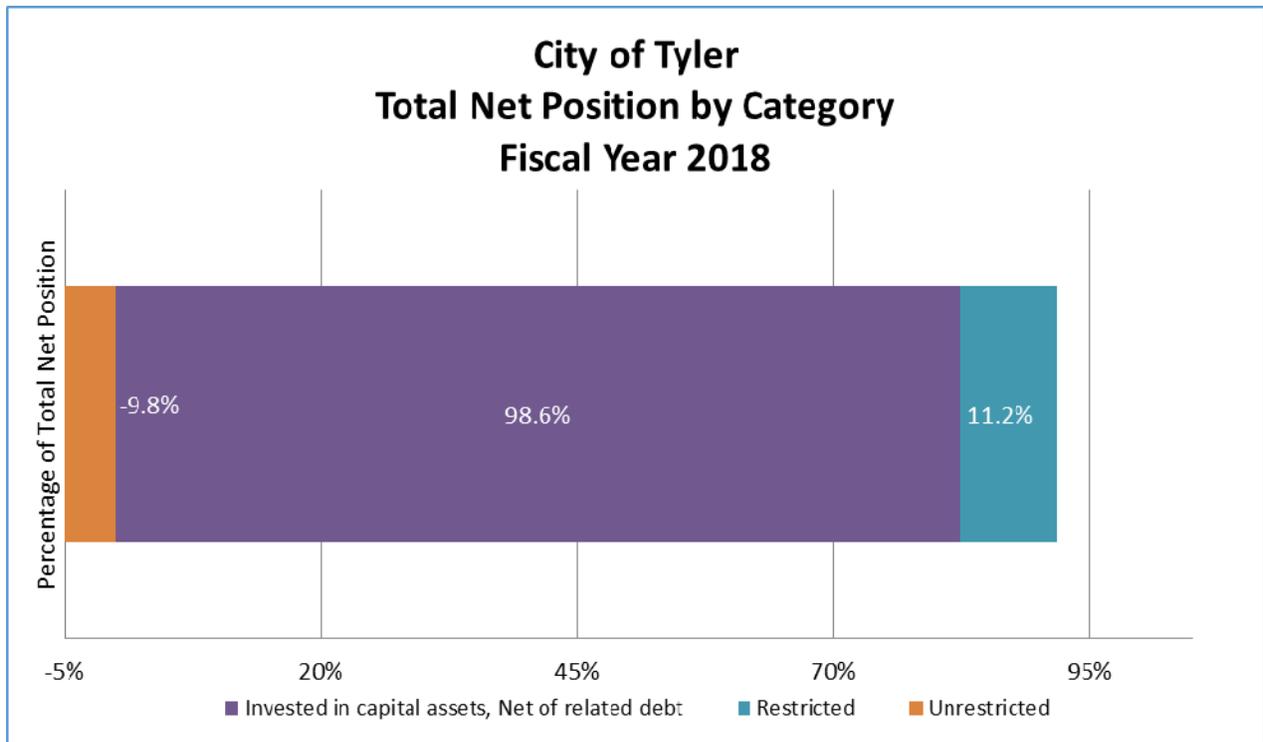
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$85,045,157	\$67,914,589	\$40,132,359	\$28,160,428	\$125,177,516	\$96,075,017
Capital assets	252,929,653	256,686,280	272,213,647	259,034,699	525,143,300	515,720,979
Total Assets	337,974,810	324,600,869	312,346,006	287,195,127	650,320,816	611,795,996
Deferred Outflow of Resources	14,756,480	17,098,648	3,121,375	3,471,973	17,877,855	20,570,621
Non-current liabilities	92,899,763	85,190,961	84,067,874	74,553,408	176,967,637	159,744,369
Other liabilities	5,938,011	5,792,825	4,274,052	3,370,553	10,212,063	9,163,378
Total Liabilities	98,837,774	90,983,786	88,341,926	77,923,961	187,179,700	168,907,747
Deferred Inflows of Resources	13,654,956	1,243,131	3,227,059	338,095	16,882,015	1,581,226
Net Position:						
Net Investment in Capital Assets	250,403,768	254,071,947	207,347,257	199,364,645	457,751,025	453,436,592
Restricted	34,538,182	24,639,825	17,540,832	11,622,220	52,079,014	36,262,045
Unrestricted	(44,703,390)	(29,239,172)	(989,693)	1,418,179	(45,693,083)	(27,820,993)
Total Net Position	\$240,238,560	\$249,472,600	\$223,898,396	\$212,405,044	\$464,136,956	\$461,877,644

An additional portion of the City's net position 11.2% or \$52,079,014 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (9.8%) at \$(45,693,083).

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

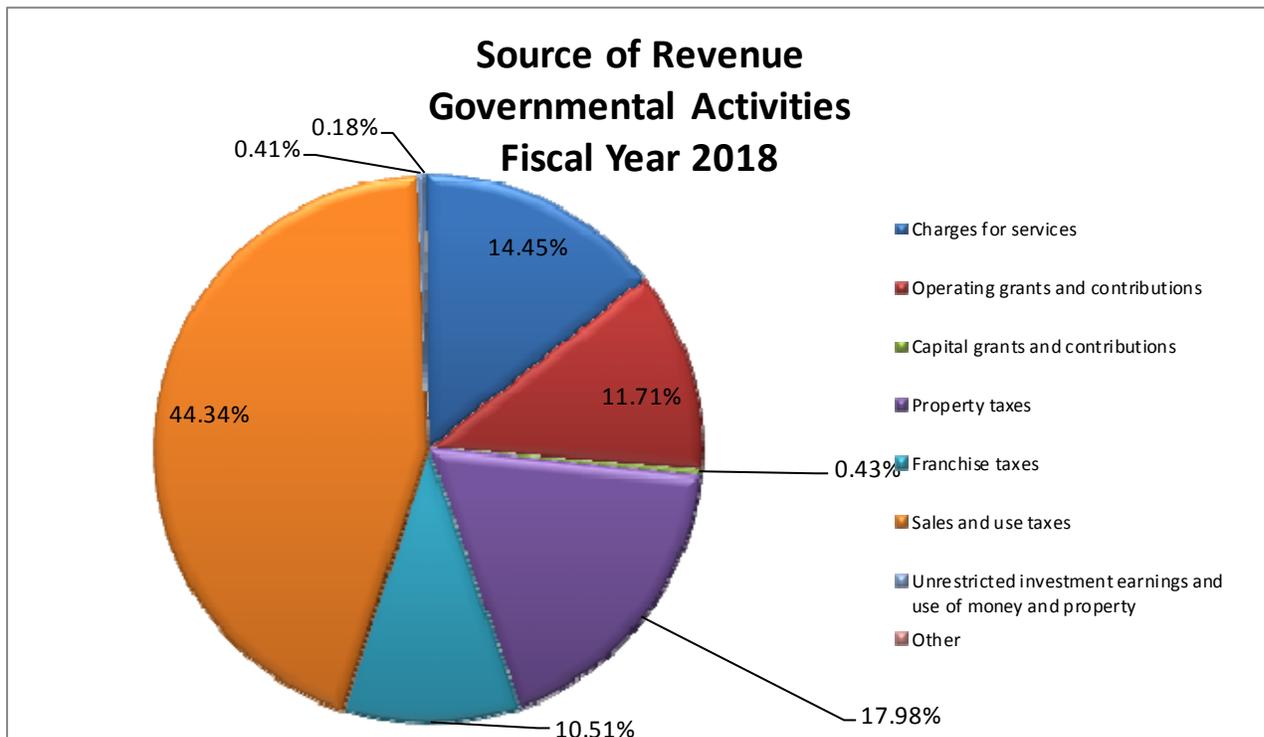
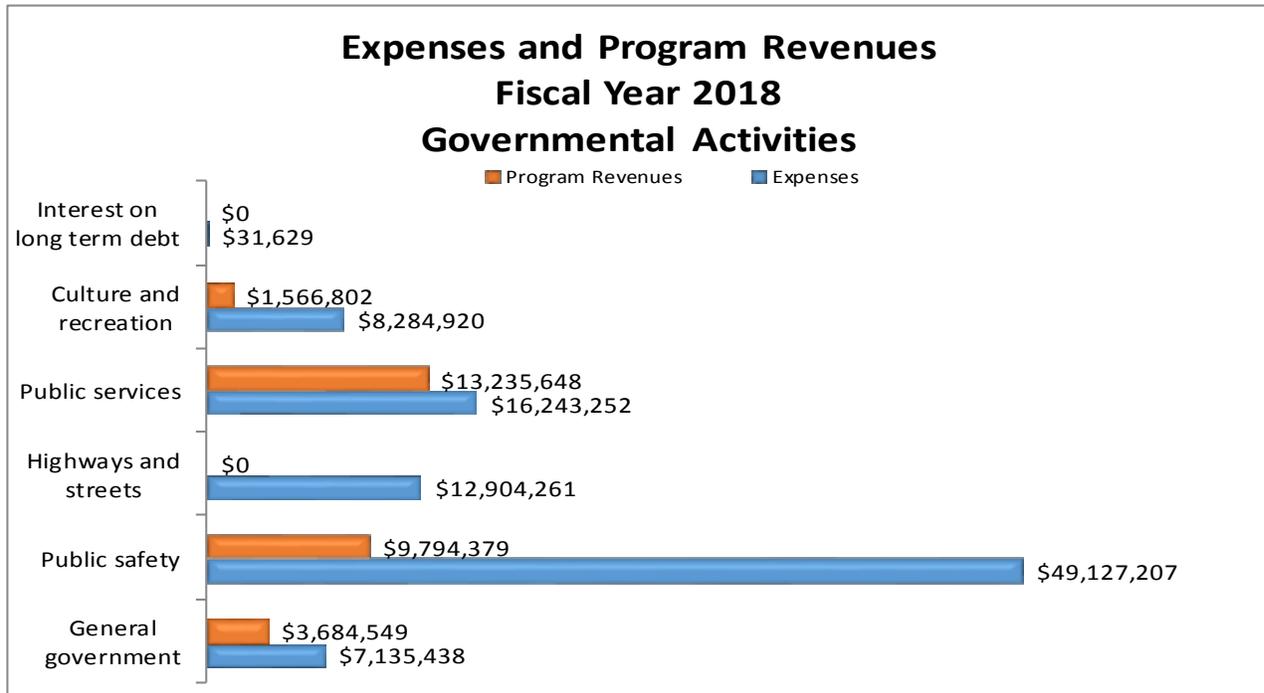
This negative impact on the City’s net position is not unique to the City of Tyler. Many organizations across the country are experiencing similar scenarios with the implementation of this new accounting standard. This new standard has been discussed for some time and organizations have been preparing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

As of September 30, 2018 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.

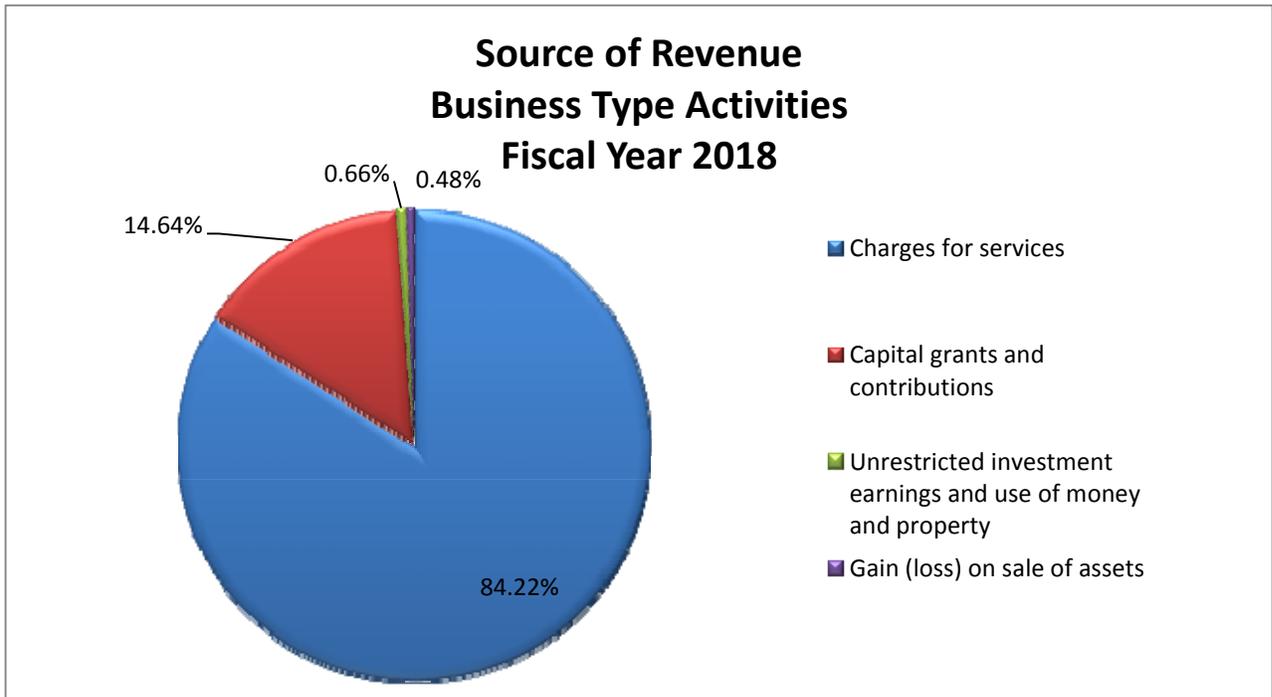
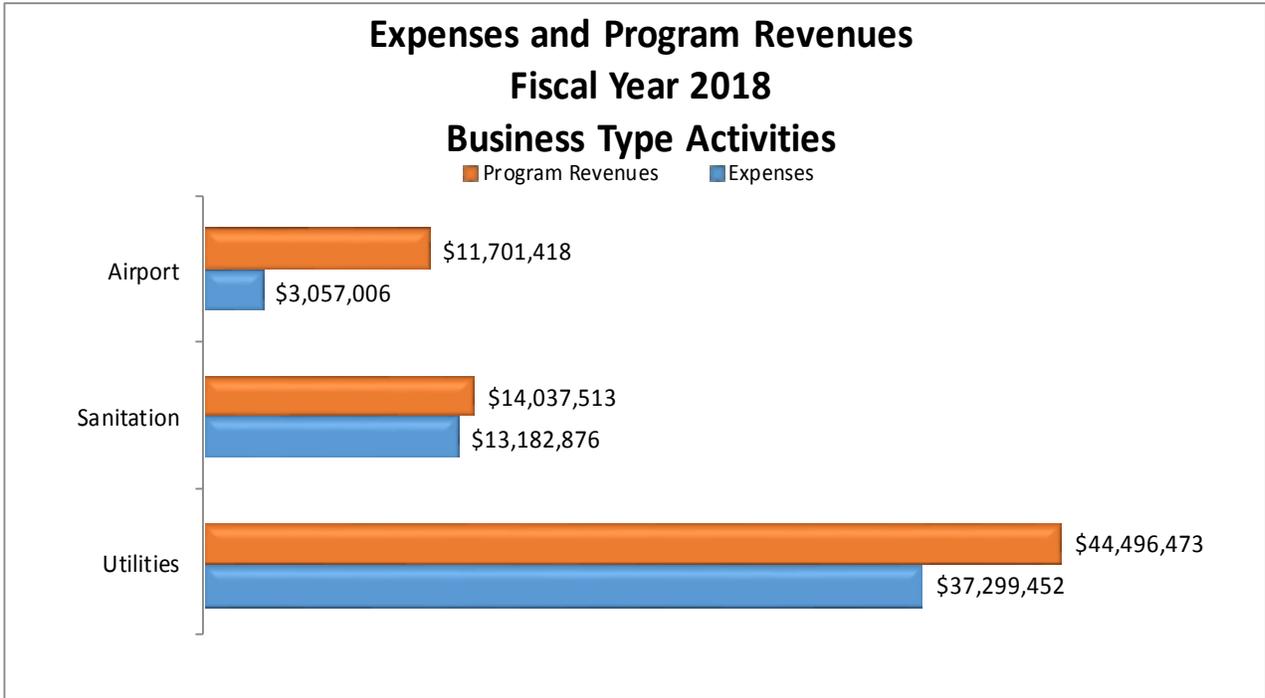


Analysis of the City’s Operations – Overall, the City’s total net position increased by \$2,259,312 for the current year. This increase does take in account a prior period adjustment of (\$27,921,910) for a total change in net position of \$30,181,222.

Governmental Activities: Governmental activities decreased total net position by \$(9,234,040). Net position invested in capital assets, net of related debt decreased by \$(3,668,179) due to retirements and depreciation exceeding additions. Restricted net position increased by 9,898,357 primarily due to remaining balance in the capital project fund.



Business-type Activities: Net Position from business-type activities increased by \$11,493,352. 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, 2018 with comparative totals for the year ended September 30, 2017.

CITY OF TYLER'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$15,370,686	\$12,897,619	\$59,833,182	\$51,595,898	\$75,203,868	\$64,493,517
Operating grants and contributions	12,456,026	13,470,059	-	-	12,456,026	13,470,059
Capital grants and contributions	454,666	476,557	10,402,222	9,500,432	10,856,888	9,976,989
General revenues:						
Property taxes	19,125,723	17,722,103	-	-	19,125,723	17,722,103
Franchise taxes	11,187,605	10,847,085	-	-	11,187,605	10,847,085
Sales and use taxes	47,178,374	44,434,519	-	-	47,178,374	44,434,519
Investment earnings and use of money and property	434,301	349,543	469,638	342,277	903,939	691,820
Gain on sale of assets	191,946	(825,967)	342,894	104,163	534,840	(721,804)
Donations	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	106,399,327	99,371,518	71,047,936	61,542,770	177,447,263	160,914,288
Expenses:						
General government	7,135,438	8,541,513	-	-	7,135,438	8,541,513
Public safety	49,127,207	50,698,376	-	-	49,127,207	50,698,376
Streets	12,904,261	12,901,307	-	-	12,904,261	12,901,307
Public services	16,243,252	15,935,764	-	-	16,243,252	15,935,764
Culture and recreation	8,284,920	7,629,494	-	-	8,284,920	7,629,494
Interest on long-term debt	31,629	29,600	-	-	31,629	29,600
Water and sewer	-	-	37,299,452	34,766,700	37,299,452	34,766,700
Sanitation	-	-	13,182,876	12,102,806	13,182,876	12,102,806
Airport	-	-	3,057,006	3,235,501	3,057,006	3,235,501
Total Expenses	93,726,707	95,736,054	53,539,334	50,105,007	147,266,041	145,841,061
Increases (decreases) in net position before transfers	12,672,620	3,635,464	17,508,602	11,437,763	30,181,222	15,073,227
Transfers	(1,168,328)	(290,866)	1,168,328	290,866	-	-
Change in net position	11,504,292	3,344,598	18,676,930	11,728,629	30,181,222	15,073,227
Net position – October 1	249,472,600	246,128,002	212,405,044	200,676,415	461,877,644	446,804,417
Prior Period Adjustment	(20,738,332)	-	(7,183,578)	-	(27,921,910)	-
Net position – September 30	\$ 240,238,560	\$ 249,472,600	\$ 223,898,396	\$ 212,405,044	\$ 464,136,956	\$ 461,877,644

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 \$53,518,708. Approximately 30% of this total amount, \$16,246,434, 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, \$23,937,712; 2) to pay for the perpetual care of city cemeteries, \$3,001,498; 3) to purchase items restricted under grant and donation terms, \$1,466,646; 4) to purchase items restricted under tourism and conventions, \$6,329,493 and 5) to pay for other miscellaneous restrictions, \$2,536,925. The City of Tyler also self imposes an operating designation in the general fund equivalent to approximately 15 percent of total expenditures, \$10,139,852.

In the general fund, the City’s original budget planned to decrease the fund balance on a budget basis by \$385,244. Additional amendments were made to fund various expenses required for operations for a net budgeted decrease in fund balance of \$2,285,755. Due to both revenue and expenditure budget variances the actual net increase in fund balance for fiscal year 2018 was \$2,313,394. Capital Projects Half Cent Sales Tax Fund balance increased in 2018 by \$8,191,455. Other non-major governmental fund balances increased in 2018 by \$1,892,362, from \$10,207,592 to \$12,099,954.

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 - \$1,155,289, Sanitation – \$(2,616,747) and Airport – \$(647,485). The following funds had a net position increase/(decrease) in 2018 as follows: Utilities \$1,327,438, Sanitation \$(1,374,172), and Airport- \$9,759,376.

General Fund Budgetary Highlights - The City made revisions to the original budget appropriations approved by the City Council. Overall these changes resulted in increased budgeted appropriations of \$1,900,511.

Actual revenues were above the final budgeted amounts by a total of \$2,230,408. Actual expenditures including transfers were below final budgeted amounts by a total of \$2,368,741.

CAPITAL ASSETS

The City of Tyler’s investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$525,143,300, (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 \$9,422,321.

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

- \$ 4,184,202 Roadway improvement projects
- \$11,492,900 Airport capital projects
- \$10,553,038 Water and Sewer capital projects

	Capital Assets at Year End					
	Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$18,243,886	\$18,243,887	\$11,094,692	\$10,797,910	\$29,338,578	\$29,041,797
Water rights	-	-	12,526,700	12,526,700	12,526,700	12,526,700
Building	37,431,284	38,715,814	30,573,572	32,064,889	68,004,856	70,780,703
Improvements	17,367,670	16,870,906	145,835,332	145,473,451	163,203,002	162,344,357
Machinery & equipment	19,510,103	19,054,659	5,116,519	5,081,526	24,626,622	24,136,185
Infrastructure	143,607,903	150,812,757	17,859,874	18,247,327	161,467,777	169,060,084
Construction in progress	16,768,807	12,988,257	49,206,958	34,842,896	65,975,765	47,831,153
Total	\$252,929,653	\$256,686,280	\$272,213,647	\$259,034,699	\$525,143,300	515,720,979

Additional information on the City of Tyler’s capital assets can be found in note 4 on pages 41-42 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Tyler had a total bonded debt of \$61,770,000 comprised of bonds secured by water and sewer revenues \$60,915,000 and airport customer facility revenue \$855,000.

	Outstanding Debt at Year End					
	Bonds and Notes Payable					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital leases	\$ 2,525,885	\$ 2,614,333	\$ 152,215	\$ 201,083	\$ 2,678,100	\$ 2,815,416
Revenue bonds payable	-	-	61,770,000	57,150,000	61,770,000	57,150,000
Total	\$ 2,525,885	\$ 2,614,333	\$ 61,922,215	\$ 57,351,083	\$ 64,448,100	\$ 59,965,416

During the fiscal year, the City’s revenue bond debt increased by \$4,620,000 or 8.1%.

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

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

Please see note 4 on page 46 for an explanation of reserve requirements for the City of Tyler. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Tyler is \$811,788,083. The City of Tyler has no outstanding general obligation bond debt.

Additional information on the City of Tyler’s long term-debt can be found in note 4 on pages 44-46 of this report.

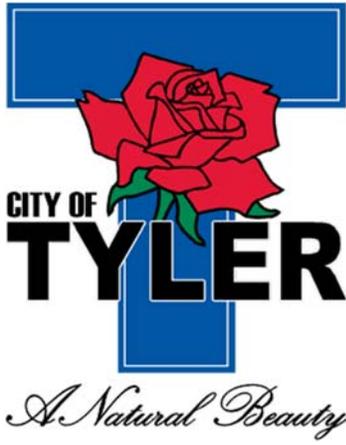
ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

- The unemployment rate for the City of Tyler is currently 3.3%, which is a decrease from 4.3% a year ago. This compares to the state’s average unemployment rate of 4.0% and the national average rate of 4.0%.
- The office space occupancy rate for the City of Tyler decreased slightly in 2018 to 78.61% from 79.8% occupancy in 2017.
- Sales tax receipt growth over a ten year average increased slightly to 1.47%. Property values have grown at an average of 2.85% 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 2018-2019 and the City of Tyler anticipates that total net position will remain at similar levels by September 30, 2019.

REQUEST FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS

**CITY OF TYLER, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

EXHIBIT 1

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 31,739,683	\$ 11,904,878	\$ 43,644,561
Receivables (net of allowance for doubtful accounts)	24,537,462	9,825,431	34,362,893
Internal balances	(14,590)	14,590	-
Inventories	345,728	565,592	911,320
Prepaid items	177,135	40,753	217,888
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	22,680,838	17,781,115	40,461,953
Permanently restricted			
Cash and cash equivalents	2,996,552	-	2,996,552
Other post employment benefits asset	1,735	-	1,735
Investment in joint venture	2,580,614	-	2,580,614
Capital assets not being depreciated:			
Land	18,243,886	11,094,692	29,338,578
Water rights	-	12,526,700	12,526,700
Construction in progress	16,768,807	49,206,958	65,975,765
Capital Assets net of accumulated depreciation:			
Buildings	37,431,284	30,573,572	68,004,856
Improvements, other than buildings	17,367,670	145,835,332	163,203,002
Machinery and equipment	19,510,103	5,116,519	24,626,622
Infrastructure	143,607,903	17,859,874	161,467,777
Total assets	<u>337,974,810</u>	<u>312,346,006</u>	<u>650,320,816</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	14,756,480	2,467,643	17,224,123
Deferred charge on refunding (net of amortization)	-	653,732	653,732
Total deferred outflows of resources	<u>14,756,480</u>	<u>3,121,375</u>	<u>17,877,855</u>
LIABILITIES			
Accounts payable	3,603,139	3,985,305	7,588,444
Deposits and other refundable balances	1,297,878	48,464	1,346,342
Insurance claims payable	999,947	-	999,947
Accrued interest payable	18,013	240,283	258,296
Unearned revenues	19,034	-	19,034
Non-current liabilities:			
Due within one year	1,432,227	3,617,329	5,049,556
Due in more than one year	91,467,536	80,450,545	171,918,081
Total liabilities	<u>98,837,774</u>	<u>88,341,926</u>	<u>187,179,700</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	655,438	220,984	876,422
Deferred inflows related to pensions	12,999,518	3,006,075	16,005,593
Total deferred inflows of resources	<u>13,654,956</u>	<u>3,227,059</u>	<u>16,882,015</u>
NET POSITION			
Net investment in capital assets	250,403,768	207,347,257	457,751,025
Restricted for:			
Perpetual care - nonexpendable	3,018,130	-	3,018,130
Storm water management	-	1,142,244	1,142,244
Public Safety	460,289	-	460,289
Capital improvements	320,417	-	320,417
Tourism and convention	5,383,403	-	5,383,403
Donor restrictions	371,551	-	371,551
Capital projects	22,942,254	15,317,091	38,259,345
Airport improvements	119,514	-	119,514
Communications	827,529	-	827,529
Housing assistance	723,925	-	723,925
Grant restrictions	371,170	-	371,170
Debt service	-	1,081,497	1,081,497
Unrestricted	(44,703,390)	(989,693)	(45,693,083)
Total net position	<u>\$ 240,238,560</u>	<u>\$ 223,898,396</u>	<u>\$ 464,136,956</u>

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

**CITY OF TYLER, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 7,135,438	\$ 3,674,604	\$ 9,945	\$ -	\$ (3,450,889)	\$ -	\$ (3,450,889)
Public safety	49,127,207	8,113,402	1,226,311	454,666	(39,332,828)	-	(39,332,828)
Highways and streets	12,904,261	-	-	-	(12,904,261)	-	(12,904,261)
Public services	16,243,252	2,015,878	11,219,770	-	(3,007,604)	-	(3,007,604)
Culture and recreation	8,284,920	1,566,802	-	-	(6,718,118)	-	(6,718,118)
Interest on long term debt	31,629	-	-	-	(31,629)	-	(31,629)
Total governmental activities	<u>93,726,707</u>	<u>15,370,686</u>	<u>12,456,026</u>	<u>454,666</u>	<u>(65,445,329)</u>	<u>-</u>	<u>(65,445,329)</u>
Business-type activities:							
Utilities	37,299,452	44,496,473	-	-	-	7,197,021	7,197,021
Sanitation	13,182,876	14,037,513	-	-	-	854,637	854,637
Airport	3,057,006	1,299,196	-	10,402,222	-	8,644,412	8,644,412
Total business-type activities	<u>53,539,334</u>	<u>59,833,182</u>	<u>-</u>	<u>10,402,222</u>	<u>-</u>	<u>16,696,070</u>	<u>16,696,070</u>
Total primary government	<u>\$ 147,266,041</u>	<u>\$ 75,203,868</u>	<u>\$ 12,456,026</u>	<u>\$ 10,856,888</u>	<u>(65,445,329)</u>	<u>16,696,070</u>	<u>(48,749,259)</u>
General revenues:							
Property taxes					19,125,723	-	19,125,723
Franchise taxes					11,187,605	-	11,187,605
Sales and use taxes					47,178,374	-	47,178,374
Unrestricted investment earnings and use of money and property					434,301	469,638	903,939
Gain (loss) on sale of assets					191,946	342,894	534,840
Transfers					(1,168,328)	1,168,328	-
Total general revenues and transfers					<u>76,949,621</u>	<u>1,980,860</u>	<u>78,930,481</u>
Change in net position					11,504,292	18,676,930	30,181,222
Net position - beginning of year, as originally stated					249,472,600	212,405,044	461,877,644
Prior period adjustment					(20,738,332)	(7,183,578)	(27,921,910)
Net position - beginning of year, as restated					<u>228,734,268</u>	<u>205,221,466</u>	<u>433,955,734</u>
Net position - end of year					<u>\$ 240,238,560</u>	<u>\$ 223,898,396</u>	<u>\$ 464,136,956</u>

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

**CITY OF TYLER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	MAJOR FUNDS		OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX		
ASSETS				
Cash and cash equivalents	\$ 12,123,127	\$ -	\$ 6,737,704	\$ 18,860,831
Receivables (net of allowance for doubtful accounts) :				
Property taxes	579,062	-	-	579,062
Other	19,316,023	2,515,663	1,908,670	23,740,356
Due from other funds	1,988,777	-	-	1,988,777
Inventories	34,146	-	4,450	38,596
Prepaid items	102,659	-	7,371	110,030
Cash - restricted	-	20,790,074	4,887,316	25,677,390
Total assets	<u>\$ 34,143,794</u>	<u>\$ 23,305,737</u>	<u>\$ 13,545,511</u>	<u>\$ 70,995,042</u>
LIABILITIES				
Accounts payable	\$ 2,437,631	\$ 363,353	\$ 353,434	\$ 3,154,418
Deposits and other refundable balances	1,090,701	-	207,177	1,297,878
Other liabilities	-	130	-	130
Due to other funds	-	-	884,117	884,117
Unearned Revenues	18,205	-	829	19,034
Total liabilities	<u>3,546,537</u>	<u>363,483</u>	<u>1,445,557</u>	<u>5,355,577</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	557,128	-	-	557,128
Unavailable revenue-fines	11,523,516	-	-	11,523,516
Unavailable revenue-permits	40,113	-	-	40,113
Total deferred inflows of resources	<u>12,120,757</u>	<u>-</u>	<u>-</u>	<u>12,120,757</u>
FUND BALANCES				
Nonspendable:				
Inventory	34,146	-	4,450	38,596
Prepaid items	102,659	-	2,290	104,949
Permanent fund principal	-	-	3,018,130	3,018,130
Restricted for:				
Public Safety	-	-	460,289	460,289
Capital improvements	-	-	320,417	320,417
Tourism and convention	-	-	5,383,403	5,383,403
Donor restrictions	-	-	371,551	371,551
Capital projects	-	22,942,254	-	22,942,254
Airport improvements	-	-	119,514	119,514
Communications	-	-	827,529	827,529
Housing assistance	-	-	723,925	723,925
Grant restrictions	-	-	371,170	371,170
Assigned to:				
Development services	1,105,562	-	-	1,105,562
Capital improvements	41,609	-	-	41,609
Capital projects	-	-	513,918	513,918
Cemetery maintenance	-	-	(16,632)	(16,632)
Tourism and convention	946,090	-	-	946,090
Unassigned	16,246,434	-	-	16,246,434
Total fund balances	<u>18,476,500</u>	<u>22,942,254</u>	<u>12,099,954</u>	<u>53,518,708</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,143,794</u>	<u>\$ 23,305,737</u>	<u>\$ 13,545,511</u>	<u>\$ 70,995,042</u>

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, 2018

Total fund balances governmental funds (Exhibit 3)	\$ 53,518,708
Other post employment benefits in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. (Includes other post employment benefit assets of Internal Service Funds)	1,735
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	236,259,641
Equity in an affiliated joint venture is included in governmental activities in the statement of net assets.	2,580,614
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	12,120,757
Deferred outflows of funds related to pension and OPEB activities	14,206,849
Deferred inflows of funds related to pension and OPEB activities	(13,112,590)
Net pension and OPEB liabilities reflected under GASB 68 and 75 at year end	(75,699,085)
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 - \$1,119,250)	22,119,196
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(11,757,265)</u>
Net position of governmental activities (Exhibit 1)	<u><u>\$ 240,238,560</u></u>

CITY OF TYLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	MAJOR FUNDS		OTHER NON-MAJOR GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX			
REVENUES					
Taxes:					
Property	\$ 19,023,632	\$ -	\$ 90,607	\$ -	\$ 19,114,239
Franchise	10,933,509	-	254,096	-	11,187,605
Sales and use	29,292,943	14,380,652	3,504,779	-	47,178,374
Licenses and permits	2,442,851	-	3,200	-	2,446,051
Fines, forfeitures, and penalties	4,405,802	-	719,904	-	5,125,706
Revenues from use of money or property	671,314	86,913	157,419	-	915,646
Charges for current services	2,521,580	-	464,258	-	2,985,838
Revenues from other agencies	464,611	844,976	11,601,105	-	12,910,692
Donations	-	-	365,044	-	365,044
Miscellaneous	948,750	189,521	81,071	-	1,219,342
Total revenues	<u>70,704,992</u>	<u>15,502,062</u>	<u>17,241,483</u>	<u>-</u>	<u>103,448,537</u>
EXPENDITURES					
Current:					
General government	7,504,255	211,000	35,962	-	7,751,217
Public safety	45,199,687	-	601,961	-	45,801,648
Public services	2,774,482	-	12,774,404	-	15,548,886
Highways and streets	4,747,179	58,498	-	-	4,805,677
Culture and recreation	7,190,919	-	461,873	-	7,652,792
Capital outlay	182,491	5,890,259	2,219,671	-	8,292,421
Debt service:					
Principal retirement	-	-	167,214	-	167,214
Interest and fiscal charges	-	-	5,777	-	5,777
Total expenditures	<u>67,599,013</u>	<u>6,159,757</u>	<u>16,266,862</u>	<u>-</u>	<u>90,025,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,105,979</u>	<u>9,342,305</u>	<u>974,621</u>	<u>-</u>	<u>13,422,905</u>
OTHER FINANCING SOURCES (USES)					
Issuance of capital lease debt	-	-	817,083	-	817,083
Transfers in	1,575,000	-	1,851,558	(37,643)	3,388,915
Transfers out	<u>(2,367,585)</u>	<u>(1,150,850)</u>	<u>(1,750,900)</u>	<u>37,643</u>	<u>(5,231,692)</u>
Total other financing sources (uses)	<u>(792,585)</u>	<u>(1,150,850)</u>	<u>917,741</u>	<u>-</u>	<u>(1,025,694)</u>
Net change in fund balances	2,313,394	8,191,455	1,892,362	-	12,397,211
Fund balances - beginning of year	<u>16,163,106</u>	<u>14,750,799</u>	<u>10,207,592</u>	<u>-</u>	<u>41,121,497</u>
Fund balances - end of year	<u>\$ 18,476,500</u>	<u>\$ 22,942,254</u>	<u>\$ 12,099,954</u>	<u>\$ -</u>	<u>\$ 53,518,708</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, 2018

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

Net change in fund balances - total governmental funds	\$ 12,397,211
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.	(44,217)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(3,815,497)
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	114,052
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.	2,449,927
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.	(649,869)
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.	(1,742,982)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities, net of amount allocated to business-type activities of \$1,780,710	<u>2,795,667</u>
Change in net assets of governmental activities	<u>\$ 11,504,292</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, 2018

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Property tax collections	\$ 18,939,672	\$ 18,939,672	\$ 19,023,632	\$ 83,960
Franchise fees	10,921,974	10,921,974	10,933,509	11,535
Sales and use taxes	27,305,200	27,305,200	29,292,943	1,987,743
Licenses and permits	1,826,804	1,826,804	2,442,851	616,047
Fines, forfeitures, and penalties	5,058,000	5,058,000	4,405,802	(652,198)
Revenues from use of money or property	649,737	649,737	671,314	21,577
Charges for current services	2,624,259	2,624,259	2,521,580	(102,679)
Revenues from other agencies	441,179	441,179	464,611	23,432
Miscellaneous	707,759	707,759	948,750	240,991
Total revenues	<u>68,474,584</u>	<u>68,474,584</u>	<u>70,704,992</u>	<u>2,230,408</u>
EXPENDITURES				
GENERAL GOVERNMENT:				
General Government Services	3,964,148	4,787,365	4,642,278	145,087
Communications	135,744	135,744	143,625	(7,881)
Finance	1,194,332	1,194,332	1,121,874	72,458
Human Resources	533,436	533,436	489,191	44,245
Legal	1,012,026	1,012,026	976,707	35,319
Parking Garage	46,959	46,959	57,255	(10,296)
Innovation Pipeline	140,659	140,659	73,325	67,334
Total General Government	<u>7,027,304</u>	<u>7,850,521</u>	<u>7,504,255</u>	<u>346,266</u>
PUBLIC SAFETY				
Police	26,774,562	26,774,562	26,340,652	433,910
Fire	17,582,323	17,582,323	17,513,423	68,900
Municipal Court	1,705,349	1,627,173	1,345,612	281,561
Total Public Safety	<u>46,062,234</u>	<u>45,984,058</u>	<u>45,199,687</u>	<u>784,371</u>
PUBLIC SERVICES				
Animal Services	1,092,501	1,139,119	1,105,713	33,406
Planning and Zoning Services	639,915	671,015	621,514	49,501
Development Services	291,516	291,516	281,748	9,768
Building Services	755,141	755,141	765,507	(10,366)
Total Public Services	<u>2,779,073</u>	<u>2,856,791</u>	<u>2,774,482</u>	<u>82,309</u>

(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, 2018**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
EXPENDITURES (continued)				
HIGHWAYS AND STREETS				
Engineering	\$ 395,335	\$ 395,335	\$ 203,337	\$ 191,998
Street administration	2,333,844	2,418,844	2,228,101	190,743
Traffic operations	2,510,759	2,510,759	2,315,741	195,018
Total Highways and Streets	<u>5,239,938</u>	<u>5,324,938</u>	<u>4,747,179</u>	<u>577,759</u>
CULTURE AND RECREATION				
Library	1,539,729	1,539,729	1,453,000	86,729
Parks administration	2,374,582	2,378,570	2,453,369	(74,799)
Indoor recreation	539,359	539,359	531,653	7,706
Outdoor recreation	198,554	194,566	156,093	38,473
Median maintenance and arborist	410,101	410,101	383,943	26,158
Rose Garden center	291,573	291,573	284,425	7,148
Rose Garden maintenance	524,190	531,190	512,519	18,671
Visitor facilities	830,492	823,492	821,286	2,206
Liberty Hall	326,468	326,468	402,376	(75,908)
Main Street	237,243	237,243	152,849	84,394
Contingencies	-	39,406	39,406	-
Total Culture and Recreation	<u>7,272,291</u>	<u>7,311,697</u>	<u>7,190,919</u>	<u>120,778</u>
Capital Outlay	<u>142,500</u>	<u>594,585</u>	<u>182,491</u>	<u>412,094</u>
Total expenditures	<u>68,523,340</u>	<u>69,922,590</u>	<u>67,599,013</u>	<u>2,323,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,756)</u>	<u>(1,448,006)</u>	<u>3,105,979</u>	<u>4,553,985</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,575,000	1,575,000	1,575,000	-
Transfers out	(1,911,488)	(2,412,749)	(2,367,585)	45,164
Total other financing sources (uses)	<u>(336,488)</u>	<u>(837,749)</u>	<u>(792,585)</u>	<u>45,164</u>
Net change in fund balance	(385,244)	(2,285,755)	2,313,394	4,599,149
Fund balance - beginning of year	<u>7,727,132</u>	<u>7,727,132</u>	<u>16,163,106</u>	<u>8,435,974</u>
Fund balance - end of year	<u>\$ 7,341,888</u>	<u>\$ 5,441,377</u>	<u>\$ 18,476,500</u>	<u>\$ 13,035,123</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, 2018**

EXHIBIT 8

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUNDS				
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	
ASSETS					
Current assets:					
Unrestricted current assets:					
Cash and cash equivalents	\$ 10,070,766	\$ 1,396,438	\$ 437,674	\$ 11,904,878	\$ 12,878,852
Prepaid expenses	40,753	-	-	40,753	67,105
Accounts receivable (net of allowance for doubtful accounts)	5,689,411	2,173,927	1,960,710	9,824,048	218,044
Accrued interest receivable	1,383	-	-	1,383	-
Inventories - at average cost	565,592	-	-	565,592	307,132
Due from other funds	-	-	-	-	-
Total unrestricted current assets	<u>16,367,905</u>	<u>3,570,365</u>	<u>2,398,384</u>	<u>22,336,654</u>	<u>13,471,133</u>
Restricted Current assets:					
Temporarily restricted:					
Cash and cash equivalents for payment of current maturities of revenue bond principal and interest	1,217,600	-	104,180	1,321,780	-
Total restricted current assets	<u>1,217,600</u>	<u>-</u>	<u>104,180</u>	<u>1,321,780</u>	<u>-</u>
Total current assets	<u>17,585,505</u>	<u>3,570,365</u>	<u>2,502,564</u>	<u>23,658,434</u>	<u>13,471,133</u>
Noncurrent assets:					
Restricted assets:					
Temporarily restricted					
Cash and cash equivalents	15,798,595	660,740	-	16,459,335	-
Total restricted assets	<u>15,798,595</u>	<u>660,740</u>	<u>-</u>	<u>16,459,335</u>	<u>-</u>
Other post employment benefits asset	-	-	-	-	1,735
Capital assets:					
Land	6,143,838	3,285,312	1,665,542	11,094,692	93,938
Water rights	12,526,700	-	-	12,526,700	-
Buildings and infrastructure	41,323,639	722,783	42,176,249	84,222,671	1,605,612
Improvements other than buildings	241,680,377	591,665	23,967,994	266,240,036	1,789,896
Machinery and equipment	5,079,581	7,982,647	941,288	14,003,516	45,036,135
Construction in progress	7,049,807	54,280	42,102,871	49,206,958	99
Less accumulated depreciation	<u>(136,393,752)</u>	<u>(5,681,374)</u>	<u>(23,005,800)</u>	<u>(165,080,926)</u>	<u>(31,855,670)</u>
Total capital assets net of accumulated depreciation	<u>177,410,190</u>	<u>6,955,313</u>	<u>87,848,144</u>	<u>272,213,647</u>	<u>16,670,010</u>
Total noncurrent assets	<u>193,208,785</u>	<u>7,616,053</u>	<u>87,848,144</u>	<u>288,672,982</u>	<u>16,671,745</u>
Total assets	<u>210,794,290</u>	<u>11,186,418</u>	<u>90,350,708</u>	<u>312,331,416</u>	<u>30,142,878</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	1,621,791	706,312	139,540	2,467,643	549,631
Deferred charge on refunding (net of amortization)	653,732	-	-	653,732	-
Total deferred outflows of resources	<u>2,275,523</u>	<u>706,312</u>	<u>139,540</u>	<u>3,121,375</u>	<u>549,631</u>
LIABILITIES					
Current liabilities:					
Unrestricted current liabilities					
Accounts and contracts payable	2,374,985	740,033	870,287	3,985,305	448,591
Due to other funds	-	-	1,104,660	1,104,660	-
Insurance claims payable	-	-	-	-	999,947
Current portion of capital lease payment	-	-	49,791	49,791	620,661
Current portion of compensated absences payable	17,609	8,567	1,362	27,538	7,901
Total unrestricted current liabilities	<u>2,392,594</u>	<u>748,600</u>	<u>2,026,100</u>	<u>5,167,294</u>	<u>2,077,100</u>
Current liabilities payable from restricted assets					
Revenue bonds payable	3,470,000	-	70,000	3,540,000	-
Customer deposits	48,464	-	-	48,464	-
Accrued interest	240,283	-	-	240,283	18,013
Total current liabilities payable from restricted assets	<u>3,758,747</u>	<u>-</u>	<u>70,000</u>	<u>3,828,747</u>	<u>18,013</u>
Total current liabilities	<u>6,151,341</u>	<u>748,600</u>	<u>2,096,100</u>	<u>8,996,041</u>	<u>2,095,113</u>
Noncurrent liabilities					
Revenue bonds payable (net)	61,195,122	-	785,000	61,980,122	-
Capital lease payable	-	-	102,424	102,424	950,791
Net pension obligation	6,649,583	2,919,587	573,905	10,143,075	2,348,537
Net OPEB obligation	5,129,763	2,119,130	315,126	7,564,019	1,325,888
Compensated absences	422,606	205,613	32,686	660,905	189,633
Total noncurrent liabilities	<u>73,397,074</u>	<u>5,244,330</u>	<u>1,809,141</u>	<u>80,450,545</u>	<u>4,814,849</u>
Total liabilities	<u>79,548,415</u>	<u>5,992,930</u>	<u>3,905,241</u>	<u>89,446,586</u>	<u>6,909,962</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to OPEB	178,319	37,165	5,500	220,984	29,356
Deferred inflows related to pensions	2,013,078	863,329	129,668	3,006,075	513,010
Total deferred inflows of resources	<u>2,191,397</u>	<u>900,494</u>	<u>135,168</u>	<u>3,227,059</u>	<u>542,366</u>
NET POSITION					
Net investment in capital assets	113,398,800	6,955,313	86,993,144	207,347,257	15,098,558
Restricted for:					
Debt service	977,317	-	104,180	1,081,497	-
Storm water management	1,142,244	-	-	1,142,244	-
Capital projects	14,656,351	660,740	-	15,317,091	-
Unrestricted	<u>1,155,289</u>	<u>(2,616,747)</u>	<u>(647,485)</u>	<u>(2,108,943)</u>	<u>8,141,623</u>
Total net position	<u>\$ 131,330,001</u>	<u>\$ 4,999,306</u>	<u>\$ 86,449,839</u>	<u>\$ 222,779,146</u>	<u>\$ 23,240,181</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	(661,460)	
			Current year	1,780,710	
Net position of business-type activities				<u>\$ 223,898,396</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, 2018

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL
	ENTERPRISE FUNDS				ACTIVITIES
	UTILITIES	SANITATION	AIRPORT		INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Water and sewer operations	\$ 42,616,756	\$ -	\$ -	\$ 42,616,756	\$ -
Trash and garbage	-	13,513,625	-	13,513,625	-
Airport sales and rentals	-	-	1,251,966	1,251,966	-
Charges for services	-	-	-	-	17,870,144
Contributions	-	-	-	-	11,061,301
Miscellaneous	613,186	21,956	34,983	670,125	3,256,910
Total operating revenues	<u>43,229,942</u>	<u>13,535,581</u>	<u>1,286,949</u>	<u>58,052,472</u>	<u>32,188,355</u>
OPERATING EXPENSES					
Water and sewer operations	28,809,429	-	-	28,809,429	-
Sanitation operations	-	12,620,829	-	12,620,829	-
Municipal Airport operations	-	-	1,415,306	1,415,306	-
Garage operations	-	-	-	-	5,369,890
Depreciation	6,653,522	562,047	1,603,119	8,818,688	4,183,402
Insurance claims	-	-	-	-	10,966,794
Administrative	-	-	-	-	7,071,494
Special services	-	-	-	-	702,270
Maintenance	-	-	-	-	353,536
Total operating expenses	<u>35,462,951</u>	<u>13,182,876</u>	<u>3,018,425</u>	<u>51,664,252</u>	<u>28,647,386</u>
Operating income (loss)	<u>7,766,991</u>	<u>352,705</u>	<u>(1,731,476)</u>	<u>6,388,220</u>	<u>3,540,969</u>
NON-OPERATING REVENUES (EXPENSES)					
Revenues from use of money and property	386,304	34,979	48,355	469,638	194,865
Gain (loss) on sale of assets	-	342,894	-	342,894	191,946
Interest expense	(1,836,501)	-	(38,581)	(1,875,082)	(25,852)
Total non-operating revenues (expenses)	<u>(1,450,197)</u>	<u>377,873</u>	<u>9,774</u>	<u>(1,062,550)</u>	<u>360,959</u>
Income (loss) before capital contributions and transfers	<u>6,316,794</u>	<u>730,578</u>	<u>(1,721,702)</u>	<u>5,325,670</u>	<u>3,901,928</u>
Capital contributions	-	-	10,402,222	10,402,222	-
Transfers in	-	-	1,376,750	1,376,750	674,449
Transfers out	(116,711)	(91,711)	-	(208,422)	-
Net transfers and capital contributions	<u>(116,711)</u>	<u>(91,711)</u>	<u>11,778,972</u>	<u>11,570,550</u>	<u>674,449</u>
Change in net position	6,200,083	638,867	10,057,270	16,896,220	4,576,377
Net position - beginning of year, as originally stated	130,002,563	6,373,478	76,690,463		19,926,827
Prior period adjustment	<u>(4,872,645)</u>	<u>(2,013,039)</u>	<u>(297,894)</u>		<u>(1,263,023)</u>
Net position - beginning of year, restated	<u>125,129,918</u>	<u>4,360,439</u>	<u>76,392,569</u>		<u>18,663,804</u>
Net position - end of year	<u>\$ 131,330,001</u>	<u>\$ 4,999,306</u>	<u>\$ 86,449,839</u>		<u>\$ 23,240,181</u>
Reconciliation to government-wide statements of net assets					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				<u>1,780,710</u>	
Change in net position of business-type activities				<u>\$ 18,676,930</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, 2018

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	ENTERPRISE FUNDS				ACTIVITIES
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 42,556,799	\$ 13,201,218	\$ 1,280,374	\$ 57,038,391	\$ 32,242,719
Cash paid to suppliers for goods and services	(18,407,379)	(7,844,438)	(794,476)	(27,046,293)	(10,297,093)
Cash paid to employees for services	(9,667,175)	(4,328,265)	(644,122)	(14,639,562)	(2,796,559)
Insurance claims paid	-	-	-	-	(11,131,615)
Net cash provided by (used in) operating activities	<u>14,482,245</u>	<u>1,028,515</u>	<u>(158,224)</u>	<u>15,352,536</u>	<u>8,017,452</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Advances from/ (to) other funds	-	-	668,692	668,692	(28,145)
Transfers in from other funds	-	-	1,376,750	1,376,750	674,449
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>2,045,442</u>	<u>1,837,020</u>	<u>646,304</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(10,134,081)	(1,174,954)	(11,082,819)	(22,391,854)	(4,508,679)
Proceeds from grants for capital purposes	-	-	9,214,451	9,214,451	-
Proceeds from sale of assets	883,466	746,152	-	1,629,618	863,415
Proceeds from issuance of debt	17,540,000	-	-	17,540,000	-
Payments on debt	(12,850,000)	-	(70,000)	(12,920,000)	(1,143,381)
Interest paid	(2,103,379)	-	(38,581)	(2,141,960)	(25,852)
Net cash provided by (used in) capital and related financing activities	<u>(6,663,994)</u>	<u>(428,802)</u>	<u>(1,976,949)</u>	<u>(9,069,745)</u>	<u>(4,814,497)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	386,304	34,979	48,355	469,638	194,865
Net cash (used in) provided by investing activities	<u>386,304</u>	<u>34,979</u>	<u>48,355</u>	<u>469,638</u>	<u>194,865</u>
Net increase (decrease) in cash and cash equivalents	8,087,844	542,981	(41,376)	8,589,449	4,044,124
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>18,999,117</u>	<u>1,514,197</u>	<u>583,230</u>	<u>21,096,544</u>	<u>8,834,728</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 27,086,961</u>	<u>\$ 2,057,178</u>	<u>\$ 541,854</u>	<u>\$ 29,685,993</u>	<u>\$ 12,878,852</u>
Reconciliation to Exhibit 8:					
Unrestricted cash and cash equivalents	\$ 10,070,766	\$ 1,396,438	\$ 437,674	\$ 11,904,878	\$ 12,878,852
Restricted cash - current asset	1,217,600	-	104,180	1,321,780	-
Restricted cash - noncurrent asset	15,798,595	660,740	-	16,459,335	-
Total Cash and Cash Equivalents at End of Year	<u>\$ 27,086,961</u>	<u>\$ 2,057,178</u>	<u>\$ 541,854</u>	<u>\$ 29,685,993</u>	<u>\$ 12,878,852</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 7,766,991	\$ 352,705	\$ (1,731,476)	\$ 6,388,220	\$ 3,540,969
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	6,653,522	562,047	1,603,119	8,818,688	4,183,402
(Increase) decrease in accounts receivable	(680,607)	(334,363)	(6,574)	(1,021,544)	53,481
(Increase) decrease in prepaid expenses	(346)	1,230	-	884	109,259
(Increase) decrease in inventories	(62,033)	-	-	(62,033)	(5,399)
(Increase) decrease in deferred outflows related to pensions	304,980	132,940	19,583	457,503	116,869
Increase (decrease) in accounts payable	532,289	306,645	2,753	841,687	(184,606)
Increase (decrease) in claims payable	-	-	-	-	(135,262)
Increase (decrease) in accrued interest payable	-	-	-	-	359,614
Increase (decrease) in customer deposits	7,464	-	-	7,464	-
Increase (decrease) in compensated absences payable	(42,679)	14,816	4,236	(23,627)	17,283
Increase (decrease) in capital lease payable	-	-	(48,868)	(48,868)	7,560
Increase (decrease) in post employment benefits liability	423,779	176,056	26,054	625,889	8,438
Increase (decrease) in deferred inflows related to pensions	1,690,398	736,835	108,587	2,535,820	428,602
Increase (decrease) in net pension obligation	(2,111,513)	(920,396)	(135,638)	(3,167,547)	(482,758)
Total adjustments	<u>6,715,254</u>	<u>675,810</u>	<u>1,573,252</u>	<u>8,964,316</u>	<u>4,476,483</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 14,482,245</u>	<u>\$ 1,028,515</u>	<u>\$ (158,224)</u>	<u>\$ 15,352,536</u>	<u>\$ 8,017,452</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Borrowing under capital lease	\$ -	\$ -	\$ -	\$ -	\$ 405,062
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,062</u>

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

**CITY OF TYLER, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS
ASSETS		
Equity in pooled cash	\$ 2,138,595	\$ 2,649,288
Investments, at fair value		
Equities	5,161,014	84,147
Mutual funds	73,356,328	-
Total investments	78,517,342	84,147
Receivables		
Contributions receivable	87,588	-
Interest receivable	6,377	3,050
Total receivables	93,965	3,050
Total assets	80,749,902	2,736,485
LIABILITIES		
Accounts payable	898,426	-
Total liabilities	898,426	-
NET POSITION		
Held in trust for OPEB benefits	8,255,184	-
Held in trust for pension benefits	71,403,260	-
Held in trust for other purposes	193,032	2,736,485
Total net position held in trust for pension/OPEB benefits and other purpose	\$ 79,851,476	\$ 2,736,485

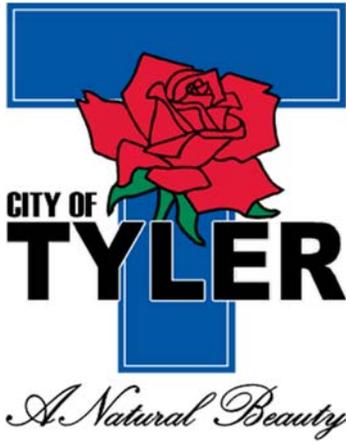
The notes to the financial statements are an integral part of this statement.

EXHIBIT 12

CITY OF TYLER, TEXAS
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE-PURPOSE TRUST FUNDS
ADDITIONS		
Contributions:		
Employees	\$ 1,698,251	\$ -
Employer	5,392,945	-
Other	-	36,000
Total contributions	<u>7,091,196</u>	<u>36,000</u>
Investment income:		
Interest and dividend income	2,072,874	38,414
Net depreciation in fair value of investments	2,989,394	2,729
Less investment expense	<u>(214,879)</u>	<u>(3,450)</u>
Total investment income	4,847,389	37,693
Other income	7,045	-
Total additions	<u>11,945,630</u>	<u>73,693</u>
DEDUCTIONS		
Reimbursement for benefit claims	2,333,587	-
Benefits	<u>5,039,002</u>	<u>-</u>
Total deductions	<u>7,372,589</u>	<u>-</u>
Change in net position	4,573,041	73,693
Net position - beginning of year	<u>75,278,435</u>	<u>2,662,792</u>
Net position - end of year	<u>\$ 79,851,476</u>	<u>\$ 2,736,485</u>

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



CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

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

B. Blended Component Unit

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

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

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

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

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

Tyler Fire Department Relief and Retirement Fund

The City's fire department employees participate in the Tyler Fire Department Relief and Retirement Fund (TFDRRF). TFDRRF functions for the benefit of these employees and is governed by a pension board. The City and TFDRRF participants are obligated to fund all TFDRRF costs based upon actuarial valuations. The City is authorized to approve the actuarial assumptions used in the determination of contribution levels. For financial reporting purposes, TFDRRF is reported if it were a part of the City's operations as a fiduciary fund, and therefore is not included in the government wide financial statements. TFDRRF's fiscal year-end is December 31 but the information reported corresponds with the City's September 30, 2017 reporting period. Financial statements of TFDRRF can be obtained directly from the FIRE Pension Board, 1718 West Houston St., Tyler, Texas 75702.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

The City of Tyler reports the following Internal Service Funds:

1. Productivity Improvement Fund – to track performance pay of City employees. This fund accounts for City University, Lean Six Sigma, and the Internal Audit functions.
2. Fleet Maintenance and Replacement Fund – performs maintenance and repair work on vehicles of all City departments. The fund also acquires vehicles and equipment for use by all City departments.
3. Property and Liability Insurance Funds – accounts for the City's property, casualty, liability, disability, and workers' compensation insurance programs.
4. Employee Benefits Fund – accounts for the City's self-insurance program for health and dental insurance as well as life insurance for current employees.
5. Retiree Benefits Fund – accounts for the City's self-insurance program for health and dental insurance as well as life insurance for retired employees.
6. Property and Facility Management Fund – accounts for maintenance on City's facilities including roof and HVAC repairs and replacement.
7. Technology Fund – accounts for the City's investment and maintenance of technology and office automation.

The City of Tyler reports the following Fiduciary Funds:

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

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

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

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

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

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

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

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

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

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

1. Equity in Pooled Cash and Investments

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

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

2. Investments

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

Methods and Assumptions used to Estimate Fair Value

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Consistent with Governmental Accounting Standards Board Statement 42, *Fair Value Measurement and Application*, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of September 30, 2018, the City only had investments that were exempt from fair value reporting.

Investment Pools

The City holds investments in two external investment pools, TexPool and TexStar.

Texas Local Government Investment Pool (TexPool) was created by the Texas Treasury Safekeeping Trust Company, which was authorized by the Texas Legislature in 1986. Only local governments having contracted to participate in TexPool have an undivided beneficial interest in its pool of assets. TexPool does not place any restrictions such as notice periods or maximum transaction amounts. TexPool is not registered with the Securities and Exchange Commission as an investment company, but is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available by request at www.texpool.com.

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

Both investment pools carry investments at amortized cost as the pools meet requirements of Governmental Accounting Standards Board Statement 79, *Certain External Investment Pools and Pool Participants*. Both investment pools are priced daily and compared to carrying value. If the ratio of the fair value of the portfolio of investments to the carrying value of investments is less than .995 or greater than 1.005, the investment pools will sell investment securities, as required, to maintain the ratio at a point between .995 and 1.005.

Other

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

3. Receivables and Payables

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

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

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

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

The City Charter limits the City's ad valorem tax rate to \$1.75 per \$100 of assessed valuation. The tax rate for the year ended September 30, 2018, was \$.24 per \$100, which means that the City has a tax margin of \$1.51 per \$100 and could raise up to \$122,517,531 additional taxes a year from the present valuation of \$8,113,743,804 before the limit is reached.

4. Inventories and Prepaid Items

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

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

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

5. Due from Other Funds

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

6. Capital Assets

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

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

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

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

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

7. Construction-in-Progress

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

8. Restricted Assets

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

9. Compensated Absences

Non-Civil Service Employees

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

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

Civil Service Employees

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Civil and Non-Civil Service Employees

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

10. Long-Term Obligations

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

11. Bond Premiums, Discounts, and Issuance Costs

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

12. Deferred Outflows/Inflows of Resources

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

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

13. Fund Equity

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

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

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

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

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

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

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

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

14. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net invested in capital assets consists of the City’s capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets less unspent cash acquired through debt at year-end. Net position reported as restricted are those amounts which have limitations imposed by creditors, grantors or other laws and regulations. The government-wide statement of net position reports \$52,079,014 of restricted net position, of which \$13,819,669 is restricted by enabling legislation.

15. 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.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

16. 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. 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 has implemented the provisions of GASB No. 75 accordingly.

In March 2016, the GASB issued Statement No. 82, *Pension Issues* – an amendment of GASB Statements No. 67, No. 68 and No. 73, which will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. This statement is effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In this circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has implemented the provisions of GASB No. 82 accordingly.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This statement enhances consistency in the application of accounting and financial reporting requirements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City has implemented GASB No. 85 accordingly.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. This statement is effective for reporting periods beginning after June 15, 2017. The City has implemented GASB No. 86 accordingly.

18. Future Implementation of New Standards

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

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

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

In June 2017, the GASB issued Statement No. 87, *Leases*, which will increase the usefulness of governments’ financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance and purpose of a government’s leasing arrangements. This statement is effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact of this statement on the City’s financial statements.

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 \$(11,757,265) difference are as follows:

Claims and judgement	\$ (100,000)
Capital leases	(954,431)
Compensation absences	<u>(10,702,834)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (11,757,265)</u></u>

Another element of that reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this \$12,120,757 difference are as follows:

Unavailable property tax revenues	\$ 557,128
Unavailable fines	11,523,516
Unavailable permits	<u>40,113</u>
Net adjustment to increase balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 12,120,757</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures”. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$(3,815,497) difference are as follows:

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Capital outlay	\$ 8,290,497
Depreciation expense	<u>(12,105,994)</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>\$ (3,815,497)</u></u>

NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY

A. Budgetary Information

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

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

- C. 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 \$69,922,590. 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, 2018, neither the general fund nor any major special revenue fund had expenditures in excess of appropriations.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

C. Deficit Fund Equity

As of September 30, 2018, the Productivity Improvement Fund and the Technology Fund had a deficit Net Position in the amount of \$171,196 and \$1,230,299, 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, 2018, are as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 43,644,561
Temporarily restricted cash and cash equivalents	40,461,953
Permanently restricted cash and cash equivalents	2,996,552
Fiduciary Funds	
Cash and cash equivalents	4,787,883
Investments	<u>78,601,489</u>
Total Cash and Investments	<u>\$ 170,492,438</u>
Cash on hand	\$ 13,612
Savings and checking accounts	23,396,807
Cash and cash equivalents held in investment accounts	1,001,056
Investments	<u>146,080,963</u>
Total Cash and Investments	<u>\$ 170,492,438</u>

Custodial Credit Risk – Deposits – At September 30, 2018, 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 \$23,396,807 and the bank balances totaled \$24,980,453. All bank balances not covered by federal depository insurance, were covered by collateral held in the pledging financial institutions' trust department in the City's name. In accordance with the City's deposit and investment policy, all deposits placed at a financial institution shall be insured or collateralized in compliance with applicable State law. The City requires market value of pledged securities in excess of 102% of all uninsured deposits.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

A. Deposits and Investments – continued

Investments are stated at fair value or amortized costs, which approximately fair value. As of September 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
Primary Government			
Certificates of deposit	\$ 66,820,118	1.13	N/A
Texpool	209,114	0.08	AAAm
TexStar	<u>450,242</u>	0.08	AAAm
Total Primary Government	67,479,474		
Fiduciary Funds			
Equities	5,245,161	N/A	N/A
Mutual Funds	<u>73,356,328</u>	N/A	N/A
Total Fiduciary Funds	<u>78,601,489</u>		
Total Reporting Entity	<u>\$ 146,080,963</u>		
Portfolio weighted average maturity (years)		1.12	

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

Credit Risk – This is the risk that an issuer or other counterparty of a debt type investment will not fulfill its obligation to the holder of the investment. The City’s investment policy requires the City to invest in U.S. Treasury and Agency securities along with Texas Local Government Pool (TexPool and TexStar) investments. In addition, the City’s investment policy requires approved broker/dealer meeting strict qualification.

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

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

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

B. Receivables

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

Receivables:	General Fund	One-Half Cent Sales Tax Fund	Utilities Fund	Sanitation Fund	Airport Fund	Non-Major Governmental Funds	Internal Service Funds	Total
Accounts	\$ 18,063,558	\$ -	\$ 5,896,024	\$ 2,231,784	\$ 1,960,710	\$ 771,222	\$218,044	\$ 29,141,342
Grants	-	-	-	-	-	1,137,448	-	1,137,448
Taxes	8,080,273	2,491,614	-	-	-	-	-	10,571,887
Miscellaneous	13,951	24,049	-	-	-	-	-	38,000
Gross receivables	26,157,782	2,515,663	5,896,024	2,231,784	1,960,710	1,908,670	218,044	40,888,677
Less: Allowance for uncollectibles	(6,262,697)	-	(206,613)	(57,857)	-	-	-	(6,527,167)
Net total receivables	<u>\$ 19,895,085</u>	<u>\$ 2,515,663</u>	<u>\$ 5,689,411</u>	<u>\$ 2,173,927</u>	<u>\$ 1,960,710</u>	<u>\$ 1,908,670</u>	<u>\$218,044</u>	<u>\$ 34,361,510</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 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, 2018, the net appreciation on investments of the Fund was \$2,729

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

D. Capital Assets

Governmental and business-type capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 18,243,886	\$ -	\$ -	\$ 18,243,886
Construction in progress	12,988,257	6,159,372	(2,378,822)	16,768,807
Total capital assets, not being depreciated	<u>31,232,143</u>	<u>6,159,372</u>	<u>(2,378,822)</u>	<u>35,012,693</u>
Capital assets, being depreciated:				
Buildings	59,454,228	189,101	-	59,643,329
Improvements other than buildings	92,621,434	1,412,338	-	94,033,772
Machinery and equipment	67,892,634	6,456,191	(2,412,021)	71,936,804
Infrastructure	354,274,075	1,366,058	-	355,640,133
Total capital assets, being depreciated	<u>574,242,371</u>	<u>9,423,688</u>	<u>(2,412,021)</u>	<u>581,254,038</u>
Less accumulated depreciation for:				
Buildings	(20,738,414)	(1,473,631)	-	(22,212,045)
Improvements other than buildings	(75,750,528)	(915,574)	-	(76,666,102)
Machinery and equipment	(48,837,975)	(5,329,279)	1,740,553	(52,426,701)
Infrastructure	(203,461,318)	(8,570,912)	-	(212,032,230)
Total accumulated depreciation	<u>(348,788,235)</u>	<u>(16,289,396)</u>	<u>1,740,553</u>	<u>(363,337,078)</u>
Total capital assets, being depreciated, net	<u>225,454,136</u>	<u>(6,865,708)</u>	<u>(671,468)</u>	<u>217,916,960</u>
Governmental activities capital assets, net	<u>\$ 256,686,279</u>	<u>\$ (706,336)</u>	<u>\$ (3,050,290)</u>	<u>\$ 252,929,653</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 10,797,910	\$ 296,782	\$ -	\$ 11,094,692
Water rights	12,526,700	-	-	12,526,700
Construction in progress	34,842,896	15,847,214	(1,483,152)	49,206,958
Total capital assets, not being depreciated	<u>58,167,506</u>	<u>16,143,996</u>	<u>(1,483,152)</u>	<u>72,828,350</u>
Capital assets, being depreciated:				
Buildings	63,469,924	1,300	-	63,471,224
Improvements other than buildings	260,057,112	6,182,924	-	266,240,036
Machinery and equipment	13,726,288	1,455,653	(1,178,425)	14,003,516
Infrastructure	20,651,274	100,173	-	20,751,447
Total capital assets, being depreciated	<u>357,904,598</u>	<u>7,740,050</u>	<u>(1,178,425)</u>	<u>364,466,223</u>
Less accumulated depreciation for:				
Buildings	(31,405,035)	(1,492,617)	-	(32,897,652)
Improvements other than buildings	(114,583,660)	(5,821,044)	-	(120,404,704)
Machinery and equipment	(8,644,761)	(1,017,402)	775,166	(8,886,997)
Infrastructure	(2,403,948)	(487,625)	-	(2,891,573)
Total accumulated depreciation	<u>(157,037,404)</u>	<u>(8,818,688)</u>	<u>775,166</u>	<u>(165,080,926)</u>
Total capital assets, being depreciated, net	<u>200,867,194</u>	<u>(1,078,638)</u>	<u>(403,259)</u>	<u>199,385,297</u>
Business-type activities capital assets, net	<u>\$ 259,034,700</u>	<u>\$ 15,065,358</u>	<u>\$ (1,886,411)</u>	<u>\$ 272,213,647</u>

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

D. Capital Assets – continued

Water Rights

In 1965, the City purchased the right to 40% of the perpetual annual water yield of Lake Palestine from the Upper Neches River Municipal Water Authority for \$12,524,200. At September 30, 2018, total water rights were \$12,526,700. Management believes there is no impairment in the value of the water rights at September 30, 2018.

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

Governmental activities:	
General Government	\$ 913,234
Public Safety	1,951,676
Highways and streets, including depreciation of general infrastructure assets	8,050,760
Public Services	633,823
Culture and recreation	556,502
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,183,401
Total depreciation expense - governmental activities	<u>\$ 16,289,396</u>
Business-type activities:	
Utilities	\$ 6,653,522
Sanitation	562,047
Airport	1,603,119
Total depreciation expense - business-type activities	<u>\$ 8,818,688</u>

Construction Commitments

As of September 30, 2018, the City has active construction projects. The projects include street construction, a parking garage, housing projects, airport improvements, and sanitation and waterline additions. At year-end the City's commitments with contractors are as follows:

Project	Spent To-Date	Estimated Remaining Commitment
Pavement Enhancement Project	\$ 2,977,328	\$ 2,268,439
Courtney Miller Drainage	2,035,021	1,793,250
Fleishel Drainage Improvements	-	999,134
Bascom Road 12" Water Line Looping	-	251,515
Well 12 & 17 GST Rehab	177,313	118,387
Sewer Improvements Pinecrest	-	233,375
Golden Road Backwash Supply	3,552,375	882,625
Runway 4/22 Rehabilitation	17,269,135	2,490,963

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

E. Interfund Receivables, Payables, and Transfers

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

The composition of interfund balances as of September 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
Utility Fund	General Fund	\$14,590

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, 2018, is as follows:

	Transfer In					Total
	General Fund	One-Half Cent Sales Tax Fund	Nonmajor Governmental Funds	Airport Enterprise Funds	Internal Service Funds	
Transfers Out:						
General Fund	\$ -	\$ -	\$ 1,851,558	\$ -	\$ 516,027	\$2,367,585
One-Half Cent Sales Tax Fund	-	-	-	1,150,850	-	1,150,850
Nonmajor Governmental Funds	1,500,000	-	-	225,900	-	1,725,900
Utilities Enterprise Funds	50,000	-	-	-	66,711	116,711
Airport Enterprise Funds	-	-	-	-	-	-
Sanitation Enterprise Funds	25,000	-	-	-	91,711	116,711
Totals	\$ 1,575,000	\$ -	\$ 1,851,558	\$1,376,750	\$ 674,449	\$5,477,757

F. Leases

Operating Leases

The City leases various types of equipment under a annual cancelable (termination clause) operating leases. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2018 were approximately \$557,433.

Capital Leases

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

Asset:	Governmental Activities
Machinery and equipment	\$ 15,145,206
Less: accumulated depreciation	(12,198,313)
	\$ 2,946,893

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

F. Leases – continued

The future minimum lease obligations as of September 30, 2018, were as follows:

Year ending September 30	Governmental Activities
2019	\$ 998,406
2020	654,848
2021	656,575
2022	240,840
2023	153,308
Thereafter	124,510
Total amount of minimum lease payments	2,828,487
Less: amount representing interest	(150,387)
Present value of minimum lease payments	\$ 2,678,100

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 \$70,490,000 with maturities ranging from 2019 to 2038.

Revenue bonds currently outstanding are as follows:

Issue	Purpose	Interest Rates	Amount
Series 2011	Water and sewer refunding	2.00 to 4.00%	\$ 6,575,000
Series 2012	Water and sewer refunding	1.50 to 2.625%	1,140,000
Series 2013	Customer facility use	3.76%	855,000
Series 2015A	Water refunding and improvements	2.00 to 4.00%	7,530,000
Series 2015B	Water and sewer refunding	2.00 to 5.00%	16,260,000
Series 2017A	Water and sewer refunding	3.00 to 4.00%	3,920,000
Series 2017B	Water and sewer refunding	2.00 to 3.50%	7,950,000
Series 2018A	Water and sewer revenue	3.00 to 4.00%	8,510,000
Series 2018B	Water and sewer refunding	3.00%	9,030,000
Total outstanding revenue bonds			\$ 61,770,000

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

G. Long-term debt – continued

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

Year ending September 30	Principal	Interest	Total
2019	\$ 3,540,000	\$ 2,254,026	\$ 5,794,026
2020	3,675,000	2,125,071	5,800,071
2021	3,780,000	2,022,826	5,802,826
2022	3,895,000	1,907,468	5,802,468
2023	4,040,000	1,771,260	7,311,260
2024-2028	22,375,000	6,385,727	29,373,727
2029-2033	15,640,000	2,342,998	17,982,998
2034-2038	4,825,000	414,300	5,239,300
	<u>\$ 61,770,000</u>	<u>\$ 19,223,676</u>	<u>\$ 83,106,676</u>

Cash in the amount of \$1,321,780 as restricted at September 30, 2018 in order to fund the City's annual debt service requirements, to meet the debt service reserve fund requirements of bond covenants and for construction costs in connection with the 2013 Customer Facility Charge Bonds. Revenue bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest tax regulations under these provisions.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance 10/1/2017	Additions	Reductions	Ending Balance 9/30/2018	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Claims and judgements	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Capital leases	2,614,333	1,222,145	1,310,593	2,525,885	890,872	1,635,013
Other post employment benefits	3,487	-	3,487	-	-	-
Net pension liability	71,858,214	-	13,330,302	58,527,912	-	58,527,912
Net OPEB liability	-	20,845,598	-	20,845,598	-	20,845,598
Compensated absences	10,614,927	681,681	396,240	10,900,368	441,355	10,459,013
Governmental activities Long-term liabilities	<u>\$85,190,961</u>	<u>\$22,749,424</u>	<u>\$ 15,040,622</u>	<u>\$ 92,899,763</u>	<u>\$ 1,432,227</u>	<u>\$ 91,467,536</u>
Business-Type Activities:						
Revenue bonds payable	\$57,150,000	\$17,540,000	\$ 12,920,000	\$ 61,770,000	\$ 3,540,000	\$ 58,230,000
Capital leases	201,083	-	48,868	152,215	49,791	102,424
Bond premium/(discount)	3,022,765	883,835	156,478	3,750,122	-	3,750,122
Other post employment benefits	38,469	-	38,469	-	-	-
Net pension liability	13,429,021	-	3,285,946	10,143,075	-	10,143,075
Net OPEB liability	-	7,564,019	-	7,564,019	-	7,564,019
Compensated absences	712,070	65,610	89,237	688,443	27,538	660,905
Business-Type Activities Long-Term Liabilities	<u>\$74,553,408</u>	<u>\$26,053,464</u>	<u>\$ 16,538,998</u>	<u>\$ 84,067,874</u>	<u>\$ 3,617,329</u>	<u>\$ 80,450,545</u>

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

G. Long-term debt – continued

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

The City has defeased certain bonds by placing the proceeds of new bond issues in an irrevocable trust for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At September 30, 2018, \$22,075,000 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Outstanding</u>
Series 2017A Water and Sewer System Refunding Bonds	2008	\$ 4,120,000
Series 2017B Water and Sewer System Refunding Bonds	2009	8,230,000
Series 2017B Water and Sewer System Refunding Bonds	2009	9,725,000
Total Bonds Defeased		<u>\$ 22,075,000</u>

NOTE 5: OTHER INFORMATION

A. Risk management

Property and Casualty Insurance Plans

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

Worker's Compensation Plan

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

Health, Dental, and Life Plans

HEALTH - Employee/Dependents and Non-Medicare Eligible Retirees/Dependents

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

The city has retained an insurance policy for specific and aggregate stop-loss coverage. There is an individual stop-loss of \$375,000 per illness. A third-party administrator administers health claims and payments.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

A. Risk management – continued

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.

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, 2018, was \$100,000. See Note 4: G for a reconciliation of changes in claims and judgments.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

B. Contingent liabilities – continued

The City's self-insurance program is described in Note 5: A. The following is a reconciliation of the changes in the estimated liabilities for claims payable within 90 days for the years ended September 30, 2018 and 2017:

	Insurance Claims Payable At Beginning of Year	Current Year Claims and Changes In Estimates	Actual Claim Payments	Insurance Claims Payable At End of Year
Employees Benefits Fund				
FYE 2017	\$485,629	\$8,684,932	\$8,746,645	\$423,916
FYE 2018	423,916	7,221,606	7,285,908	359,614
Retiree Benefits Fund				
FYE 2017	\$155,643	\$3,008,912	\$3,094,786	\$69,769
FYE 2018	69,769	2,086,234	2,041,835	114,168

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, 2018, the City budgeted funding of \$200,000 for the District. The City's equity interest in the District at September 30, 2018 is \$2,580,614. The Health District's total fund balance at September 30, 2018 was approximately \$3.5 million. Financial statements for the Health District may be obtained at the entity's administrative offices.

D. Deferred Compensation

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

The market value and carrying value of deferred compensation plan assets is \$13,423,125 for September 30, 2018.

E. Pension Plans

1. Texas Municipal Retirement System Plan

TMRS Plan Description

The City of Tyler participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

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

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

E. Pension Plans - continued

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

Benefits Provided

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

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

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 2016</u>	<u>Plan Year 2017</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Year required for vesting	5	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating Transfers	100% Repeating Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2017 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>	<u>12/31/2016</u>	<u>12/31/2017</u>
Inactive employees or beneficiaries currently receiving benefits	468	492	521	539	549
Inactive employees entitled to but not yet receiving benefits	208	220	244	260	268
Active employees	<u>632</u>	<u>652</u>	<u>670</u>	<u>675</u>	<u>668</u>
	<u>1,308</u>	<u>1,364</u>	<u>1,435</u>	<u>1,474</u>	<u>1,485</u>

Contributions

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

E. Pension Plans - continued

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%, 20.63%, 20.96%, and 20.92% in calendar years 2014, 2015, 2016, 2017, and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$7,242,722, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

- Inflation at 2.5% per year
- Overall payroll growth at 3.0%
- 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 Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

E. Pension Plans - continued

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	<u>100.00%</u>	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2016	\$ 231,558,846	\$ 171,693,129	\$ 59,865,717
Changes for the year:			
Service cost	5,616,579	-	5,616,579
Interest	15,456,387	-	15,456,387
Change of benefit terms	-	-	-
Difference between expected and actual experience	(196,987)	-	(196,987)
Changes of assumptions	-	-	-
Contributions - employer	-	7,170,297	(7,170,297)
Contributions - employee	-	2,420,194	(2,420,194)
Net investment income	-	23,797,094	(23,797,094)
Benefit payments, including refunds of employee contributions	(10,767,252)	(10,767,252)	-
Administrative expense	-	(123,321)	123,321
Other changes	-	(6,250)	6,250
Net changes	<u>10,108,727</u>	<u>22,490,762</u>	<u>(12,382,035)</u>
Balance at 12/31/2017	<u>\$ 241,667,573</u>	<u>\$ 194,183,891</u>	<u>\$ 47,483,682</u>

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 81,402,559	\$ 47,483,682	\$ 19,658,243

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the City recognized pension expense of \$6,736,895.

At September 30, 2018, the City reported deferred outflows of resource and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 455,247
Changes in actuarial assumptions	-	107,538
Difference between projected and actual investment earnings	-	4,947,272
Contributions subsequent to the measurement date	5,508,884	-
Total	<u>\$ 5,508,884</u>	<u>\$ 5,510,057</u>

\$5,508,884 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended December 31
2018	\$ (186,826)
2019	(392,460)
2020	(2,489,208)
2021	(2,441,563)
2022	-
Thereafter	-
	<u>\$ (5,510,057)</u>

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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.

Benefits Provided

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

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

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

Benefits Provided

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

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

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

E. Pension Plans - continued

Funding Policy

The contribution provisions of the Fund are authorized by TLFRA. TLFRA 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 TLFRA. The City currently contributes according to an agreement between the City and the Fund's board of trustees. The City's contribution rate to the Fund is the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees each calendar year, including the supplementary death benefit rate. The actual City contribution rate was 20.85% in 2016 and 20.96% in 2017. The December 31, 2017 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, 2017, the money-weighted rate of return on pension plan investments was 15.39%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

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

Net Pension Liability

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

Total pension liability	\$ 91,328,549
Plan fiduciary net position	<u>70,141,881</u>
City's net pension liability	\$ 21,186,668
Plan fiduciary net position as a percentage of the total pension liability	76.8%

Actuarial Method and Assumptions

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

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

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

E. Pension Plans – continued

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

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.09%) and by adding expected inflation (3.4%). In addition, the final 7.5% assumption was selected by “rounding up”. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the December 31, 2017 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 26 years. Because of the 26-year amortization period of the UAAL, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.5% 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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's net pension liability	\$ 31,115,636	\$ 21,186,668	\$ 12,745,907

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

E. Pension Plans – continued

Plan Fiduciary Net Position

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2016	\$ 87,955,467	\$ 62,536,196	\$ 25,419,271
Changes for the year:			
Service cost	2,327,238	-	2,327,238
Interest	6,684,234	-	6,684,234
Difference between expected and actual experience	(1,038,495)	-	(1,038,495)
Contributions by the City	-	2,405,117	(2,405,117)
Firefighter contributions	-	1,549,098	(1,549,098)
Net investment income	-	9,480,792	(9,480,792)
Benefit payments	(5,814,190)	(5,814,190)	-
Administrative expenses	-	(15,132)	15,132
Assumption changes	1,214,295	-	1,214,295
Other changes	-	-	-
Net changes	3,373,082	7,605,685	(4,232,603)
Balance at 12/31/2017	\$ 91,328,549	\$ 70,141,881	\$ 21,186,668

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

For the year ended September 30, 2018, the City’s GASB 68 pension expense was \$3,869,982. 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, 2018

Components of Pension Expense	
Service cost	\$ 2,327,238
Interest	6,684,234
Firefighter contributions	(1,549,098)
Projected earnings on pension plan investments	(4,712,296)
Amortization of differences between projected and actual earnings on plan investments	966,310
Amortization of changes of assumptions	234,543
Amortization of differences between expected and actual experience	(96,081)
Pension plan administrative expenses	15,132
Other	-
Total pension expense	<u>\$ 3,869,982</u>

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

E. Pension Plans – continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 570,985
Changes in actuarial assumptions	1,598,000	-
Difference between projected and actual investment earnings	128,307	919,128
Contributions subsequent to the measurement date	1,859,220	-
Total	<u>\$ 3,585,527</u>	<u>\$ 1,490,113</u>

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

Year Ended September 30	Net of Deferred Outflows Minus Deferred Inflows
2018	\$ 1,104,773
2019	628,759
2020	(935,432)
2021	(815,237)
2022	138,462
Thereafter	114,869
Total	<u>\$ 236,194</u>

Deferred Outflows of Resources to Be Recognized Next Year

The total of the contributions by the City to the Fund contributed subsequent to the measurement date of the net pension liability, December 31, 2017, through September 30, 2018 is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2019.

F. Post-Employment Benefits Other Than Pensions

1. Health Plan

Plan Description

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

The plan does not issue a stand-alone report.

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

F. Post-Employment Benefits Other Than Pensions – continued

Benefits Provided

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 until they become eligible for Medicare coverage. Retirees who became employees after January 1, 1997 are required to pay the full cost of current premiums. Effective January 1, 2013, the City's Medicare supplement subsidies were capped at the December 31, 2012 rates.

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 Medicare Supplement Insurance Program. Retirees that become eligible for Medicare who were hired after January 1, 1997 are required to pay the full cost of the Medicare supplement coverage should they choose to continue participation in this coverage. Effective January 1, 2013, the City's contribution was capped at the December 31, 2012 rates. Retirees hired before January 1, 1997, effective January 1, 2018, the City of Tyler will contribute \$92.40 for retiree and \$52.80 for spouse for new Medicare eligible individuals. Effective January 1, 2018, any increases on the Medicare Supplement coverage due to moving into a new age bracket and/or premium increases will be absorbed by the retiree.

The Prescription Drug Card was discontinued effective January 1, 2018.

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.

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

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2017</u>
Inactive employees currently receiving benefits	443
Inactive employees entitled to but not yet receiving benefits	-
Active employees	807
	1,250

Contributions

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

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

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

F. Post-Employment Benefits Other Than Pensions – continued

2013 Medicare Supplement Rates - Underwritten Issue*				2013 Medicare Supplement Rates - Guaranteed Issue*			
Attained				Attained			
Age	Area 1	Area 2	Area 3	Age	Area 1	Area 2	Area 3
65-66	\$ 137.00	\$ 149.00	\$ 166.00	65-66	\$ 137.00	\$ 149.00	\$ 166.00
67-69	155.00	172.00	189.00	67-69	171.00	188.00	207.00
70-74	183.00	202.00	220.00	70-74	201.00	220.00	243.00
75-79	205.00	229.00	250.00	75-79	226.00	250.00	274.00
80-84	232.00	257.00	283.00	80-84	254.00	282.00	311.00
85+	251.00	277.00	306.00	85+	275.00	304.00	337.00

*Premiums may differ for retirees who live out-of-area , are disabled, or reached 65 before January 1, 2005. Amounts shown above are the full age-rated premiums.

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

Net OPEB Liability

The City’s Net OPEB Liability was measured as of December 31, 2017, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table obtained from either TMRS or FTDRRF. Per TMRS, mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3 % minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Per FTDRRF, mortality rates for active members, retirees, and beneficiaries were based on the RP2000 Combined Healthy Mortality Tables projected to 2024 using Scale AA for males and females.

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

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

F. Post-Employment Benefits Other Than Pensions – continued

Discount Rate

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

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.50%; the municipal bond rate is 3.31% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”); and the resulting Single Discount Rate is 6.50%.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balances as of December 31, 2016	\$ 36,866,945	\$ 6,833,978	\$ 30,032,967
Changes for the year:			
Service cost	617,273	-	617,273
Interest on the total OPEB liability	2,303,993	-	2,303,993
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	6,125,793	(6,125,793)
Net investment income	-	1,042,478	(1,042,478)
Benefit payments	(3,459,056)	(3,459,056)	-
Administrative expenses	-	(23,966)	23,966
Other	-	-	-
Net Changes	(537,790)	3,685,249	(4,223,039)
Balances as of December 31, 2017	\$ 36,329,155	\$ 10,519,227	\$ 25,809,928

Sensitivity Analysis

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

	1% Decrease in		1% Increase in	
	Discount Rate (5.50%)	Discount Rate (6.50%)	Discount Rate (7.50%)	
Net OPEB Liability	\$ 28,664,897	\$ 25,809,928	\$ 23,251,195	

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

F. Post-Employment Benefits Other Than Pensions – continued

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	\$ 23,484,028	\$ 25,809,928	\$ 28,450,115

OPEB Expense

For the year ended September 30, 2018, the City recognized OPEB expense of \$2,312,657.

Components of OPEB Expense	
Service cost	\$ 617,273
Interest on total OPEB liability	2,303,993
Current-period benefit changes	-
Employee contributions	-
Projected earnings on OPEB plan investments	(530,099)
OPEB plan administrative expenses	23,966
Other changes in plan fiduciary net position	-
Recognition of outflow/(inflow) due to liabilities	-
Recognition of outflow/(inflow) due to assets	(102,476)
Total OPEB expense	<u>\$ 2,312,657</u>

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

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	409,903
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	(672,387)	-
Total	<u>\$ (672,387)</u>	<u>\$ 409,903</u>

The City had \$(672,387) reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction/(addition) of the total OPEB liability for the year ending September 30, 2019. The employer contributions include trust contributions of \$0 plus the benefit payments paid by the City of \$1,490,266 minus the trust reimbursements of \$2,162,653. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

F. Post-Employment Benefits Other Than Pensions – continued

	Year Ended December 31	
2018	\$	(102,476)
2019		(102,476)
2020		(102,476)
2021		(102,475)
2022		-
Thereafter		-
	\$	(409,903)

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.

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

Benefits Provided

Payments from this fund are similar to group term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an “other postemployment benefit” (OPEB) and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or claim against, the TMRS Pension Trust Fund.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

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

**CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

F. Post-Employment Benefits Other Than Pensions – continued

Contributions

The member cities contribute to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree life insurance during employee's entire careers.

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

For calendar year 2017, the total SDB contribution rate for the City was 0.21%, while the retiree portion of the SDB contribution was 0.08%. The City's contributions for the year ended September 30, 2018, were \$27,975 for the retiree portion, and \$76,096 for the total SDB rate. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

F. Post-Employment Benefits Other Than Pensions – continued

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	\$ 2,275,888
Changes for the year:	
Service cost	72,539
Interest	86,877
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	190,285
Benefit payments	(27,634)
Net changes	322,067
Balance at 12/31/2017	\$ 2,597,955

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Liability	\$ 3,081,250	\$ 2,597,955	\$ 2,216,445

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

F. Post-Employment Benefits Other Than Pensions – continued

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$198,569.

Components of OPEB Expense	
Service cost	\$ 72,539
Interest on total OPEB liability	86,877
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	-
Changes in assumptions or other inputs	39,153
Total OPEB expense	<u>\$ 198,569</u>

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

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	151,132	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	21,290	-
Total	<u>\$ 172,422</u>	<u>\$ -</u>

The City had \$21,290 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	
2018	\$ 39,153
2019	39,153
2020	39,153
2021	33,673
2022	-
Thereafter	-
	<u>\$ 151,132</u>

CITY OF TYLER, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

G. Commitments

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2018, 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.

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. Prior Period Adjustment

As a result of implementing Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, net position was restated at October 1, 2017. With the adoption of GASB No. 75, the City is reporting the difference between the net OPEB obligation calculation and the net OPEB liability calculation as a reduction/addition to the prior year net position.

	Governmental Activities	Business-Type Activities	Total
Beginning Net Position	\$ 249,472,600	\$ 212,405,044	\$ 461,877,644
Prior Period Adjustment:			
Net OPEB Liability (measurement date as of September 30, 2017)	(20,738,332)	(7,183,578)	(27,921,910)
Beginning Net Position, as restated	<u>\$ 228,734,268</u>	<u>\$ 205,221,466</u>	<u>\$ 433,955,734</u>

J. Subsequent Events

Subsequent events were evaluated through March 8, 2019, 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, 2018

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

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, 2018**

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

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	24 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, 2018

Total pension liability

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Service Cost	\$ 2,135,428	\$ 2,215,179	\$ 2,248,539	\$ 2,327,238
Interest (on the Total Pension Liability)	5,987,025	6,277,350	6,474,280	6,684,234
Changes in benefit terms	-	-	-	-
Difference between expected and actual results	-	198,165	-	(1,038,495)
Change of assumptions	-	808,186	-	1,214,295
Benefit payments, including refunds of employee contributions	<u>(3,413,612)</u>	<u>(5,498,546)</u>	<u>(6,299,846)</u>	<u>(5,814,190)</u>
Net Change in Total Pension Liability	4,708,841	4,000,334	2,422,973	3,373,082
Total Pension Liability - Beginning	<u>76,823,319</u>	<u>81,532,160</u>	<u>85,532,494</u>	<u>87,955,467</u>
Total Pension Liability - Ending (a)	<u>\$ 81,532,160</u>	<u>\$ 85,532,494</u>	<u>\$ 87,955,467</u>	<u>\$ 91,328,549</u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 2,407,993	\$ 2,452,070	\$ 2,336,615	\$ 2,405,117
Contributions - Employee	1,522,493	1,555,182	1,512,916	1,549,098
Net Investment Income	2,403,790	(2,891,814)	5,091,311	9,480,792
Benefit payments, including refunds of employee contributions	<u>(3,413,612)</u>	<u>(5,498,546)</u>	<u>(6,299,846)</u>	<u>(5,814,190)</u>
Administrative Expense	(53,740)	(30,035)	(54,206)	(15,132)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	2,866,924	(4,413,143)	2,586,790	7,605,685
Plan Fiduciary Net Position - Beginning	<u>61,495,625</u>	<u>64,362,549</u>	<u>59,949,406</u>	<u>62,536,196</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 64,362,549</u>	<u>\$ 59,949,406</u>	<u>\$ 62,536,196</u>	<u>\$ 70,141,881</u>
Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 17,169,611</u>	<u>\$ 25,583,088</u>	<u>\$ 25,419,271</u>	<u>\$ 21,186,668</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.94%	70.09%	71.10%	76.80%
Covered Payroll	\$ 11,272,803	\$ 11,519,867	\$ 11,206,785	\$ 11,474,800
Net Pension Liability as a Percentage of Covered Payroll	152.31%	222.08%	226.82%	184.64%

Notes to Schedule:

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

**CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' RELIEF AND RETIREMENT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll Method
Remaining Amortization Period	26 years
Inflation	3.40%
Salary Increases	3.40%, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation
Retirement Age	Firefighters become eligible for normal service retirement at age 50 with 25 years of service or at age 55 with 20 years of service.
Mortality	RP2000 Combined Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA
Other Information:	There were no benefit changes during the year.

**CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
HEALTH PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Measurement Year 2017
Total OPEB liability	
Service Cost	\$ 617,273
Interest (on the Total OPEB Liability)	2,303,993
Changes in benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments	(3,459,056)
	<hr/>
Net Change in Total OPEB Liability	(537,790)
Total OPEB Liability - Beginning	36,866,945
	<hr/>
Total OPEB Liability - Ending (a)	\$ 36,329,155
	<hr/> <hr/>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 6,125,793
Contributions - Employee	-
OPEB plan net investment income	1,042,478
Benefit payments	(3,459,056)
OPEB plan administrative Expense	(23,966)
Other	-
	<hr/>
Net Change in Plan Fiduciary Net Position	3,685,249
Plan Fiduciary Net Position - Beginning	6,833,978
	<hr/>
Plan Fiduciary Net Position - Ending (b)	\$ 10,519,227
	<hr/> <hr/>
Net OPEB Liability (Asset) - Ending (a)-(b)	\$ 25,809,928
	<hr/> <hr/>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	28.96%
Covered Payroll	\$ 45,211,468
Net OPEB Liability as a Percentage of Covered Payroll	57.09%

Notes to Schedule:

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

**CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: December 31, 2015

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Individual Entry Age Normal

Amortization Method Level Dollar

Remaining Amortization Period 24 years for the FYE 18 contribution

Asset Valuation Method Market Value

Investment Rate of Return 6.50%

Inflation 2.50%

Salary Increases TMRS: 3.50% to 10.50%, including inflation
FIRE: 3.50% to 9.71%, including inflation

Demographic Assumptions TMRS: Based on the experience study covering the four-year period ending December 31, 2014 as conducted by the Texas Municipal Retirement System.
FIRE: Based on the pension valuation report provided by the City as of December 31, 2015 dated August 23, 2016.

Mortality TMRS: For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
FIRE: RP-2000 Combined Healthy Mortality Table projected to 2024 using Scale AA for males and for females for healthy retirees, disabled retirees, and employees.

Participation Rates It was assumed that 85% of future retirees who were hired before 1/1/1997 and 25% of future retirees

CITY OF TYLER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFITS PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2018

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

NOTES TO SCHEDULE

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 Rates:

Actuarial Cost Method	Entry Age Normal
Supplemental Death Benefit	Contribution rate is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees.
Retiree's share of benefit-related costs	\$0.00
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount Rate	3.31%
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information: The Supplemental Death Benefits Fund is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

ADDITIONAL SUPPLEMENTAL INFORMATION

**CITY OF TYLER, TEXAS
COMBINING BALANCE SHEET
GENERAL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR PARKING GARAGE	TOTAL GENERAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 5,854,142	\$ 2,231,671	\$ 1,054,227	\$ 2,973,626	\$ 9,461	\$ 12,123,127
Receivables (net of allowance for doubtful accounts) :						
Property taxes	579,062	-	-	-	-	579,062
Other	19,224,935	42,691	1,367	10,885	36,145	19,316,023
Due from other funds	1,988,777	-	-	-	-	1,988,777
Inventories	34,146	-	-	-	-	34,146
Prepaid items	92,109	2,790	7,760	-	-	102,659
Total assets	<u>\$ 27,773,171</u>	<u>\$ 2,277,152</u>	<u>\$ 1,063,354</u>	<u>\$ 2,984,511</u>	<u>\$ 45,606</u>	<u>\$ 34,143,794</u>
LIABILITIES						
Accounts payable	\$ 2,246,370	\$ 93,103	\$ 94,161	\$ -	\$ 3,997	\$ 2,437,631
Deposits and other refundable balances	34,775	1,035,584	15,343	4,999	-	1,090,701
Unearned revenue	18,205	-	-	-	-	18,205
Total liabilities	<u>2,299,350</u>	<u>1,128,687</u>	<u>109,504</u>	<u>4,999</u>	<u>3,997</u>	<u>3,546,537</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	557,128	-	-	-	-	557,128
Unavailable revenue - fines	11,523,516	-	-	-	-	11,523,516
Unavailable revenue - permits	-	40,113	-	-	-	40,113
Total deferred inflows of resources	<u>12,080,644</u>	<u>40,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,120,757</u>
FUND BALANCES						
Nonspendable:						
Inventories	34,146	-	-	-	-	34,146
Prepaid items	92,109	2,790	7,760	-	-	102,659
Assigned to:						
Development services	-	1,105,562	-	-	-	1,105,562
Capital improvements	-	-	-	-	41,609	41,609
Tourism and convention	-	-	946,090	-	-	946,090
Unassigned	13,266,922	-	-	2,979,512	-	16,246,434
Total fund balances	<u>13,393,177</u>	<u>1,108,352</u>	<u>953,850</u>	<u>2,979,512</u>	<u>41,609</u>	<u>18,476,500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,773,171</u>	<u>\$ 2,277,152</u>	<u>\$ 1,063,354</u>	<u>\$ 2,984,511</u>	<u>\$ 45,606</u>	<u>\$ 34,143,794</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, 2018

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL	FAIR PARKING GARAGE	TRANSFER ELIMINATIONS	TOTAL GENERAL GOVERNMENTAL FUNDS
REVENUES							
Taxes:							
Property	\$ 19,023,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,023,632
Franchise	10,933,509	-	-	-	-	-	10,933,509
Sales and use	29,292,943	-	-	-	-	-	29,292,943
Licenses and permits	466,684	1,976,167	-	-	-	-	2,442,851
Fines, forfeitures and penalties	4,405,802	-	-	-	-	-	4,405,802
Revenues from use of money or property	213,442	13,231	399,795	41,947	2,899	-	671,314
Charges for current services	2,346,736	57,831	117,013	-	-	-	2,521,580
Revenues from other agencies	464,611	-	-	-	-	-	464,611
Miscellaneous	669,982	172,363	21,487	84,918	-	-	948,750
Total revenues	<u>67,817,341</u>	<u>2,219,592</u>	<u>538,295</u>	<u>126,865</u>	<u>2,899</u>	<u>-</u>	<u>70,704,992</u>
EXPENDITURES							
Current:							
General government	7,441,500	-	-	5,500	57,255	-	7,504,255
Public safety	45,199,687	-	-	-	-	-	45,199,687
Public services	1,105,713	1,668,769	-	-	-	-	2,774,482
Highways and streets	4,747,179	-	-	-	-	-	4,747,179
Culture and recreations	4,978,058	-	2,212,861	-	-	-	7,190,919
Capital Outlay	146,805	-	35,686	-	-	-	182,491
Total expenditures	<u>63,618,942</u>	<u>1,668,769</u>	<u>2,248,547</u>	<u>5,500</u>	<u>57,255</u>	<u>-</u>	<u>67,599,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,198,399</u>	<u>550,823</u>	<u>(1,710,252)</u>	<u>121,365</u>	<u>(54,356)</u>	<u>-</u>	<u>3,105,979</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	75,000	1,500,000	-	-	-	1,575,000
Transfers out	(2,077,863)	-	-	(289,722)	-	-	(2,367,585)
Total other financing sources (uses)	<u>(2,077,863)</u>	<u>75,000</u>	<u>1,500,000</u>	<u>(289,722)</u>	<u>-</u>	<u>-</u>	<u>(792,585)</u>
Net change in fund balances	2,120,536	625,823	(210,252)	(168,357)	(54,356)	-	2,313,394
Fund balances - beginning of year	11,272,641	482,529	1,164,102	3,147,869	95,965	-	16,163,106
Fund balances - end of year	<u>\$ 13,393,177</u>	<u>\$ 1,108,352</u>	<u>\$ 953,850</u>	<u>\$ 2,979,512</u>	<u>\$ 41,609</u>	<u>\$ -</u>	<u>\$ 18,476,500</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

SPECIAL REVENUE FUNDS, CONTINUED

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

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

CAPITAL PROJECTS FUND

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

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

PERMANENT FUND

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

**CITY OF TYLER, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018**

	SPECIAL REVENUE FUND									
	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL- MOTEL OCCUPANCY	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	CDBG	HOME GRANT	HOUSING	HOUSING ASSISTANCE PAYMENT
ASSETS										
Equity in pooled cash and investments	\$ -	\$ -	\$ 5,098,496	\$ -	\$ 119,420	\$ 765,646	\$ -	\$ 233,417	\$ 407	\$ -
Accounts and grants receivable	15,707	293	288,670	-	94	64,382	191,737	72,379	-	18,547
Inventories	-	-	-	-	-	-	-	4,450	-	-
Prepaid items	-	-	-	1,170	-	-	1,120	-	-	-
Cash - restricted	283,754	256,178	-	424,612	-	-	-	-	-	897,280
Total assets	\$ 299,461	\$ 256,471	\$ 5,387,166	\$ 425,782	\$ 119,514	\$ 830,028	\$ 192,857	\$ 310,246	\$ 407	\$ 915,827
LIABILITIES										
Accounts payable	\$ -	\$ 69,786	\$ 3,763	\$ 53,061	\$ -	\$ 2,499	\$ 10,649	\$ 14,936	\$ -	\$ 10,989
Deposits and other refundable balances	25,857	-	-	-	-	-	-	-	-	181,320
Due to other funds	-	-	-	-	-	-	143,273	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	25,857	69,786	3,763	53,061	-	2,499	153,922	14,936	-	192,309
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	4,450	-	-
Prepaid items	-	-	-	1,170	-	-	1,120	-	-	-
Permanent fund principal	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Public safety	273,604	186,685	-	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-	-	-
Tourism and convention	-	-	5,383,403	-	-	-	-	-	-	-
Donor restrictions	-	-	-	371,551	-	-	-	-	-	-
Airport improvements	-	-	-	-	119,514	-	-	-	-	-
Communications	-	-	-	-	-	827,529	-	-	-	-
Housing assistance	-	-	-	-	-	-	-	-	407	723,518
Grant restrictions	-	-	-	-	-	-	37,815	290,860	-	-
Assign to:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Cemetery maintenance	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	273,604	186,685	5,383,403	372,721	119,514	827,529	38,935	295,310	407	723,518
Total liabilities and fund balances	\$ 299,461	\$ 256,471	\$ 5,387,166	\$ 425,782	\$ 119,514	\$ 830,028	\$ 192,857	\$ 310,246	\$ 407	\$ 915,827

**CITY OF TYLER, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018**

	SPECIAL REVENUE FUND				CAPITAL PROJECTS FUND		PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TOTAL SPECIAL REVENUE	GENERAL CAPITAL PROJECTS	STREET PROJECTS		CEMETERIES
ASSETS									
Equity in pooled cash and investments	\$ -	\$ -	\$ 2,770	\$ 311,460	\$ 6,531,616	\$ -	\$ 192,858	13,230	\$ 6,737,704
Accounts and grants receivable	108,196	748,163	3	6,184	1,514,355	390,680	140	3,495	1,908,670
Inventories	-	-	-	-	4,450	-	-	-	4,450
Prepaid items	4,892	189	-	-	7,371	-	-	-	7,371
Cash - restricted	-	28,940	-	-	1,890,764	-	-	2,996,552	4,887,316
Total assets	\$ 113,088	\$ 777,292	\$ 2,773	\$ 317,644	\$ 9,948,556	\$ 390,680	\$ 192,998	\$ 3,013,277	\$ 13,545,511
LIABILITIES									
Accounts payable	\$ 13,977	\$ 99,626	\$ -	\$ -	\$ 279,286	25,227	\$ 37,142	\$ 11,779	\$ 353,434
Deposits and other refundable balances	-	-	-	-	207,177	-	-	-	207,177
Due to other funds	98,282	635,171	-	-	876,726	7,391	-	-	884,117
Unearned revenue	829	-	-	-	829	-	-	-	829
Total Liabilities	113,088	734,797	-	-	1,364,018	32,618	37,142	11,779	1,445,557
FUND BALANCES									
Nonspendable:									
Inventories	-	-	-	-	4,450	-	-	-	4,450
Prepaid items	-	-	-	-	2,290	-	-	-	2,290
Permanent fund principal	-	-	-	-	-	-	-	3,018,130	3,018,130
Restricted for:									
Public safety	-	-	-	-	460,289	-	-	-	460,289
Capital improvements	-	-	2,773	317,644	320,417	-	-	-	320,417
Tourism and convention	-	-	-	-	5,383,403	-	-	-	5,383,403
Donor restrictions	-	-	-	-	371,551	-	-	-	371,551
Airport improvements	-	-	-	-	119,514	-	-	-	119,514
Communications	-	-	-	-	827,529	-	-	-	827,529
Housing assistance	-	-	-	-	723,925	-	-	-	723,925
Grant restrictions	-	42,495	-	-	371,170	-	-	-	371,170
Assign to:									
Capital projects	-	-	-	-	-	358,062	155,856	-	513,918
Cemetery maintenance	-	-	-	-	-	-	-	(16,632)	(16,632)
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	-	42,495	2,773	317,644	8,584,538	358,062	155,856	3,001,498	12,099,954
Total liabilities and fund balances	\$ 113,088	\$ 777,292	\$ 2,773	\$ 317,644	\$ 9,948,556	\$ 390,680	\$ 192,998	\$ 3,013,277	\$ 13,545,511

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, 2018

	SPECIAL REVENUE FUND									
	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL- MOTEL OCCUPANCY	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	CDBG	HOME GRANT	HOUSING	HOUSING ASSISTANCE PAYMENT
REVENUES										
Taxes:										
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise	-	-	-	-	-	254,096	-	-	-	-
Sales and use	-	-	3,504,779	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	644,168	95,735	-	8,403,154
Fines, forfeitures and penalties	121,744	598,160	-	-	-	-	-	-	-	-
Revenues from use of money and property	3,226	2,776	59,523	-	3,451	9,394	-	-	6	27,400
Donations	-	-	-	365,044	-	-	-	-	-	-
Charges for services	-	-	-	-	200,576	-	-	-	-	-
Miscellaneous	-	-	10,000	-	-	-	14,007	9,250	-	-
Total revenues	124,970	600,936	3,574,302	365,044	204,027	263,490	658,175	104,985	6	8,430,554
EXPENDITURES										
Current:										
General government	-	-	-	12,934	-	20,497	-	-	-	-
Public safety	10,285	509,807	-	81,869	-	-	-	-	-	-
Culture and recreation	-	-	-	164,122	-	-	-	-	-	-
Public services	-	-	910,397	33,927	-	-	648,391	128,518	-	8,168,288
Capital outlay	35,316	426,431	86,489	102,250	-	-	-	-	-	-
Debt service:										
Principal	-	32,179	-	-	-	-	-	-	-	-
Interest and fiscal charges	87	1,023	-	-	-	-	-	-	-	-
Total expenditures	45,688	969,440	996,886	395,102	-	20,497	648,391	128,518	-	8,168,288
Excess (deficiency) of revenues over (under) expenditures	79,282	(368,504)	2,577,416	(30,058)	204,027	242,993	9,784	(23,533)	6	262,266
OTHER FINANCING SOURCES (USES)										
Capital lease proceeds	-	426,431	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(1,525,000)	-	(225,900)	-	-	-	-	-
Total other financing sources (uses)	-	426,431	(1,525,000)	-	(225,900)	-	-	-	-	-
Change in net assets	79,282	57,927	1,052,416	(30,058)	(21,873)	242,993	9,784	(23,533)	6	262,266
Fund balances - beginning of year	194,322	128,758	4,330,987	402,779	141,387	584,536	29,151	318,843	401	461,252
Fund balances - end of year	<u>\$ 273,604</u>	<u>\$ 186,685</u>	<u>\$ 5,383,403</u>	<u>\$ 372,721</u>	<u>\$ 119,514</u>	<u>\$ 827,529</u>	<u>\$ 38,935</u>	<u>\$ 295,310</u>	<u>\$ 407</u>	<u>\$ 723,518</u>

CITY OF TYLER, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	SPECIAL REVENUE FUND				CAPITAL PROJECTS FUND			PERMANENT FUNDS	TOTAL MAJOR GOVERNMENTAL FUNDS	NON MAJOR GOVERNMENTAL FUNDS
	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TOTAL SPECIAL REVENUE	GENERAL CAPITAL PROJECTS	STREET PROJECTS	CEMETERIES		
REVENUES										
Taxes:										
Property	\$ -	\$ -	\$ -	\$ 90,607	\$ 90,607	\$ -	\$ -	\$ -	\$ -	\$ 90,607
Franchise	-	-	-	-	254,096	-	-	-	-	254,096
Sales and use	-	-	-	-	3,504,779	-	-	-	-	3,504,779
Licenses and permits	-	-	-	-	-	-	-	3,200	-	3,200
Grants	381,335	2,076,713	-	-	11,601,105	-	-	-	-	11,601,105
Fines, forfeitures and penalties	-	-	-	-	719,904	-	-	-	-	719,904
Revenues from use of money and property	-	-	38	4,000	109,814	759	5,105	41,741	-	157,419
Donations	-	-	-	-	365,044	-	-	-	-	365,044
Charges for services	-	153,172	-	-	353,748	-	-	110,510	-	464,258
Miscellaneous	-	13,277	-	-	46,534	34,537	-	-	-	81,071
Total revenues	381,335	2,243,162	38	94,607	17,045,631	35,296	5,105	155,451		17,241,483
EXPENDITURES										
Current:										
General government	-	-	-	2,531	35,962	-	-	-	-	35,962
Public safety	-	-	-	-	601,961	-	-	-	-	601,961
Culture and recreation	-	-	-	-	164,122	-	-	297,751	-	461,873
Public services	279,729	2,605,154	-	-	12,774,404	-	-	-	-	12,774,404
Capital outlay	101,606	179,796	-	-	931,888	618,047	669,736	-	-	2,219,671
Debt service:										
Principal	-	-	-	-	32,179	135,035	-	-	-	167,214
Interest and fiscal charges	-	-	-	-	1,110	4,667	-	-	-	5,777
Total expenditures	381,335	2,784,950	-	2,531	14,541,626	757,749	669,736	297,751		16,266,862
Excess (deficiency) of revenues over (under) expenditures	-	(541,788)	38	92,076	2,504,005	(722,453)	(664,631)	(142,300)		974,621
OTHER FINANCING SOURCES (USES)										
Capital lease proceeds	-	-	-	-	426,431	390,652	-	-	-	817,083
Transfers in	-	471,356	-	-	471,356	391,635	788,567	200,000	-	1,851,558
Transfers out	-	-	-	-	(1,750,900)	-	-	-	-	(1,750,900)
Total other financing sources (uses)	-	471,356	-	-	(853,113)	782,287	788,567	200,000		917,741
Change in net assets	-	(70,432)	38	92,076	1,650,892	59,834	123,936	57,700		1,892,362
Fund balances - beginning of year	-	112,927	2,735	225,568	6,933,646	298,228	31,920	2,943,798		10,207,592
Fund balances - end of year	\$ -	\$ 42,495	\$ 2,773	\$ 317,644	\$ 8,584,538	\$ 358,062	\$ 155,856	\$ 3,001,498		\$ 12,099,954

**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, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fines, forfeitures and penalties	\$ 41,000	\$ 121,744	\$ 80,744
Revenues from use of money and property	<u>2,000</u>	<u>3,226</u>	<u>1,226</u>
Total revenues	<u>43,000</u>	<u>124,970</u>	<u>81,970</u>
EXPENDITURES			
Public safety:			
Supplies and services	21,700	10,285	11,415
Capital outlay	55,500	35,316	20,184
Debt service:			
Interest	<u>-</u>	<u>87</u>	<u>(87)</u>
Total expenditures	<u>77,200</u>	<u>45,688</u>	<u>31,512</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (34,200)</u>	79,282	<u>\$ 113,482</u>
Fund balance - beginning of year		<u>194,322</u>	
Fund balance - end of year		<u>\$ 273,604</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, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fines, forfeitures and penalties	\$ 553,000	\$ 598,160	\$ 45,160
Revenues from use of money and property	-	2,776	2,776
Total revenues	<u>553,000</u>	<u>600,936</u>	<u>47,936</u>
EXPENDITURES			
Public safety:			
Salaries and benefits	334,163	277,127	57,036
Supplies and services	154,141	196,374	(42,233)
Maintenance	47,500	36,306	11,194
Capital outlay	-	426,431	(426,431)
Total expenditures	<u>535,804</u>	<u>936,238</u>	<u>(400,434)</u>
OTHER FINANCING SOURCES (USES)			
Principal paid on debt	(32,179)	(32,179)	-
Capital lease proceeds	-	426,431	426,431
Interest and fiscal charges	-	(1,023)	(1,023)
Total other financing sources (uses)	<u>(32,179)</u>	<u>393,229</u>	<u>425,408</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (14,983)</u>	57,927	<u>\$ 72,910</u>
Fund balance - beginning of year		<u>128,758</u>	
Fund balance - end of year		<u>\$ 186,685</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, 2018

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 3,560,463	\$ 3,504,779	\$ (55,684)
Revenues from use of money and property	28,369	59,523	31,154
Miscellaneous	-	10,000	10,000
Total revenues	<u>3,588,832</u>	<u>3,574,302</u>	<u>(14,530)</u>
EXPENDITURES			
Hotel-motel administration:			
Texas Rose Festival	9,000	9,000	-
Conference promotions	6,750	-	6,750
Discovery Place	32,400	32,400	-
East Texas Symphony	35,000	35,000	-
Tyler Museum of Art	35,000	35,000	-
Historical Museum	13,500	13,500	-
Historic Aviation Museum	13,500	13,500	-
Visitors and Convention Bureau	700,000	700,000	-
McClendon House	4,500	4,500	-
Tyler Civic Theatre	4,050	-	4,050
Tournament expenses	-	-	-
Sports Tyler Award	25,000	25,000	-
Supplies and services	229,750	42,497	187,253
Contingency	-	-	-
Capital outlay	175,000	86,489	(88,511)
Total expenditures	<u>1,283,450</u>	<u>996,886</u>	<u>109,542</u>
Excess of revenues over (under) expenditures	<u>2,305,382</u>	<u>2,577,416</u>	<u>198,053</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,525,000)</u>	<u>(1,525,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,525,000)</u>	<u>(1,525,000)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 780,382</u>	1,052,416	<u>\$ 183,523</u>
Fund balance - beginning of year		<u>4,330,987</u>	
Fund balance - end of year		<u>\$ 5,383,403</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, 2018

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 900	\$ 3,451	\$ 2,551
Charges for services	<u>225,000</u>	<u>200,576</u>	<u>(24,424)</u>
Total revenues	<u>225,900</u>	<u>204,027</u>	<u>(21,873)</u>
EXPENDITURES			
Public services			
Supplies and services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>225,900</u>	<u>204,027</u>	<u>(21,873)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(225,900)</u>	<u>(225,900)</u>	<u>-</u>
Total other financing sources (uses)	<u>(225,900)</u>	<u>(225,900)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ -</u>	<u>(21,873)</u>	<u>\$ (21,873)</u>
Fund balance - beginning of year		<u>141,387</u>	
Fund balance - end of year		<u>\$ 119,514</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, 2018

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Franchise fees	\$ 267,917	\$ 254,096	\$ (13,821)
Revenues from use of money and property	5,446	9,394	3,948
Total revenues	<u>273,363</u>	<u>263,490</u>	<u>(9,873)</u>
EXPENDITURES			
Public services:			
Supplies and services	56,811	20,497	36,314
Capital outlay	5,000	-	5,000
Total expenditures	<u>61,811</u>	<u>20,497</u>	<u>41,314</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ 211,552</u>	242,993	<u>\$ 31,441</u>
Fund balance - beginning of year		<u>584,536</u>	
Fund balance - end of year		<u>\$ 827,529</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, 2018

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 1,357,698	\$ 644,168	\$ (713,530)
Miscellaneous	9,007	14,007	5,000
Total revenues	<u>1,366,705</u>	<u>658,175</u>	<u>(708,530)</u>
EXPENDITURES			
Public services:			
Salaries and benefits	265,784	178,443	87,341
Supplies and services	457,609	214,059	243,550
Utilities	5,830	4,735	1,095
Maintenance	3,216	5,468	(2,252)
Capital outlay	634,266	245,686	388,580
Total expenditures	<u>1,366,705</u>	<u>648,391</u>	<u>718,314</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ -</u>	<u>9,784</u>	<u>\$ 9,784</u>
Fund balance - beginning of year		<u>29,151</u>	
Fund balance - end of year		<u>\$ 38,935</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, 2018

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Grants	\$ 703,501	\$ 95,735	\$ (607,766)
Miscellaneous	<u>-</u>	<u>9,250</u>	<u>9,250</u>
Total revenues	<u>703,501</u>	<u>104,985</u>	<u>(598,516)</u>
EXPENDITURES			
Public services:			
Salaries and benefits	19,951	9,989	9,962
Supplies and services	<u>683,550</u>	<u>118,529</u>	<u>565,021</u>
Total expenditures	<u>703,501</u>	<u>128,518</u>	<u>574,983</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ -</u>	<u>(23,533)</u>	<u>\$ (23,533)</u>
Fund balance - beginning of year		<u>318,843</u>	
Fund balance - end of year		<u>\$ 295,310</u>	

**CITY OF TYLER, TEXAS
HOUSING ASSISTANCE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 7,957,439	\$ 8,403,154	\$ 445,715
Revenue from use of money and property	500	27,400	26,900
Total revenues	<u>7,957,939</u>	<u>8,430,554</u>	<u>472,615</u>
EXPENDITURES			
Public services:			
Salaries and benefits	667,595	505,994	161,601
Supplies and services	7,542,602	7,646,617	(104,015)
Utilities	11,800	9,712	2,088
Maintenance	9,697	5,965	3,732
Total expenditures	<u>8,231,694</u>	<u>8,168,288</u>	<u>63,406</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (273,755)</u>	262,266	<u>\$ 536,021</u>
Fund balance - beginning of year		<u>461,252</u>	
Fund balance - end of year		<u>\$ 723,518</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, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Grants	\$ 2,117,632	\$ 2,076,713	\$ (40,919)
Charges for services	155,000	153,172	(1,828)
Rent Misc.	5,000	-	
Miscellaneous	30,200	13,277	(16,923)
Total revenues	<u>2,307,832</u>	<u>2,243,162</u>	<u>(59,670)</u>
EXPENDITURES			
Public services			
Salaries and benefits	1,215,636	1,039,542	176,094
Supplies and services	963,185	1,141,371	(178,186)
Utilities	11,598	16,350	(4,752)
Maintenance	510,415	407,891	102,524
Capital outlay	212,738	179,796	32,942
Total expenditures	<u>2,913,572</u>	<u>2,784,950</u>	<u>128,622</u>
Excess of revenues over (under) expenditures	<u>(605,740)</u>	<u>(541,788)</u>	<u>68,952</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	476,242	471,356	(4,886)
Total other financing sources (uses)	<u>476,242</u>	<u>471,356</u>	<u>(4,886)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (129,498)</u>	<u>(70,432)</u>	<u>\$ 64,066</u>
Fund balance - beginning of year		<u>112,927</u>	
Fund balance - end of year		<u>\$ 42,495</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, 2018

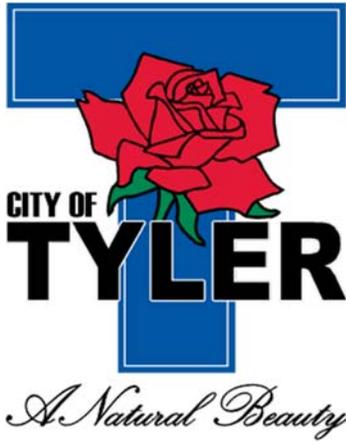
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Taxes	\$ 85,000	\$ 90,607	\$ 5,607
Revenue from use of money and property	<u>2,713</u>	<u>4,000</u>	<u>1,287</u>
Total revenues	<u>87,713</u>	<u>94,607</u>	<u>6,894</u>
EXPENDITURES			
Special services	<u>5,000</u>	<u>2,531</u>	<u>2,469</u>
Total expenditures	<u>5,000</u>	<u>2,531</u>	<u>2,469</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ 82,713</u>	92,076	<u>\$ 9,363</u>
Fund balance - beginning of year		<u>225,568</u>	
Fund balance - end of year		<u>\$ 317,644</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, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenue from use of money and property	\$ 200	\$ 759	\$ 559
Miscellaneous	52,500	34,537	(17,963)
Total revenues	<u>52,700</u>	<u>35,296</u>	<u>(17,404)</u>
EXPENDITURES			
Capital outlay	300,498	618,047	(317,549)
Total expenditures	<u>300,498</u>	<u>618,047</u>	<u>(317,549)</u>
Excess of revenues over (under) expenditures	<u>(247,798)</u>	<u>(582,751)</u>	<u>(334,953)</u>
OTHER FINANCING SOURCES (USES)			
Principal paid on debt	(135,035)	(135,035)	-
Interest and fiscal charges	(4,667)	(4,667)	-
Capital lease proceeds	-	390,652	390,652
Transfers in	391,635	391,635	-
Total other financing sources (uses)	<u>251,933</u>	<u>642,585</u>	<u>390,652</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ 4,135</u>	59,834	<u>\$ 55,699</u>
Fund balance - beginning of year		<u>298,228</u>	
Fund balance - end of year		<u>\$ 358,062</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, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Trust fund:			
Revenue from use of money and property	\$ 28,932	\$ 41,099	\$ 12,167
Mausoleum and lot sales	70,000	36,121	(33,879)
Operations:			
Revenues from use of money and property	150	642	492
Licenses and permits	5,500	3,200	(2,300)
Mausoleum and lot sales	80,000	74,389	(5,611)
Total revenues	<u>184,582</u>	<u>155,451</u>	<u>(29,131)</u>
EXPENDITURES			
Operations:			
Salaries and benefits	178,318	172,670	5,648
Supplies and services	38,980	36,587	2,393
Utilities	59,300	47,602	11,698
Maintenance	40,100	40,892	(792)
Capital outlay	10,000	-	10,000
Total expenditures	<u>326,698</u>	<u>297,751</u>	<u>28,947</u>
Excess of revenues over (under) expenditures	<u>(142,116)</u>	<u>(142,300)</u>	<u>(184)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	228,932	237,643	8,711
Transfers out	(28,932)	(37,643)	(8,711)
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>\$ 57,884</u>	57,700	<u>\$ (184)</u>
Fund balance - beginning of year		<u>2,943,798</u>	
Fund balance - end of year		<u>\$ 3,001,498</u>	



INTERNAL SERVICE FUNDS

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

The ***Productivity Improvement Fund*** was established to track performance pay of the City employees. This fund accounts for City University, Lean Six Sigma, and the Internal Audit functions.

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

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

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

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

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

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

CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
ASSETS								
Current assets:								
Equity in pooled cash and investments	\$ 192,260	\$ 5,750,319	\$ 1,722,369	\$ 3,216,481	\$ 58,506	\$ 1,128,004	\$ 810,913	\$ 12,878,852
Prepaid expenses	1,417	-	-	-	65,368	-	320	67,105
Accounts receivable (net)	252	16,928	20,996	7,465	171,078	252	1,073	218,044
Inventories - at average cost	-	307,132	-	-	-	-	-	307,132
Total current assets	<u>193,929</u>	<u>6,074,379</u>	<u>1,743,365</u>	<u>3,223,946</u>	<u>294,952</u>	<u>1,128,256</u>	<u>812,306</u>	<u>13,471,133</u>
Noncurrent assets:								
Other post employment benefit assets	-	-	-	1,735	-	-	-	1,735
Capital assets:								
Land	-	93,938	-	-	-	-	-	93,938
Construction in progress	-	-	-	-	-	99	-	99
Buildings	-	532,777	-	-	-	875,239	3,267	1,411,283
Improvements other than buildings	-	713,213	-	-	-	1,070,195	6,488	1,789,896
Machinery and equipment	-	34,691,847	-	-	-	65,350	10,278,938	45,036,135
Infrastructure	-	-	-	-	-	194,329	-	194,329
Less: accumulated depreciation	-	(22,028,435)	-	-	-	(845,136)	(8,982,099)	(31,855,670)
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>14,003,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360,076</u>	<u>1,306,594</u>	<u>16,670,010</u>
Total assets	<u>193,929</u>	<u>20,077,719</u>	<u>1,743,365</u>	<u>3,225,681</u>	<u>294,952</u>	<u>2,488,332</u>	<u>2,118,900</u>	<u>30,142,878</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows related to pensions	53,905	201,360	16,824	4,051	-	40,027	233,464	549,631
Total deferred outflows of resources	<u>53,905</u>	<u>201,360</u>	<u>16,824</u>	<u>4,051</u>	<u>-</u>	<u>40,027</u>	<u>233,464</u>	<u>549,631</u>
LIABILITIES								
Current liabilities:								
Accounts and contracts payable	32,280	276,556	21,516	333	-	11,201	106,705	448,591
Due to other funds	-	-	-	-	-	-	-	-
Insurance claims payable	-	-	526,164	359,614	114,169	-	-	999,947
Accrued interest payable	-	4,428	-	-	-	-	13,585	18,013
Current portion of compensated absences payable	446	1,414	172	-	-	1,768	4,101	7,901
Current portion of capital lease payable	-	-	-	-	-	-	620,661	620,661
Total current liabilities	<u>32,726</u>	<u>282,398</u>	<u>547,852</u>	<u>359,947</u>	<u>114,169</u>	<u>12,969</u>	<u>745,052</u>	<u>2,095,113</u>
Noncurrent liabilities:								
Compensated absences payable	10,709	33,936	4,139	-	-	42,436	98,413	189,633
Net pension obligation	221,628	844,491	162,674	22,572	-	168,411	928,761	2,348,537
Net OPEB obligation	107,289	417,637	119,209	-	-	80,281	601,472	1,325,888
Capital lease payable	-	-	-	-	-	-	950,791	950,791
Total noncurrent liabilities	<u>339,626</u>	<u>1,296,064</u>	<u>286,022</u>	<u>22,572</u>	<u>-</u>	<u>291,128</u>	<u>2,579,437</u>	<u>4,814,849</u>
Total Liabilities	<u>372,352</u>	<u>1,578,462</u>	<u>833,874</u>	<u>382,519</u>	<u>114,169</u>	<u>304,097</u>	<u>3,324,489</u>	<u>6,909,962</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows related to OPEB	1,867	13,404	2,107	-	-	1,410	10,568	29,356
Deferred inflows related to pensions	44,811	170,152	16,022	363	-	34,056	247,606	513,010
Total deferred inflows of resources	<u>46,678</u>	<u>183,556</u>	<u>18,129</u>	<u>363</u>	<u>-</u>	<u>35,466</u>	<u>258,174</u>	<u>542,366</u>
NET POSITION								
Net investment in capital assets	-	14,003,340	-	-	-	1,360,076	(264,858)	15,098,558
Unrestricted	(171,196)	4,513,721	908,186	2,846,850	180,783	828,720	(965,441)	8,141,623
Total net position	<u>\$ (171,196)</u>	<u>\$ 18,517,061</u>	<u>\$ 908,186</u>	<u>\$ 2,846,850</u>	<u>\$ 180,783</u>	<u>\$ 2,188,796</u>	<u>\$ (1,230,299)</u>	<u>\$ 23,240,181</u>

CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	ELIMINATIONS	TOTAL
OPERATING REVENUES									
Charges for services	\$ 524,480	\$ 9,701,810	\$ 2,456,613	\$ 5,949	\$ -	\$ 512,893	\$ 4,668,399	\$ -	\$ 17,870,144
Contributions	-	-	-	10,161,709	899,592	-	-	-	11,061,301
Miscellaneous	-	14,406	108,514	593,291	2,480,580	-	60,119	-	3,256,910
Total operating revenues	<u>524,480</u>	<u>9,716,216</u>	<u>2,565,127</u>	<u>10,760,949</u>	<u>3,380,172</u>	<u>512,893</u>	<u>4,728,518</u>	<u>-</u>	<u>32,188,355</u>
OPERATING EXPENSES									
Garage operations	-	5,369,890	-	-	-	-	-	-	5,369,890
Depreciation	-	3,191,355	-	-	-	111,741	880,306	-	4,183,402
Insurance claims	-	-	1,658,954	7,221,606	2,086,234	-	-	-	10,966,794
Administrative	270,394	-	230,710	931,185	1,251,743	228,799	4,158,663	-	7,071,494
Special services	590,438	-	-	68,599	43,233	-	-	-	702,270
Maintenance	-	-	-	-	-	353,536	-	-	353,536
Total operating expenses	<u>860,832</u>	<u>8,561,245</u>	<u>1,889,664</u>	<u>8,221,390</u>	<u>3,381,210</u>	<u>694,076</u>	<u>5,038,969</u>	<u>-</u>	<u>28,647,386</u>
Operating income (loss)	(336,352)	1,154,971	675,463	2,539,559	(1,038)	(181,183)	(310,451)	-	3,540,969
NON-OPERATING REVENUES (EXPENSES)									
Revenues from use of money and property	4,988	78,488	12,489	22,464	2,817	33,963	39,656	-	194,865
Gain (loss) on sale of assets	-	191,946	-	-	-	-	-	-	191,946
Interest expense	-	(13,417)	-	-	-	-	(12,435)	-	(25,852)
Total non-operating revenues (expenses)	<u>4,988</u>	<u>257,017</u>	<u>12,489</u>	<u>22,464</u>	<u>2,817</u>	<u>33,963</u>	<u>27,221</u>	<u>-</u>	<u>360,959</u>
Income (loss) before transfers	(331,364)	1,411,988	687,952	2,562,023	1,779	(147,220)	(283,230)	-	3,901,928
Transfers in	289,722	-	-	-	-	384,727	-	-	674,449
Transfers out	-	-	-	-	-	-	-	-	-
Change in net position	(41,642)	1,411,988	687,952	2,562,023	1,779	237,507	(283,230)	-	4,576,377
Net position - beginning of year, as originally stated	(28,471)	17,504,066	334,326	284,827	179,004	2,027,711	(374,636)	-	19,926,827
Prior period adjustment	(101,083)	(398,993)	(114,092)	-	-	(76,422)	(572,433)	-	(1,263,023)
Net position - beginning of year, restated	<u>(129,554)</u>	<u>17,105,073</u>	<u>220,234</u>	<u>284,827</u>	<u>179,004</u>	<u>1,951,289</u>	<u>(947,069)</u>	<u>-</u>	<u>18,663,804</u>
Net position - end of year	<u>\$ (171,196)</u>	<u>\$ 18,517,061</u>	<u>\$ 908,186</u>	<u>\$ 2,846,850</u>	<u>\$ 180,783</u>	<u>\$ 2,188,796</u>	<u>\$ (1,230,299)</u>	<u>\$ -</u>	<u>\$ 23,240,181</u>

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	ELIMINATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers and users	\$ 524,508	\$ 9,716,900	\$ 2,547,570	\$ 10,782,989	\$ 3,429,046	\$ 513,257	\$ 4,728,449	\$ -	\$ 32,242,719
Cash paid to suppliers for goods and services	(624,601)	(4,341,864)	-	(626,244)	(1,298,666)	(424,892)	(2,980,826)	-	(10,297,093)
Cash paid to employees for services	(211,007)	(956,998)	(218,913)	(13,926)	(4,712)	(145,680)	(1,245,323)	-	(2,796,559)
Insurance claims paid	-	-	(1,423,226)	(7,666,555)	(2,041,834)	-	-	-	(11,131,615)
Net cash provided by (used in) operating activities	(311,100)	4,418,038	905,431	2,476,264	83,834	(57,315)	502,300	-	8,017,452
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Advances from (to) other funds	-	-	-	-	(28,145)	-	-	-	(28,145)
Transfers in from other funds	289,722	-	-	-	-	384,727	-	-	674,449
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) non-capital financing activities	289,722	-	-	-	(28,145)	384,727	-	-	646,304
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES									
Acquisition, construction, and retirement of capital assets	-	(4,301,651)	-	-	-	(36,300)	(170,728)	-	(4,508,679)
Proceeds from grants for capital purposes	-	-	-	-	-	-	-	-	-
Interest paid	-	(13,417)	-	-	-	-	(12,435)	-	(25,852)
Payment of capital lease obligations	-	(538,272)	-	-	-	-	(605,109)	-	(1,143,381)
Proceeds from sale of assets	-	863,415	-	-	-	-	-	-	863,415
Net cash provided by (used in) capital and related financing activities	-	(3,989,925)	-	-	-	(36,300)	(788,272)	-	(4,814,497)
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest and dividends	4,988	78,488	12,489	22,464	2,817	33,963	39,656	-	194,865
Net cash provided by investing activities	4,988	78,488	12,489	22,464	2,817	33,963	39,656	-	194,865
Net increase (decrease) in cash and cash equivalents	(16,390)	506,601	917,920	2,498,728	58,506	325,075	(246,316)	-	4,044,124
Cash and cash equivalents - beginning of year	208,650	5,243,718	804,449	717,753	-	802,929	1,057,229	-	8,834,728
Cash and cash equivalents - end of year	\$ 192,260	\$ 5,750,319	\$ 1,722,369	\$ 3,216,481	\$ 58,506	\$ 1,128,004	\$ 810,913	\$ -	\$ 12,878,852

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

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

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
Operating income (loss)	\$ (336,352)	\$ 1,154,971	\$ 675,463	\$ 2,539,559	\$ (1,038)	\$ (181,183)	\$ (310,451)	\$ 3,540,969
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	-	3,191,355	-	-	-	111,741	880,306	4,183,402
(Increase) decrease in accounts receivable	28	684	(18,440)	22,040	48,874	364	(69)	53,481
(Increase) decrease in prepaid expenses	1,933	-	7,067	-	599	-	99,660	109,259
(Increase) decrease in inventories	-	(5,399)	-	-	-	-	-	(5,399)
(Increase) decrease in deferred outflows related to pensions	6,634	26,349	41,036	-	-	5,047	37,803	116,869
Increase (decrease) in accounts payable	9,862	53,706	(8,526)	(21,033)	(9,001)	(610)	(209,004)	(184,606)
Increase (decrease) in claims payable	-	-	244,254	(423,916)	44,400	-	-	(135,262)
Increase (decrease) in accrued interest payable	-	-	-	359,614	-	-	-	359,614
Increase (decrease) in compensated absences payable	7,119	(2,140)	(1,497)	-	-	7,611	6,190	17,283
Increase (decrease) in capital lease payable	-	-	-	-	-	7,560	-	7,560
Increase (decrease) in post employment benefits liability	1,280	5,054	1,445	-	-	(6,592)	7,251	8,438
Increase (decrease) in deferred inflows related to pensions	36,787	146,048	8,261	-	-	27,973	209,533	428,602
Increase (decrease) in net pension obligation	(38,391)	(152,590)	(43,632)	-	-	(29,226)	(218,919)	(482,758)
Total adjustments	25,252	3,263,067	229,968	(63,295)	84,872	123,868	812,751	4,476,483
Net cash provided by (used in) operating activities	(311,100)	4,418,038	905,431	2,476,264	83,834	(57,315)	502,300	8,017,452
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Borrowing under capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,062	\$ 405,062
Total noncash investing, capital and financing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,062	\$ 405,062

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, 2018

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 1,750	\$ 4,988	\$ 3,238
Charges for services	<u>523,480</u>	<u>524,480</u>	<u>1,000</u>
Total revenues	525,230	529,468	4,238
Transfers in	<u>330,000</u>	<u>289,722</u>	<u>(40,278)</u>
Total revenues - budget and GAAP basis	<u>\$ 855,230</u>	<u>\$ 819,190</u>	<u>\$ (36,040)</u>
EXPENSES			
Salaries and benefits	\$ 209,421	\$ 216,876	\$ (7,455)
Supplies and services	44,430	47,208	(2,778)
Special services	<u>736,801</u>	<u>590,438</u>	<u>146,363</u>
Total expenses - budget basis	<u>\$ 990,652</u>	854,522	<u>\$ 136,130</u>
Financial statement adjustments:			
Adjustment for net pension liability		(1,887)	
Adjust OPEB assets and liabilities		<u>8,197</u>	
Total expenses - GAAP basis		<u>\$ 860,832</u>	

CITY OF TYLER, TEXAS
FLEET MAINTENANCE AND REPLACEMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 40,000	\$ 78,488	\$ 38,488
Current service charges	9,888,838	9,701,810	(187,028)
Miscellaneous	4,000	14,406	10,406
Sale of assets	314,000	863,414	549,414
	<u>10,246,838</u>	<u>10,658,118</u>	<u>411,280</u>
Total revenues	<u>10,246,838</u>	<u>10,658,118</u>	<u>411,280</u>
Total revenues - budget basis	<u>\$ 10,246,838</u>	<u>10,658,118</u>	<u>\$ 411,280</u>
Financial statement adjustments:			
Retirement of assets sold		<u>(671,468)</u>	
Total revenues - GAAP basis		<u>\$ 9,986,650</u>	
EXPENSES			
Garage administration and operations:			
Salaries and benefits	\$ 1,058,480	\$ 949,878	\$ 108,602
Supplies and services	4,745,050	4,220,956	524,094
Utilities	56,920	57,319	(399)
Maintenance	137,343	130,293	7,050
Capital outlay	4,467,639	4,301,651	165,988
	<u>10,465,432</u>	<u>9,660,097</u>	<u>805,335</u>
Total garage administration and operations	<u>10,465,432</u>	<u>9,660,097</u>	<u>805,335</u>
Total expenses - budget basis	<u>\$ 10,465,432</u>	<u>9,660,097</u>	<u>\$ 805,335</u>
Financial statement adjustments:			
Adjustment for net pension liability		(7,493)	
Adjust OPEB assets and liabilities		32,354	
Capital outlay items not expensed		(4,301,651)	
Depreciation expense		<u>3,191,355</u>	
Total expenses - GAAP basis		<u>\$ 8,574,662</u>	

**CITY OF TYLER, TEXAS
PROPERTY AND LIABILITY INSURANCE FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 2,600	\$ 12,489	\$ 9,889
Collections - subrogation	52,500	108,514	56,014
Charges for services	<u>2,257,771</u>	<u>2,456,613</u>	<u>198,842</u>
Total revenues - budget and GAAP basis	<u>\$ 2,312,871</u>	<u>\$ 2,577,616</u>	<u>\$ 264,745</u>
EXPENSES			
Claims and premiums	\$ 1,489,571	\$ 1,658,954	\$ (169,383)
Administrative	<u>321,220</u>	<u>223,600</u>	<u>97,620</u>
Total expenses - budget basis	<u>\$ 1,810,791</u>	<u>1,882,554</u>	<u>\$ (71,763)</u>
Financial statement adjustments:			
Adjustment for net pension liability		(2,143)	
Adjust OPEB assets and liabilities		<u>9,253</u>	
Total expenses - GAAP basis		<u>\$ 1,889,664</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, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 2,500	\$ 22,464	\$ 19,964
Charges for services	23,230	5,949	(17,281)
Contributions from City of Tyler	7,914,518	7,802,677	(111,841)
Contributions from employees	2,402,172	2,359,032	(43,140)
Miscellaneous	<u>100,000</u>	<u>593,291</u>	<u>493,291</u>
Total revenues - budget and GAAP basis	<u>\$ 10,442,420</u>	<u>\$ 10,783,413</u>	<u>\$ 340,993</u>
EXPENSES			
Employee insurance fund administration:			
Special services	\$ 72,800	\$ 68,599	\$ 4,201
Claims	9,323,594	7,221,606	2,101,988
Administrative	948,265	931,185	17,080
Life insurance	<u>20</u>	<u>-</u>	<u>20</u>
Total expenses - budget and GAAP basis	<u>\$ 10,344,679</u>	<u>\$ 8,221,390</u>	<u>\$ 2,123,289</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, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 4,500	\$ 2,817	\$ (1,683)
Contributions from retirees	704,213	899,592	195,379
Contributions - OPEB Trust and RDS Reimbursement	<u>3,262,568</u>	<u>2,480,580</u>	<u>(781,988)</u>
Total revenues - budget and GAAP basis	<u>\$ 3,971,281</u>	<u>\$ 3,382,989</u>	<u>\$ (588,292)</u>
EXPENSES			
Employee insurance fund administration:			
Special services	\$ 45,033	\$ 43,233	\$ 1,800
Claims	2,582,869	2,086,234	496,635
Administrative fees	1,343,370	1,251,734	91,636
Life insurance	<u>9</u>	<u>9</u>	<u>-</u>
Total expenses - budget and GAAP basis	<u>\$ 3,971,281</u>	<u>\$ 3,381,210</u>	<u>\$ 590,071</u>

CITY OF TYLER, TEXAS
PROPERTY AND FACILITY MANAGEMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money and property	\$ 23,000	\$ 33,963	\$ 10,963
Charges for services	<u>517,253</u>	<u>512,893</u>	<u>(4,360)</u>
Total revenues	540,253	546,856	6,603
Transfers in	<u>384,727</u>	<u>384,727</u>	<u>-</u>
Total revenues - budget and GAAP basis	<u>\$ 924,980</u>	<u>\$ 931,583</u>	<u>\$ 6,603</u>
EXPENSES			
Insurance claims	\$ 9,049	\$ 9,049	\$ -
Salaries and benefits	163,619	144,777	18,842
Supplies and services	88,900	70,200	18,700
Utilities	-	11	(11)
Maintenance	380,224	353,536	26,688
Capital Outlay	<u>65,000</u>	<u>36,300</u>	<u>28,700</u>
Total property and facility administration	<u>706,792</u>	<u>613,873</u>	<u>92,919</u>
Total expenses - budget basis	<u>\$ 706,792</u>	<u>613,873</u>	<u>\$ 92,919</u>
Financial statement adjustments:			
Adjust OPEB assets and liabilities		6,197	
Adjustment for net pension liability		(1,435)	
Capital outlay items not expensed		(36,300)	
Depreciation expense		<u>111,741</u>	
Total expenses - GAAP basis		<u>\$ 694,076</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, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues from use of money and property	\$ 29,428	\$ 39,656	\$ 10,228
Charges for services	4,661,720	4,668,399	6,679
Miscellaneous	110,000	60,119	(49,881)
Total revenues - budget and GAAP basis	<u>\$ 4,801,148</u>	<u>\$ 4,768,174</u>	<u>\$ (32,974)</u>
EXPENSES			
Office technology fund administration:			
Salaries and benefits	\$ 1,107,023	\$ 1,062,907	\$ 44,116
Supplies and services	40,617	38,932	1,685
Utilities	150	156	(6)
Maintenance	900	916	(16)
Total office technology fund administration	<u>1,148,690</u>	<u>1,102,911</u>	<u>45,779</u>
Office technology services:			
Supplies and services	1,641,451	1,244,368	397,083
Utilities	300,993	173,432	127,561
Maintenance	2,127,976	1,602,284	525,692
Capital outlay	-	575,790	(575,790)
Total office technology services	<u>4,070,420</u>	<u>3,595,874</u>	<u>474,546</u>
Total expenses - budget basis	<u>\$ 5,219,110</u>	4,698,785	<u>\$ 520,325</u>
Financial statement adjustments:			
Adjustment for net pension liability		(10,751)	
Adjust OPEB assets and liabilities		46,419	
Capital outlay items not expensed		(575,790)	
Interest expense		12,435	
Depreciation expense		<u>880,306</u>	
Total expenses - GAAP basis		<u>\$ 5,051,404</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, 2018**

	EMPLOYEE BENEFIT PLAN (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
ASSETS				
Equity in pooled cash	\$ 920,525	\$ 217,014	\$ 1,001,056	\$ 2,138,595
Investments, at fair value				
Equities	-	-	5,161,014	5,161,014
Mutual funds	-	8,209,103	65,147,225	73,356,328
Total investments	-	8,209,103	70,308,239	78,517,342
Receivables				
Contributions receivable	-	-	87,588	87,588
Interest receivable	-	-	6,377	6,377
Total receivables	-	-	93,965	93,965
Total assets	920,525	8,426,117	71,403,260	80,749,902
LIABILITIES				
Accounts payable	727,493	170,933	-	898,426
Total liabilities	727,493	170,933	-	898,426
NET POSITION				
Held in trust for OPEB benefits	-	8,255,184	-	8,255,184
Held in trust for pension benefits	-	-	71,403,260	71,403,260
Held in trust for other purposes	193,032	-	-	193,032
Total net position	\$ 193,032	\$ 8,255,184	\$ 71,403,260	\$ 79,851,476

CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	EMPLOYEE BENEFIT PLAN (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
ADDITIONS				
Contributions				
Employees	\$ 122,010	\$ -	\$ 1,576,241	\$ 1,698,251
Employer	1,200	2,938,960	2,452,785	5,392,945
Total contributions	<u>123,210</u>	<u>2,938,960</u>	<u>4,029,026</u>	<u>7,091,196</u>
Investment income				
Interest and dividend income	-	627,477	1,445,397	2,072,874
Net depreciation in fair value of investments	-	(48,902)	3,038,296	2,989,394
Less investment expense	-	(46,597)	(168,282)	(214,879)
Total investment income	<u>-</u>	<u>531,978</u>	<u>4,315,411</u>	<u>4,847,389</u>
Other income	-	-	7,045	7,045
Total additions	<u>123,210</u>	<u>3,470,938</u>	<u>8,351,482</u>	<u>11,945,630</u>
DEDUCTIONS				
Reimbursement for benefit claims	-	2,333,587	-	2,333,587
Benefits	111,179	-	4,927,823	5,039,002
Total deductions	<u>111,179</u>	<u>2,333,587</u>	<u>4,927,823</u>	<u>7,372,589</u>
Change in net position	12,031	1,137,351	3,423,659	4,573,041
Net position- beginning of year	<u>181,001</u>	<u>7,117,833</u>	<u>67,979,601</u>	<u>75,278,435</u>
Net position - end of year	<u>\$ 193,032</u>	<u>\$ 8,255,184</u>	<u>\$ 71,403,260</u>	<u>\$ 79,851,476</u>

**CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
ASSETS			
Equity in pooled cash	\$ 2,649,288	\$ -	\$ 2,649,288
Investments, at fair value			
Equities	-	84,147	84,147
Total investments	-	84,147	84,147
Receivables			
Interest receivable	3,050	-	3,050
Total receivables	3,050	-	3,050
Total assets	2,652,338	84,147	2,736,485
NET POSITION			
Held in trust for other purposes	\$ 2,652,338	\$ 84,147	\$ 2,736,485

CITY OF TYLER, TEXAS
FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
ADDITIONS			
Contributions	\$ 36,000	\$ -	\$ 36,000
Investment income			
Interest and dividend income	36,104	2,310	38,414
Net appreciation in fair value of investments	-	2,729	2,729
Less investment expense	-	(3,450)	(3,450)
Total investment income	<u>36,104</u>	<u>1,589</u>	<u>37,693</u>
Total additions	<u>72,104</u>	<u>1,589</u>	<u>73,693</u>
DEDUCTIONS			
Benefits	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	72,104	1,589	73,693
Net position - beginning of year	<u>2,580,234</u>	<u>82,558</u>	<u>2,662,792</u>
Net position - end of year	<u>\$ 2,652,338</u>	<u>\$ 84,147</u>	<u>\$ 2,736,485</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, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
PROPERTY TAX COLLECTIONS			
Current taxes	\$ 18,668,974	\$ 18,696,736	\$ 27,762
Delinquent taxes	148,604	167,242	18,638
Penalty and interest	122,094	159,654	37,560
Total property tax collections	<u>18,939,672</u>	<u>19,023,632</u>	<u>83,960</u>
FRANCHISE FEES			
Franchise - light and power	4,771,504	4,785,626	14,122
Franchise - natural gas	961,707	1,042,827	81,120
Franchise - telephone	759,056	734,771	(24,285)
Franchise - cable television	1,339,567	1,270,480	(69,087)
Franchise - street use fee	962,120	937,974	(24,146)
Franchise - water and sewer	2,128,020	2,161,831	33,811
Total franchise fees	<u>10,921,974</u>	<u>10,933,509</u>	<u>11,535</u>
SALES AND USE TAXES			
General sales tax	26,791,806	28,761,305	1,969,499
Mixed drink tax	476,270	506,039	29,769
Bingo tax	37,124	25,599	(11,525)
Total sales and use taxes	<u>27,305,200</u>	<u>29,292,943</u>	<u>1,987,743</u>
LICENSES AND PERMITS			
Parking meter	102,713	102,405	(308)
Taxicab and limousine	2,600	3,910	1,310
Burglar alarm	333,000	360,369	27,369
Building	833,381	1,350,162	516,781
Electrical	165,000	200,573	35,573
Plumbing	110,000	124,249	14,249
Zoning	67,400	59,211	(8,189)
Mechanical	76,000	114,310	38,310
Cert. of Occupancy	26,440	26,522	82
TABC fee	18,865	13,890	(4,975)
Billboard registration	20,655	16,490	(4,165)
Sign	30,000	35,660	5,660
Moving and clearing	750	450	(300)
Contractor license	40,000	34,650	(5,350)
Total licenses and permits	<u>1,826,804</u>	<u>2,442,851</u>	<u>616,047</u>
FINES, FORFEITURES AND PENALTIES			
Moving violation fines	2,916,000	2,446,537	(469,463)
Tax service fees on fines	144,000	150,344	6,344
Arrest fee fines	136,000	127,465	(8,535)
Municipal court administrative fees	115,000	115,369	369
Warrant fees	485,000	284,211	(200,789)
Child safety fees	147,000	157,840	10,840
Miscellaneous municipal court fines	30,000	26,742	(3,258)
Special court fees	676,000	838,379	162,379
Collection firm fee	195,000	95,310	(99,690)
Parking fees	134,000	111,059	(22,941)
Scofflaw	25,000	21,597	(3,403)
Animal fines	15,000	9,661	(5,339)
Omnibase program	40,000	21,288	(18,712)
Total fines, forfeitures and penalties	<u>5,058,000</u>	<u>4,405,802</u>	<u>(652,198)</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES FROM USE OF MONEY OR PROPERTY			
Rent - miscellaneous	\$ 466,303	\$ 434,202	\$ (32,101)
Distributed interest	183,434	237,112	53,678
Total revenues from use of money or property	<u>649,737</u>	<u>671,314</u>	<u>21,577</u>
CHARGES FOR CURRENT SERVICES			
Swimming pool admissions	1,570	1,665	95
Fire inspection fees	112,000	82,568	(29,432)
Lot mowing	35,000	29,464	(5,536)
Glass membership fees	42,000	41,584	(416)
Copying fees	20,100	21,463	1,363
Utility cut fees	132,000	132,000	-
Open records	25,000	37,307	12,307
Participant fees	86,750	7,533	(79,217)
Field rental	-	5,000	5,000
Sports field maintenance	36,000	71,548	35,548
Recreation classes and events	45,000	50,128	5,128
Reimbursement of overhead from tourism and convention fund	46,633	46,633	-
One-Half cent administration costs	175,000	175,000	-
Reimbursement of overhead from water and sewer operating fund	1,306,511	1,306,511	-
Reimbursement of overhead from sanitation fund	241,909	241,909	-
Maps, plans and specs fee	250	-	(250)
Platting	60,310	57,747	(2,563)
HOT membership	40,000	-	(40,000)
Main street festivals	44,000	972	(43,028)
Animal adoption fees	14,000	20,266	6,266
Animal shelter fees	23,000	16,823	(6,177)
Liberty hall tickets sales	84,500	116,041	31,541
Library	52,726	59,418	6,692
Total charges for current services	<u>2,624,259</u>	<u>2,521,580</u>	<u>(102,679)</u>
REVENUES FROM OTHER AGENCIES			
State government	12,500	9,934	(2,566)
County hazardous material service	5,000	3,750	(1,250)
Prior year restitution income	1,500	11	(1,489)
Auto theft task force grant	92,628	111,466	18,838
Safe and Sober grant	50,000	58,940	8,940
School crossing guards	228,551	230,567	2,016
US Marshal grant	2,000	2,132	132
Federal JAG	25,000	23,811	(1,189)
Justice assistance	24,000	24,000	-
Total revenues from other agencies	<u>441,179</u>	<u>464,611</u>	<u>23,432</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
MISCELLANEOUS			
Oil and lease royalties	\$ 348,067	\$ 438,486	\$ 90,419
Miscellaneous charges	174,692	278,402	103,710
Unclaimed property revenue	15,000	25,592	10,592
Returned check fees	-	538	538
Funeral escorts	20,000	15,600	(4,400)
Contractor testing fees	125,000	155,795	30,795
Merchandise sales	25,000	21,487	(3,513)
Subdivision plan review	-	11,068	11,068
Sale of equipment	-	971	971
Junked vehicle	-	811	811
	<u>707,759</u>	<u>948,750</u>	<u>240,991</u>
Total miscellaneous	<u>707,759</u>	<u>948,750</u>	<u>240,991</u>
Total revenues before other financing sources	<u>68,474,584</u>	<u>70,704,992</u>	<u>2,230,408</u>
OTHER FINANCING SOURCES			
Transfer from special revenue	1,500,000	1,500,000	-
Transfer from enterprise	75,000	75,000	-
	<u>1,575,000</u>	<u>1,575,000</u>	<u>-</u>
Total other financing sources	<u>1,575,000</u>	<u>1,575,000</u>	<u>-</u>
Total revenue	<u>\$ 70,049,584</u>	<u>\$ 72,279,992</u>	<u>\$ 2,230,408</u>

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT			
GENERAL GOVERNMENT SERVICES			
Salaries and benefits	\$ 2,194,873	\$ 2,203,811	\$ (8,938)
Supplies and services	2,495,361	2,359,343	136,018
Utilities	79,800	61,793	18,007
Maintenance	17,331	17,331	-
Total general government services	<u>4,787,365</u>	<u>4,642,278</u>	<u>145,087</u>
COMMUNICATIONS			
Salaries and benefits	82,839	78,509	4,330
Supplies and services	52,305	64,887	(12,582)
Utilities	100	1	99
Maintenance	500	228	272
Total communications	<u>135,744</u>	<u>143,625</u>	<u>(7,881)</u>
FINANCE			
Salaries and benefits	679,080	621,298	57,782
Supplies and services	514,552	500,520	14,032
Utilities	500	56	444
Maintenance	200	-	200
Total finance	<u>1,194,332</u>	<u>1,121,874</u>	<u>72,458</u>
HUMAN RESOURCES			
Salaries and benefits	459,778	412,146	47,632
Supplies and services	73,658	77,045	(3,387)
Total human resources	<u>533,436</u>	<u>489,191</u>	<u>44,245</u>
LEGAL			
Salaries and benefits	827,248	801,104	26,144
Supplies and services	183,679	175,257	8,422
Utilities	260	19	241
Maintenance	839	327	512
Total legal	<u>1,012,026</u>	<u>976,707</u>	<u>35,319</u>
PARKING GARAGE			
Supplies and services	15,170	1,888	13,282
Utilities	16,500	14,622	1,878
Maintenance	15,289	40,745	(25,456)
Total parking garage	<u>46,959</u>	<u>57,255</u>	<u>(10,296)</u>
INNOVATION PIPELINE			
Salaries and benefits	-	3,464	(3,464)
Supplies and services	127,079	64,533	62,546
Utilities	9,000	2,555	6,445
Maintenance	4,580	2,773	1,807
Total innovation pipeline	<u>140,659</u>	<u>73,325</u>	<u>67,334</u>
Total general government	<u>7,850,521</u>	<u>7,504,255</u>	<u>346,266</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
PUBLIC SAFETY			
POLICE			
Salaries and benefits	\$ 23,065,991	\$ 22,720,215	\$ 345,776
Supplies and services	2,209,279	2,170,532	38,747
Utilities	155,910	122,882	33,028
Maintenance	1,343,382	1,327,023	16,359
Total police	<u>26,774,562</u>	<u>26,340,652</u>	<u>433,910</u>
FIRE			
Salaries and benefits	16,114,978	16,053,597	61,381
Supplies and services	928,485	866,071	62,414
Utilities	143,625	140,543	3,082
Maintenance	395,235	453,212	(57,977)
Total fire	<u>17,582,323</u>	<u>17,513,423</u>	<u>68,900</u>
MUNICIPAL COURT			
Salaries and benefits	774,956	692,329	82,627
Supplies and services	820,817	628,623	192,194
Utilities	11,400	8,535	2,865
Maintenance	20,000	16,125	3,875
Total municipal court	<u>1,627,173</u>	<u>1,345,612</u>	<u>281,561</u>
Total public safety	<u>45,984,058</u>	<u>45,199,687</u>	<u>784,371</u>
PUBLIC SERVICES			
ANIMAL SERVICES			
Salaries and benefits	754,278	723,439	30,839
Supplies and services	225,065	217,724	7,341
Utilities	35,150	49,342	(14,192)
Maintenance	124,626	115,208	9,418
Total animal services	<u>1,139,119</u>	<u>1,105,713</u>	<u>33,406</u>
PLANNING AND ZONING SERVICES			
Salaries and benefits	543,045	496,139	46,906
Supplies and services	127,220	125,288	1,932
Utilities	750	87	663
Total planning and zoning services	<u>671,015</u>	<u>621,514</u>	<u>49,501</u>
DEVELOPMENT SERVICES			
Salaries and benefits	217,438	115,172	102,266
Supplies and services	73,658	166,524	(92,866)
Utilities	420	52	368
Total development services	<u>291,516</u>	<u>281,748</u>	<u>9,768</u>
BUILDING SERVICES			
Salaries and benefits	632,287	619,067	13,220
Supplies and services	96,410	119,613	(23,203)
Utilities	100	53	47
Maintenance	26,344	26,774	(430)
Total building services	<u>755,141</u>	<u>765,507</u>	<u>(10,366)</u>
Total public services	<u>2,856,791</u>	<u>2,774,482</u>	<u>82,309</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
HIGHWAYS AND STREETS			
ENGINEERING			
Salaries and benefits	\$ 326,854	\$ 147,974	\$ 178,880
Supplies and services	58,550	46,135	12,415
Utilities	150	12	138
Maintenance	9,781	9,216	565
Total engineering	<u>395,335</u>	<u>203,337</u>	<u>191,998</u>
STREET ADMINISTRATION			
Salaries and benefits	1,211,939	908,542	303,397
Supplies and services	223,721	355,660	(131,939)
Utilities	2,650	2,988	(338)
Maintenance	980,534	960,911	19,623
Total street administration	<u>2,418,844</u>	<u>2,228,101</u>	<u>190,743</u>
TRAFFIC OPERATIONS			
Salaries and benefits	864,943	699,668	165,275
Supplies and services	120,261	153,249	(32,988)
Utilities	1,275,090	1,150,360	124,730
Maintenance	250,465	312,464	(61,999)
Total traffic operations	<u>2,510,759</u>	<u>2,315,741</u>	<u>195,018</u>
Total highways and streets	<u>5,324,938</u>	<u>4,747,179</u>	<u>577,759</u>
CULTURE AND RECREATION			
LIBRARY			
Salaries and benefits	1,054,987	949,478	105,509
Supplies and services	368,894	406,498	(37,604)
Utilities	60,675	47,454	13,221
Maintenance	55,173	49,570	5,603
Total library	<u>1,539,729</u>	<u>1,453,000</u>	<u>86,729</u>
PARKS ADMINISTRATION			
Salaries and benefits	752,917	670,039	82,878
Supplies and services	533,529	625,560	(92,031)
Utilities	559,550	618,063	(58,513)
Maintenance	532,574	539,707	(7,133)
Total parks administration	<u>2,378,570</u>	<u>2,453,369</u>	<u>(74,799)</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CULTURE AND RECREATION (cont'd)			
INDOOR RECREATION			
Salaries and benefits	\$ 401,405	\$ 397,579	\$ 3,826
Supplies and services	96,891	95,978	913
Utilities	50	40	10
Maintenance	41,013	38,056	2,957
Total indoor recreation	<u>539,359</u>	<u>531,653</u>	<u>7,706</u>
OUTDOOR RECREATION			
Salaries and benefits	112,229	69,991	42,238
Supplies and services	81,837	85,711	(3,874)
Maintenance	500	391	109
Total outdoor recreation	<u>194,566</u>	<u>156,093</u>	<u>38,473</u>
MEDIAN MAINTENANCE AND ARBORIST			
Salaries and benefits	216,363	178,886	37,477
Supplies and services	135,617	151,354	(15,737)
Maintenance	58,121	53,703	4,418
Total median maintenance and arborist	<u>410,101</u>	<u>383,943</u>	<u>26,158</u>
ROSE GARDEN CENTER			
Salaries and benefits	169,033	180,025	(10,992)
Supplies and services	38,415	35,850	2,565
Utilities	50,000	36,444	13,556
Maintenance	34,125	32,106	2,019
Total rose garden center	<u>291,573</u>	<u>284,425</u>	<u>7,148</u>
ROSE GARDEN MAINTENANCE			
Salaries and benefits	305,027	278,485	26,542
Supplies and services	105,967	121,381	(15,414)
Utilities	44,700	43,746	954
Maintenance	75,496	68,907	6,589
Total rose garden maintenance	<u>531,190</u>	<u>512,519</u>	<u>18,671</u>
VISITOR FACILITIES			
Salaries and benefits	473,873	486,533	(12,660)
Supplies and services	156,419	157,736	(1,317)
Utilities	127,075	111,960	15,115
Maintenance	66,125	65,057	1,068
Total visitor facilities	<u>823,492</u>	<u>821,286</u>	<u>2,206</u>
LIBERTY HALL			
Salaries and benefits	149,165	198,101	(48,936)
Supplies and services	150,376	180,344	(29,968)
Utilities	17,800	12,398	5,402
Maintenance	9,127	11,533	(2,406)
Total liberty hall	<u>326,468</u>	<u>402,376</u>	<u>(75,908)</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
CULTURE AND RECREATION (cont'd)			
MAIN STREET			
Salaries and benefits	\$ 135,805	\$ 80,328	\$ 55,477
Supplies and services	91,605	65,699	25,906
Utilities	7,250	4,239	3,011
Maintenance	2,583	2,583	-
Total main street	<u>237,243</u>	<u>152,849</u>	<u>84,394</u>
CONTINGENCIES			
Salaries and benefits	\$ 39,406	\$ 39,406	\$ -
Total culture and recreation	<u>7,311,697</u>	<u>7,190,919</u>	<u>120,778</u>
OTHER FINANCING USES			
Transfer to transit system	476,242	471,356	4,886
Transfer to capital projects	1,180,202	1,180,202	-
Transfer to property and facility	556,305	516,027	40,278
Transfer to permanent	200,000	200,000	-
Total other financing uses	<u>2,412,749</u>	<u>2,367,585</u>	<u>45,164</u>
Capital outlay	<u>594,585</u>	<u>182,491</u>	<u>412,094</u>
Total expenditures	<u>\$ 72,335,339</u>	<u>\$ 69,966,598</u>	<u>\$ 2,368,741</u>

CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Revenues from use of money or property	\$ 162,547	\$ 386,304	\$ 223,757
Charges for current services	41,922,445	42,616,756	694,311
Miscellaneous income	<u>552,045</u>	<u>613,186</u>	<u>61,141</u>
Total revenue - budget and GAAP basis	<u>\$ 42,637,037</u>	<u>\$ 43,616,246</u>	<u>\$ 979,209</u>

**CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
WATER ADMINISTRATION AND SUNDRY			
Salaries and benefits	\$ 1,930,431	\$ 1,780,272	\$ 150,159
Supplies and services	4,184,150	3,735,139	449,011
Utilities	41,315	25,456	15,859
Maintenance	44,836	47,400	(2,564)
Total water administration and sundry	<u>6,200,732</u>	<u>5,588,267</u>	<u>612,465</u>
WATER OFFICE			
Salaries and benefits	1,038,533	898,463	140,070
Supplies and services	1,011,305	1,062,427	(51,122)
Utilities	500	74	426
Maintenance	38,571	33,321	5,250
Total water office	<u>2,088,909</u>	<u>1,994,285</u>	<u>94,624</u>
WATER DISTRIBUTION			
Salaries and benefits	1,786,332	1,519,547	266,785
Supplies and services	279,565	377,808	(98,243)
Utilities	58,220	14,123	44,097
Maintenance	761,047	836,016	(74,969)
Total water distribution	<u>2,885,164</u>	<u>2,747,494</u>	<u>137,670</u>
WATER PLANT			
Salaries and benefits	1,490,613	1,374,369	116,244
Supplies and services	2,337,091	2,344,545	(7,454)
Utilities	2,004,393	1,697,092	307,301
Maintenance	504,717	212,216	292,501
Total water plant	<u>6,336,814</u>	<u>5,628,222</u>	<u>708,592</u>
WASTE COLLECTION			
Salaries and benefits	1,428,066	1,355,164	72,902
Supplies and services	172,439	343,586	(171,147)
Utilities	465	-	465
Maintenance	748,714	780,789	(32,075)
Total waste collection	<u>2,349,684</u>	<u>2,479,539</u>	<u>(129,855)</u>
CD/CMOM (REGULATORY)			
Salaries and benefits	50,721	9,539	41,182
Supplies and services	3,167,370	3,059,623	107,747
Total cd/cmom (regulatory)	<u>3,218,091</u>	<u>3,069,162</u>	<u>148,929</u>
WASTE TREATMENT PLANT			
Salaries and benefits	1,473,899	1,413,693	60,206
Supplies and services	1,362,388	1,073,289	289,099
Utilities	846,322	667,045	179,277
Maintenance	738,508	239,921	498,587
Total waste treatment plant	<u>4,421,117</u>	<u>3,393,948</u>	<u>1,027,169</u>

(Continued)

**CITY OF TYLER, TEXAS
UTILITIES FUND
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
LAKE TYLER			
Salaries and benefits	\$ 410,156	\$ 351,747	\$ 58,409
Supplies and services	312,643	127,146	185,497
Utilities	13,740	11,360	2,380
Maintenance	638,113	124,855	513,258
Total Lake Tyler	<u>1,374,652</u>	<u>615,108</u>	<u>759,544</u>
STORM WATER MANAGEMENT			
Salaries and benefits	727,567	542,591	184,976
Supplies and services	49,165	114,303	(65,138)
Utilities	5,500	5,222	278
Maintenance	556,524	507,226	49,298
Total storm water management	<u>1,338,756</u>	<u>1,169,342</u>	<u>169,414</u>
GEOGRAPHICAL INFORMATION SYSTEMS			
Salaries and benefits	415,465	399,658	15,807
Supplies and services	363,353	343,847	19,506
Total geographical information systems	<u>778,818</u>	<u>743,505</u>	<u>35,313</u>
SLUDGE HAULING			
Salaries and benefits	206,375	213,146	(6,771)
Supplies and services	491,614	526,846	(35,232)
Utilities	15,600	16,771	(1,171)
Maintenance	183,028	163,675	19,353
Total sludge hauling	<u>896,617</u>	<u>920,438</u>	<u>(23,821)</u>
PURCHASING			
Salaries and benefits	138,703	134,777	3,926
Supplies and services	11,256	6,626	4,630
Utilities	150	3	147
Maintenance	15,234	15,104	130
Total purchasing	<u>165,343</u>	<u>156,510</u>	<u>8,833</u>
Capital outlay	<u>13,272,735</u>	<u>9,624,040</u>	<u>3,648,695</u>
Principal payments on bonds	<u>3,115,000</u>	<u>3,125,000</u>	<u>(10,000)</u>
Interest expense	<u>2,248,844</u>	<u>1,933,145</u>	<u>315,699</u>
Transfers out	<u>120,211</u>	<u>116,711</u>	<u>3,500</u>
Total expenditures - budget basis	<u>\$ 50,811,487</u>	43,304,716	<u>\$ 7,506,771</u>
Financial statement adjustments:			
Adjustment for net pension liability		(89,917)	
Adjustment OPEB assets and liabilities		393,526	
Capital outlay items not expensed		(9,624,040)	
Principal payments of bonds		(3,125,000)	
Amortization expense		(96,644)	
Depreciation expense		<u>6,653,522</u>	
Total expenditures - GAAP basis		<u>\$ 37,416,163</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, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Franchise fees	\$ 600,000	\$ 673,972	\$ 73,972
Revenue from use of money or property	26,000	34,979	8,979
Current service charges	12,327,928	12,839,653	511,725
Miscellaneous	20,000	21,956	1,956
Sale of assets	90,000	342,894	252,894
	<u> </u>	<u> </u>	<u> </u>
Total revenues - budget basis	<u>\$ 13,063,928</u>	13,913,454	<u>\$ 849,526</u>
Financial statement adjustments:			
Retirement of assets sold		-	
		<u> </u>	
Total revenues - GAAP basis		<u>\$ 13,913,454</u>	
EXPENSES			
Solid waste administration			
Salaries and benefits	\$ 1,002,542	\$ 1,008,807	\$ (6,265)
Supplies and services	1,045,805	996,392	49,413
Utilities	690	424	266
	<u> </u>	<u> </u>	<u> </u>
Total solid waste administration	<u>2,049,037</u>	<u>2,005,623</u>	<u>43,414</u>
Residential collections			
Salaries and benefits	1,687,575	1,833,090	(145,515)
Supplies and services	1,819,332	2,051,526	(232,194)
Utilities	3,040	2,279	761
Maintenance	2,290,431	2,343,484	(53,053)
	<u> </u>	<u> </u>	<u> </u>
Total residential collections	<u>5,800,378</u>	<u>6,230,379</u>	<u>(430,001)</u>
Commercial collections			
Salaries and benefits	927,383	946,505	(19,122)
Supplies and services	1,761,892	1,832,730	(70,838)
Utilities	4,170	4,899	(729)
Maintenance	519,035	656,732	(137,697)
	<u> </u>	<u> </u>	<u> </u>
Total commercial collections	<u>3,212,480</u>	<u>3,440,866</u>	<u>(228,386)</u>
Litter control			
Salaries and benefits	57,749	58,858	(1,109)
Supplies and services	119,950	122,614	(2,664)
Utilities	1,300	862	438
Maintenance	3,185	3,184	1
	<u> </u>	<u> </u>	<u> </u>
Total litter control	<u>182,184</u>	<u>185,518</u>	<u>(3,334)</u>

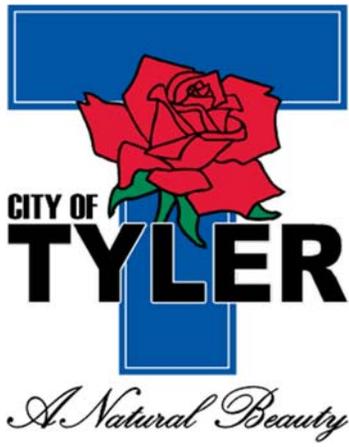
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**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
EXPENSES (cont'd)			
Code enforcement			
Salaries and benefits	\$ 475,192	\$ 470,697	\$ 4,495
Supplies and services	81,367	82,880	(1,513)
Utilities	250	49	201
Maintenance	64,985	79,382	(14,397)
Total code enforcement	621,794	633,008	(11,214)
Capital outlay	773,408	1,174,954	(401,546)
Transfers out	91,711	91,711	-
Total expenses - budget basis	<u>\$ 12,730,992</u>	13,762,059	<u>\$ (1,031,067)</u>
Financial statement adjustments:			
Adjustment for net pension liability		(37,805)	
Adjust OPEB assets and liabilities		163,240	
Capital outlay items not expensed		(1,174,954)	
Depreciation expense		562,047	
Total expenses - GAAP basis		<u>\$ 13,274,587</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, 2018**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Airport services	\$ 1,410,020	\$ 1,251,966	\$ (158,054)
Revenues from use of money and property	61,439	48,355	(13,084)
Capital contributions	13,726,955	10,402,222	(3,324,733)
Miscellaneous revenues	34,700	34,983	283
Total revenues	15,233,114	11,737,526	(3,495,588)
Transfers in	225,900	1,376,750	1,150,850
Total revenues - budget and GAAP basis	<u>\$ 15,459,014</u>	<u>\$ 13,114,276</u>	<u>\$ (2,344,738)</u>
EXPENSES			
Municipal airport operations			
Salaries and benefits	692,325	644,664	47,661
Supplies and services	1,609,430	398,079	1,211,351
Utilities	193,630	168,397	25,233
Maintenance	201,610	185,579	16,031
Total municipal airport operations	2,696,995	1,396,719	1,300,276
Interest expense	34,780	38,581	(3,801)
Principal payments on bonds	70,000	70,000	-
Capital outlay	12,882,566	11,600,599	1,281,967
Total expenses- budget basis	<u>\$ 15,684,341</u>	13,105,899	<u>\$ 2,578,442</u>
Financial statement adjustments:			
Adjustment for net pension liability		(5,571)	
Adjust OPEB assets and liabilities		24,158	
Principal payments on bonds		(70,000)	
Capital outlay items not expensed		(11,600,599)	
Depreciation expense		1,603,119	
Total expenses - GAAP basis		<u>\$ 3,057,006</u>	



STATISTICAL SECTION (UNAUDITED)

**CITY OF TYLER, TEXAS
STATISTICAL SECTION**

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

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	135-140
Revenue Capacity	
These schedules contain information to help the reader assess the City’s most significant local revenue source, property taxes.	141-146
Debt Capacity	
These Schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	147-151
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	152-154
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	155-156

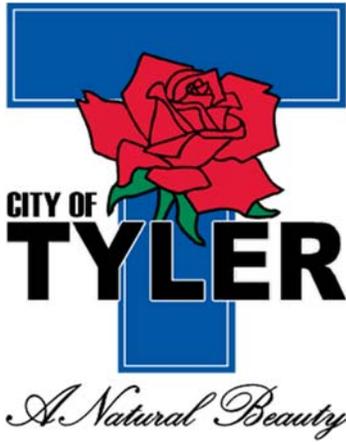


TABLE 1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets	\$ 239,906,695	\$ 239,107,580	\$ 239,531,725	\$ 235,722,589	\$ 226,678,557	\$ 243,391,685	\$ 248,481,237	\$ 255,335,707	\$ 254,071,947	\$ 250,403,768
Restricted	9,219,851	11,517,178	17,671,823	18,144,679	25,006,305	22,022,830	21,857,483	19,998,703	24,687,498	34,538,182
Unrestricted	22,863,133	19,492,047	15,660,827	23,997,766	24,904,041	21,104,444	(23,090,282)	(29,206,408)	(29,239,172)	(44,703,390)
Total governmental activities net position	\$ 271,989,679	\$ 270,116,805	\$ 272,864,375	\$ 277,865,034	\$ 276,588,903	\$ 286,518,959	\$ 247,248,438	\$ 246,128,002	\$ 249,520,273	\$ 240,238,560
Business-type activities										
Invested in capital assets	\$ 146,154,811	\$ 133,928,119	\$ 139,645,933	\$ 146,342,227	\$ 155,451,446	\$ 161,933,656	\$ 171,337,799	\$ 185,888,696	\$ 199,364,645	\$ 207,347,257
Restricted	9,194,730	20,885,481	15,567,963	14,296,705	21,543,386	19,104,927	14,620,332	13,984,060	11,622,220	17,540,832
Unrestricted	10,186,615	10,328,726	13,559,374	14,488,578	6,834,476	6,150,703	676,523	803,659	1,418,179	(989,693)
Total business-type activities net position	\$ 165,536,156	\$ 165,142,326	\$ 168,773,270	\$ 175,127,510	\$ 183,829,308	\$ 187,189,286	\$ 186,634,654	\$ 200,676,415	\$ 212,405,044	\$ 223,898,396
Primary government										
Invested in capital assets	\$ 386,061,506	\$ 373,035,699	\$ 379,177,658	\$ 382,064,816	\$ 382,130,003	\$ 405,325,341	\$ 419,819,036	\$ 441,224,403	\$ 453,436,592	\$ 457,751,025
Restricted	18,414,581	32,402,659	33,239,786	32,441,384	46,549,691	41,127,757	36,477,815	33,982,763	36,309,718	52,079,014
Unrestricted	33,049,748	29,820,773	29,220,201	38,486,344	31,738,517	27,255,147	(22,413,759)	(28,402,749)	(27,820,993)	(45,693,083)
Total primary government net position	\$ 437,525,835	\$ 435,259,131	\$ 441,637,645	\$ 452,992,544	\$ 460,418,211	\$ 473,708,245	\$ 433,883,092	\$ 446,804,417	\$ 461,925,317	\$ 464,136,956

Source: Government-wide Statement of Net Position

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 10,320,209	\$ 7,809,290	\$ 9,389,003	\$ 7,699,118	\$ 8,814,941	\$ 10,788,232	\$ 7,411,863	\$ 10,454,415	\$ 8,541,513	\$ 7,135,438
Public safety	38,280,137	38,769,464	41,169,622	42,534,178	43,594,916	43,241,597	42,751,866	50,776,656	50,698,376	49,127,207
Highways and streets	6,319,359	16,527,248	15,033,649	16,221,560	16,197,280	13,828,933	12,190,307	12,564,341	12,901,307	12,904,261
Public services	27,916,561	14,695,196	14,814,548	13,961,677	14,395,725	14,207,356	15,086,795	15,609,073	15,935,764	16,243,252
Cultures and recreation	6,775,264	8,002,574	8,497,285	8,470,638	8,314,970	7,737,071	9,344,668	7,933,036	7,629,494	8,284,920
Interest on long term debt	85,952	102,507	117,564	106,407	74,423	67,788	69,680	60,341	29,600	31,629
Total governmental activities expenses	89,697,482	85,906,279	89,021,671	88,993,578	91,392,255	89,870,977	86,855,179	97,397,862	95,736,054	93,726,707
Business-type activities:										
Water and sewer	29,488,289	30,851,493	30,449,882	31,109,582	32,097,630	31,080,132	31,574,214	32,754,688	34,766,700	37,299,452
Sanitation	11,254,980	11,023,910	11,324,625	11,327,917	11,202,044	11,474,007	11,586,745	11,997,643	12,102,806	13,182,876
Airport	2,111,713	2,242,547	2,632,814	2,522,166	2,722,446	2,839,883	3,074,982	3,421,977	3,235,501	3,057,006
Total business-type activities expenses	42,854,982	44,117,950	44,407,321	44,959,665	46,022,120	45,394,022	46,235,941	48,174,308	50,105,007	53,539,334
Total primary government expenses	\$ 132,552,464	\$ 130,024,229	\$ 133,428,992	\$ 133,953,243	\$ 137,414,375	\$ 135,264,999	\$ 133,091,120	\$ 145,572,170	\$ 145,841,061	\$ 147,266,041
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,040,889	\$ 1,661,810	\$ 1,857,150	\$ 2,262,331	\$ 2,242,946	\$ 2,451,394	\$ 2,413,406	\$ 3,144,517	\$ 3,666,701	\$ 3,674,604
Public safety	6,749,859	6,969,674	7,081,718	8,427,569	7,943,419	7,910,583	7,709,536	7,278,868	5,820,726	8,113,402
Highways and streets	103,749	101,961	99,130	95,913	94,981	92,034	175,622	142,380	38,880	-
Public services	1,494,735	1,646,938	1,735,565	2,083,303	1,962,945	2,449,877	2,125,553	2,317,480	2,070,577	2,015,878
Cultures and recreation	2,064,127	1,967,468	2,007,504	1,149,328	1,027,908	1,206,025	1,201,230	1,141,469	1,300,735	1,566,802
Operating grants and contributions	12,741,193	11,821,887	11,483,945	10,569,298	11,033,709	11,870,746	11,016,862	11,447,285	13,517,732	12,456,026
Capital grants and contributions	1,905,580	2,004,617	2,033,980	329,091	774,752	393,979	319,933	1,010,989	476,557	454,666
Total governmental activities program revenues	26,100,132	26,174,355	26,298,992	24,916,833	25,080,660	26,374,638	24,962,142	26,482,988	26,891,908	28,281,378
Business-type activities:										
Charges for services:										
Water and sewer	27,177,264	28,988,948	35,349,773	32,493,375	34,680,614	33,520,628	34,651,646	36,512,873	38,567,044	44,496,473
Sanitation	10,191,306	10,396,140	10,231,984	11,250,663	11,502,821	11,508,277	11,485,864	11,378,673	11,842,892	14,037,513
Airport	1,007,417	1,067,734	952,105	1,174,841	1,433,089	1,559,769	1,625,731	1,345,440	1,185,962	1,299,196
Capital grants and contributions	4,702,692	3,503,343	1,861,673	5,449,727	5,998,483	2,310,974	6,479,939	11,482,387	9,500,432	10,402,222
Total business-type activities program revenues	43,078,679	43,956,165	48,395,535	50,368,606	53,615,007	48,899,648	54,243,180	60,719,373	61,096,330	70,235,404
Total primary government program revenues	\$ 69,178,811	\$ 70,130,520	\$ 74,694,527	\$ 75,285,439	\$ 78,695,667	\$ 75,274,286	\$ 79,205,322	\$ 87,202,361	\$ 87,988,238	\$ 98,516,782
Net (expense)/revenue										
Governmental activities	\$ (63,597,350)	\$ (59,731,924)	\$ (62,722,679)	\$ (64,076,745)	\$ (66,311,595)	\$ (63,496,339)	\$ (61,893,037)	\$ (70,914,874)	\$ (68,844,146)	\$ (65,445,329)
Business-type activities	223,697	(161,785)	3,988,214	5,408,941	7,592,887	3,505,626	8,007,239	12,545,065	10,991,323	16,696,070
Total primary government net expense	\$ (63,373,653)	\$ (59,893,709)	\$ (58,734,465)	\$ (58,667,804)	\$ (58,718,708)	\$ (59,990,713)	\$ (53,885,798)	\$ (58,369,809)	\$ (57,852,823)	\$ (48,749,259)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 13,525,006	\$ 13,798,294	\$ 14,037,311	\$ 14,155,402	\$ 14,333,678	\$ 15,458,985	\$ 15,859,234	\$ 16,464,898	\$ 17,722,103	\$ 19,125,723
Franchise taxes	9,121,057	9,215,625	10,010,620	9,882,588	10,186,300	10,434,684	10,476,018	10,592,842	10,847,085	11,187,605
Sales and use taxes	37,618,275	35,831,538	36,902,058	38,362,310	40,582,134	43,577,045	45,043,290	43,321,470	44,434,519	47,178,374
Unrestricted investment earnings and use of money and property	793,536	292,013	249,064	226,322	191,907	205,478	255,243	181,013	349,543	434,301
Gain (loss) on sale of assets	556,151	(2,010,976)	244,895	550,466	224,224	385,327	(443,252)	294,107	(825,967)	191,946
Miscellaneous	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	-	-	-	-	-	-	-	-	-	-
Transfers	166,697	550,785	674,061	(679,152)	(657,603)	325,400	(250,581)	(1,059,892)	(290,866)	(1,168,328)
Total governmental activities	62,108,769	57,859,050	65,470,249	62,826,899	65,035,464	73,426,395	71,274,629	69,794,438	72,236,417	76,949,621
Business-type activities:										
Unrestricted investment earnings and use of money and property	307,280	311,351	305,330	266,145	197,626	242,517	177,701	251,601	342,277	469,638
Gain (loss) on sale of assets	9,421	7,389	11,461	-	253,682	324,964	92,824	185,203	104,163	342,894
Transfers	(166,697)	(550,785)	(674,061)	679,152	657,603	(325,400)	250,581	1,059,892	290,866	1,168,328
Total business-type activities	150,004	(232,045)	(357,270)	945,297	1,108,911	242,081	521,106	1,496,696	737,306	1,980,860
Total primary government	\$ 62,258,773	\$ 57,627,005	\$ 65,112,979	\$ 63,772,196	\$ 66,144,375	\$ 73,668,476	\$ 71,795,735	\$ 71,291,134	\$ 72,973,723	\$ 78,930,481
Change in Net Position										
Governmental activities	\$ (1,488,581)	\$ (1,872,874)	\$ 2,747,570	\$ (1,249,846)	\$ (1,276,131)	\$ 9,930,056	\$ 9,381,592	\$ (1,120,436)	\$ 3,392,271	\$ 11,504,292
Business-type activities	373,701	(393,830)	3,630,944	6,354,238	8,701,798	3,747,707	8,528,345	14,041,761	11,728,629	18,676,930
Total primary government	\$ (1,114,880)	\$ (2,266,704)	\$ 6,378,514	\$ 5,104,392	\$ 7,425,667	\$ 13,677,763	\$ 17,909,937	\$ 12,921,325	\$ 15,120,900	\$ 30,181,222

Source: Government-wide Statement of Net Position

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

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax ¹	Total
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
2017	17,722,103	10,847,085	44,434,519	73,003,707
2018	19,125,723	11,187,605	47,178,374	77,491,702

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved For:										
Reserved	\$ 841,201	\$ 61,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,293,115	8,712,233	-	-	-	-	-	-	-	-
Nonspendable	-	-	111,596	49,767	48,565	48,318	41,624	98,179	95,719	136,805
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	361,785	365,140	1,208,611	1,549,828	2,092,909	1,742,596	2,093,261
Unassigned	-	-	12,121,180	11,856,089	12,198,776	10,823,011	12,766,508	12,717,634	14,324,791	16,246,434
Total General Fund	<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>	<u>\$ 16,163,106</u>	<u>\$ 18,476,500</u>
One-Half Cent Sales Tax fund										
Reserved	\$ 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	14,750,799	22,942,254
Total One-Half Cent Sales Tax fund	<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>	<u>\$ 14,750,799</u>	<u>\$ 22,942,254</u>
All Other Governmental Funds										
Reserved For:										
Reserved	\$ 5,246,366	\$ 5,973,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	2,965,480	3,024,870
Restricted	-	-	6,989,485	4,769,545	4,795,421	6,092,195	5,645,636	7,576,542	6,976,269	8,577,798
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	2,304,944	1,008,898	1,807,246	784,195	586,738	313,516	497,286
Unassigned	-	-	(2,626)	-	-	34,151	-	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 10,255,265</u>	<u>\$ 12,099,954</u>

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 60,296,164	\$ 58,821,522	\$ 60,950,034	\$ 62,458,006	\$ 65,100,567	\$ 69,452,558	\$ 71,348,666	\$ 70,367,919	\$ 72,992,685	\$ 77,480,218
Licenses and permits	1,069,993	942,228	1,134,112	986,939	1,251,436	1,675,295	1,526,595	1,818,538	1,687,299	2,446,051
Fines, forfeitures, and penalties	6,749,859	6,969,674	7,081,718	7,213,751	6,747,247	7,684,828	7,510,714	6,771,908	5,325,902	5,125,706
Revenues from use of money or property	825,692	505,666	769,565	890,955	790,478	802,335	841,955	750,320	845,170	915,646
Charges for current services	3,014,543	3,034,416	3,360,649	2,669,475	2,630,074	2,849,107	2,792,386	2,807,579	2,780,962	2,985,838
Revenues from other agencies	13,623,265	12,232,230	13,041,163	10,608,019	11,190,288	11,816,379	11,276,795	12,458,274	13,994,289	12,910,692
Donations	403,659	847,951	312,271	181,932	402,064	352,948	339,795	374,071	586,470	365,044
Miscellaneous	1,304,380	1,547,892	1,097,574	1,229,190	714,585	836,490	2,239,017	1,338,192	1,915,362	1,219,342
Total revenues	<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>	<u>100,128,139</u>	<u>103,448,537</u>
Expenditures										
General government	7,429,667	6,704,650	7,070,867	6,887,278	7,249,762	8,323,657	7,758,004	7,185,846	7,585,488	7,751,217
Public safety	36,927,994	37,193,941	37,976,171	39,724,861	41,169,936	42,316,320	44,644,245	45,249,043	45,075,237	45,801,648
Public services	15,948,148	13,830,744	13,507,358	12,652,458	12,850,038	12,926,496	14,324,967	15,072,374	15,234,239	15,548,886
Highways and streets	5,436,862	5,464,426	3,667,305	4,813,390	4,914,648	5,090,951	5,228,922	5,596,575	5,375,760	4,805,677
Culture and recreation	6,329,960	6,328,027	6,692,554	6,902,974	7,021,610	7,105,539	7,707,090	7,461,931	7,005,094	7,652,792
Capital outlay	28,292,242	14,281,326	14,011,314	12,358,611	8,196,820	22,200,604	16,213,454	16,659,253	12,717,841	8,292,421
Debt service										
Principal	-	-	-	97,331	316,927	313,756	376,998	54,094	188,157	167,214
Interest	277	1,091	1,045	13,363	10,718	13,936	7,133	5,867	9,894	5,777
Total expenditures	<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>	<u>93,191,710</u>	<u>90,025,632</u>
Excess of revenues over (under) expenditures	(13,077,595)	1,097,374	4,820,472	2,788,001	7,096,280	(2,821,319)	1,615,110	(598,182)	6,936,429	13,422,905
Other financing sources (uses)										
Capital lease proceeds	-	-	-	1,029,095	-	71,610	126,480	405,126	-	817,083
Transfers in	2,624,512	3,523,779	2,820,585	2,690,528	2,233,311	5,028,638	3,364,434	50,000	638,000	3,388,915
Transfers out	(2,616,280)	(3,355,876)	(3,269,959)	(3,694,280)	(3,418,652)	(4,962,965)	(4,033,232)	(1,369,619)	(1,913,993)	(5,231,692)
Sale of capital assets	348,691	77,738	1,652	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>(1,275,993)</u>	<u>(1,025,694)</u>
Net Change in fund balances	<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>	<u>\$ 5,660,436</u>	<u>\$ 12,397,211</u>
Debt service as a percentage of noncapital expenditures	0.0004%	0.0016%	0.0015%	0.1557%	0.4456%	0.4307%	0.4799%	0.0744%	0.2461%	0.2117%

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
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
2017	17,711,081	10,847,085	44,434,519	72,992,685
2018	19,114,239	11,187,605	47,178,374	77,480,218

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

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

Note: Current year revenues comes from Exh 5

TABLE 7

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

Fiscal Year Ended September 30	Retail Sales Tax Revenue (Fiscal Year) ¹		
	General Fund	Capital Projects	Total
	Revenue - 1.0%	Special Revenue - 0.5%	Revenue ²
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
2017	26,775,850	13,387,905	40,163,755
2018	28,494,304	14,247,152	42,741,457

¹ Source: Texas Comptroller of Public Accounts

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

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

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

TABLE 8

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

Fiscal Year Ended September 30	Real Property		Personal Property	Mineral Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property					
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
2017	6,803,228,476	N/A	1,003,167,122	N/A	N/A	7,806,395,598	0.230000
2018	7,076,840,787	N/A	1,041,040,039	N/A	N/A	8,117,880,826	0.240000

Source: Smith County Appraisal District

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

N/A - Not available

TABLE 9

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

Fiscal Year Ended	City of Tyler			Overlapping Rates					Total Direct and Overlapping Rates
	Operating	Debt Service	Total**	Smith County Total	Tyler ISD Total	Tyler Junior College Total	Chapel Hill ISD Total	Whitehouse ISD Total	
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	1.24000	1.19300	4.55793
2017	0.230000	-	0.230000	0.33000	1.37500	0.19993	1.24000	1.19300	4.56793
2018	0.240000	-	0.240000	0.33000	1.40500	0.19993	1.23000	1.41300	4.81793

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	2018			2009		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value *	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value ^b
	Value			Value		
Delek Refining (La Gloria)	\$ 224,676,915	1	2.77%	\$ 219,434,989	1	3.35%
Brookshire Grocery Company	117,397,481	2	1.45%	100,920,813	3	1.54%
Trane / American Standard	114,547,059	3	1.41%	105,144,588	2	1.61%
Genecov Investment	83,811,026	4	1.03%	56,939,140	5	0.87%
Walmart / Sam's East Inc	75,251,201	8	0.93%	72,008,492	4	1.10%
Oncor Electric Delivery/Oncor Elec.	69,070,703	5	0.85%			
Tyler Broadway/Centennial LP	63,086,458	6	0.78%			
Simon Property Group	44,882,250	7	0.55%	47,620,545	7	0.73%
BRE MF Cascades 1 LLC	43,362,906	9	0.53%			
HP Tyler Roseland LLC	32,265,992	10	0.40%			
TXU / Oncor Electric				49,975,154	6	0.76%
Carrier Corporation				39,426,662	8	0.60%
AT&T				30,249,102	9	0.46%
Suddenlink				30,105,724	10	0.46%
Total	\$ 868,351,991		10.70%	\$ 751,825,209		11.48%

Source: Smith County Appraisal District

Note:

* Total taxable value including real and personal property for tax year 2017 (fiscal year 2018) is--

\$ 8,117,880,826

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

6,547,872,417

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
2009	13,369,180	13,177,721	98.6%	178,165	13,355,887	99.9%
2010	13,617,164	13,377,811	98.2%	175,686	13,553,498	99.5%
2011	13,848,376	13,629,528	98.4%	189,656	13,819,183	99.8%
2012	13,989,361	13,799,246	98.6%	136,024	13,935,270	99.6%
2013	14,159,255	13,990,275	98.8%	135,473	14,125,748	99.8%
2014	15,308,284	15,114,733	98.7%	142,822	15,257,555	99.7%
2015	15,668,435	15,498,266	98.9%	111,318	15,609,584	99.6%
2016	16,342,661	16,109,924	98.6%	118,242	16,228,167	99.3%
2017	17,589,933	17,391,772	98.9%	85,809	17,477,581	99.4%
2018	18,942,816	18,728,538	98.9%	-	18,728,538	98.9%

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***			
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%	622
2012	-	-	68,125,000	-	68,125,000	2.56%	655
2013	-	5,372,972	64,864,840	-	70,237,812	2.49%	673
2014	-	5,265,104	62,983,762	-	68,248,866	2.35%	656
2015	-	4,240,385	63,740,000	-	67,980,385	2.27%	670
2016	-	2,678,100	62,685,000	249,044	65,612,144	2.13%	633
2017	-	2,614,333	60,172,765	201,083	62,988,181	1.99%	546
2018	-	2,525,885	65,450,122	152,215	68,128,222	2.09%	649

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

* See Table 17 for personal income and population data

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

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

TABLE 13

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Debt Service Fund Balance	Total		
2009	-	-	-	n/a	-
2010	-	-	-	n/a	-
2011	-	-	-	n/a	-
2012	-	-	-	n/a	-
2013	-	-	-	n/a	-
2014	-	-	-	n/a	-
2015	-	-	-	n/a	-
2016	-	-	-	n/a	-
2017	-	-	-	n/a	-
2018	-	-	-	n/a	-

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

^aSee Table 8 for property value data.

^bSee Table 17 for population data.

TABLE 14

**CITY OF TYLER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2018**

<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	\$ 18,442,597	50.08%	\$ 9,236,053
Tyler Independent School District	431,660,000	71.04%	306,651,264
Tyler Junior College	111,566,407	65.00%	72,518,165
Chapel Hill Independent School District	23,141,496	19.15%	4,431,596
Whitehouse Independent School District	187,545,275	27.37%	51,331,142
Subtotal, overlapping debt			<u>444,168,219</u>
City of Tyler (direct debt)**	2,678,100	100%	2,678,100
Total direct and overlapping debt			<u><u>\$ 446,846,319</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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 657,487,241	\$ 670,131,743	\$ 666,640,567	\$ 673,058,081	\$ 684,478,799	\$ 700,076,148	\$ 719,052,728	\$ 751,851,746	\$ 786,091,970	\$ 811,788,083
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 657,487,241</u>	<u>\$ 670,131,743</u>	<u>\$ 666,640,567</u>	<u>\$ 673,058,081</u>	<u>\$ 684,478,799</u>	<u>\$ 700,076,148</u>	<u>\$ 719,052,728</u>	<u>\$ 751,851,746</u>	<u>\$ 786,091,970</u>	<u>\$ 811,788,083</u>
Total net debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 8,117,880,826
Add back: exempt real property	-
Total assessed value	<u>8,117,880,826</u>
Debt limit (10% of total assessed value)	<u>811,788,083</u>
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation bond	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 811,788,083</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**

Water and Sewer Revenue Bonds					
Fiscal Year	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Annual Debt Service Requirement	Times Coverage
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
2017	40,076,947	28,637,471	11,439,476	6,137,685	1.864
2018	44,516,891	30,341,446	14,175,445	5,336,960	2.656

Note: ^aIncludes operating and non-operating revenues.

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

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

Source: Comprehensive Annual Financial Report

TABLE 17

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

<u>Fiscal Year</u>	<u>Estimated Population¹</u>	<u>Estimated Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income²</u>	<u>Median Age²</u>	<u>Education Level in Years of Formal Schooling²</u>	<u>School Enrollment³</u>	<u>Unemployment Rate²</u>
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%
2017	115,453	3,171,926	25,803	32.9	13.6	18,139	4.3%
2018	104,991	3,267,084	26,577	33.4	13.6	18,130	3.3%

Data sources:

¹City of Tyler Planning Department

²Tyler Economic Development Council

³Tyler Independent School District

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

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

Unemployment rate information is an adjusted yearly average.

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

TABLE 18

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
UT Health East Texas	3,840	1	7.4%	4,438	1	9.2%
CHRISTUS Trinity Mother Frances *	3,366	2	6.5%	3,970	2	8.2%
Tyler Independent School District	2,639	3	5.1%	2,694	3	5.6%
Brookshire Grocery Company	2,030	4	3.9%	2,277	4	4.7%
The Trane Company	1,744	5	3.3%	1,803	5	3.7%
Wal-Mart	1,650	6	3.2%	1,750	6	3.6%
Suddenlink Communications	1,500	7	2.9%	1,062	7	2.2%
UT Health Science Center at Tyler	1,108	8	2.1%	**		0.0%
The University of Texas at Tyler	968	9	1.9%	868	10	1.8%
Tyler Junior College	947	10	1.8%	960	8	2.0%
City of Tyler	865	11	1.7%	**		0.0%
Smith County	843	12	1.6%	878	9	1.8%
Target Distribution Center	690	13	1.3%	**		0.0%
John Soules Food*	650	14	1.2%	**		0.0%
Total	22,840		43.8%	20,700		43.0%

Source: Tyler Economic Development Council

* Headquarters located in Tyler.

(1) total city employment of 52,094

(2) total city employment of 48,131

** Not part of top 10 in 2009

TABLE 19

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	67	55	55	60	63	60	64	84	77	98
Public safety	387	431	434	436	437	436	440	428	422	425
Highways and streets	61	54	54	53	52	53	51	53	47	53
Public Services	30	40	42	37	33	37	47	28	36	16
Culture and Recreation	79	73	72	66	75	66	68	76	64	68
Water & sewer	89	89	102	101	106	101	111	120	123	114
Sanitation	40	39	38	39	41	39	44	44	48	45
Airport	10	10	9	10	9	10	11	10	10	9
All Others	0	33	31	29	30	29	48	43	39	37
Total	763	824	837	831	846	831	884	886	866	865

Source: City of Tyler Finance Department

TABLE 20

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Accounting										
Dollar value of accounts payable	\$ 95,605,330	\$ 84,632,623	\$ 72,211,330	\$ 77,395,157	\$ 76,966,097	\$ 88,038,170	\$ 92,771,122	\$ 93,396,592	\$ 88,948,885	\$ 90,615,261
Legal										
Number of ordinances prepared and adopted	127	126	110	104	121	112	93	113	107	88
Number of resolutions prepared and adopted	38	32	29	34	31	30	26	45	51	41
Public Safety										
Police										
Number of sworn officers authorized	187	185	191	191	193	194	194	194	188	191
Fire										
Number of structure fires	125	157	135	114	105	107	84	98	103	124
Highways and Streets										
Streets										
Percentage of city streets graded A condition	61.0%	61.9%	72.3%	78.0%	**	**	**	**	**	**
Traffic										
Number of traffic signals maintained	135	138	145	147	153	152	156	148	158	158
Public Services										
Planning										
Number of historic building designations awarded	1	1	6	17	95	102	113	117	124	130
Culture and Recreation										
Parks										
Amount of park acreage	856	856	856	758	758	1,216	1,216	1,216	1,216	1,207
Number of rose bushes planted	2,077	1,776	1,056	536	2,563	600	2,785	1,337	205	300
Library *										
Total number of volumes owned	250,137	229,610	200,257	188,856	175,402	183,154	180,136	179,668	208,838	215,431
Water & sewer										
Average volume of wastewater treated daily (gallons)	11.3 million	12.8 million	14.03 million	14.03 million	14.27 million	15.67 million	17.26 million	17.89 million	15.36 million	15.37 million
Average monthly volume of water production (gallons)	650.98 million	725.48 million	844.70 million	768.76 million	746.22 million	719.54 million	748.92 million	733.87 million	691.83 million	807.63 million
Water production capability (gallons per day)	70 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million
Average monthly revenue billed	\$ 2,169,007	\$ 2,325,159	\$ 2,926,751	\$ 2,701,842	\$ 2,844,007	\$ 2,819,163	\$ 2,883,216	\$ 3,098,527	\$ 2,924,870	\$ 3,414,080
Sanitation										
Number of residential customers	28,467	28,151	28,441	28,743	27,399	27,778	28,745	35,681	35,916	36,209
Number of curbside garbage carts in use	27,924	27,699	28,357	29,067	28,374	30,516	34,959	29,261	29,488	29,928
Airport										
Annual gallons of fuel flowage	921,634	984,181	978,831	1,029,059	1,370,092	1,480,379	1,327,585	1,249,362	1,108,054	1,244,805
Number of annual enplanements	73,989	73,114	72,509	73,343	85,069	85,069	66,951	55,693	49,226	48,505

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**

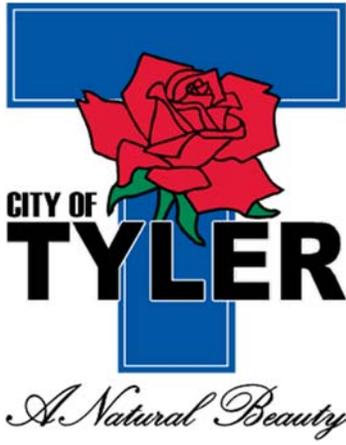
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police Stations	2	2	2	2	2	2	2	3	3	3
Police Patrol Units	60	62	62	61	80	56	68	70	68	78
Police Motorcycle Units	16	16	16	16	17	16	16	15	10	9
Fire Stations	10	10	10	10	10	10	10	10	10	10
Highways and Streets										
City Maintained Paved Streets- (miles)***	474	476	476	570	1120	1120	1120	1120	1169	1169
Annual Street Overlays- (miles)***	5	10	45	16	27	28	32	32	39	11
Public Services										
Transit Buses	17	17	20	20	14	13	15	16	17	16
Culture and Recreation										
Parks (acres)	1,113.40	1,113.40	1,113.40	1,207.40	1,207.40	1,216.40	1,216.40	1,216.40	1,216.80	1,207.40
Playgrounds	21	21	22	22	22	23	22	22	22	22
Swimming Pools	2	2	2	2	2	2	2	2	1	1
Recreation Centers	3	2	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Public Library	1	1	1	1	1	1	1	1	1	1
Water & Sewer										
Water mains (miles)	625	654	660	693	693	727	734	745	734	734
Fire Hydrants	3596	3703	3868	4220	4219	4118	4279	4310	4351	4379
Water Plants	2	2	2	2	2	2	2	2	2	2
Sanitary Sewers (miles)	590	597	608	621	631	658	688	718	694	699
Sanitation										
Garbage Trucks	40	41	41	45	36	29	34	47	45	45
Airport										
Airport Terminal	1	2	2	1**	1**	1**	1**	1**	1**	1**
Airport Runways	3	3	3	3	3	3	3	3	3	3

Source: City Departments

n/a - Data not available.

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

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



GOVERNMENTAL COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Tyler as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Tyler's basic financial statements, and have issued our report thereon dated March 8, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
March 8, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Tyler's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Tyler's major federal programs for the year ended September 30, 2018. The City of Tyler's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Tyler complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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



Certified Public Accountants

Tyler, Texas
March 8, 2019

**CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	PASSED THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>CDBG - Entitlement Grants Cluster</u>				
Community Development Block Grant Entitlement Grants	14.218	B04MC480028	\$ 7,615	\$ 644,168 +
HOME Investment Partnership Grant	14.239	-		128,519
<u>Housing Voucher Cluster</u>				
Section 8 Housing Choice Voucher Program	14.871	TX456VO		8,110,546 +
Family Self Sufficiency Coordinator Grant	14.871	FSS8-TX456-5106		57,686 +
Total Housing Voucher Program				<u>8,168,232</u>
Total U.S. Department of Housing and Urban Development				<u>8,940,919</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through Smith County:				
<u>JAG Program Cluster</u>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-1118		23,811
Passed through East Texas Council of Governments:				
<u>JAG Program Cluster</u>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2725402		<u>24,000</u>
Total U.S. Department of Justice				<u>47,811</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Federal Aviation Administration				
Airport Improvement Program	20.106	3-48-0215-036-2015		235,734 +
Airport Improvement Program	20.106	3-48-0215-037-2016		1,310,206 +
Airport Improvement Program	20.106	3-48-0215-038-2017		8,452,710 +
Airport Improvement Program	20.106	3-48-0215-039-2018		13,481 +
Airport Improvement Program	20.106	3-48-0215-040-2018		331,091 +
Airport Improvement Program	20.106	3-48-0215-041-2018		9,000 +
Total Airport Improvement Program				<u>10,352,222</u>
Passed through Texas Department of Transportation:				
Section 104F Grant MPO	20.505	50-XXXF0016		251,709
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51510F7140		280,602
Comprehensive Traffic Enforcement Grant Programs	20.600	0910-16-124		58,940
Total Texas Department of Transportation				<u>591,251</u>

+ Denotes Major Program

**CITY OF TYLER, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION (cont'd)</u>				
Passed through Federal Transit Administration:				
<u>Federal Transit Cluster</u>				
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-Y158		\$ 83,602
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-Y041		3,226
Federal Transit Capital and Operating Assistance Formula	20.507	TX-90-Y205		1,229,066
Total Federal Transit Formula Grants				<u>1,315,894</u>
Transit System Grant	20.526	51410F7271		<u>92,738</u>
Total Federal Transit Cluster				<u>1,408,632</u>
Total U.S. Department of Transportation				<u>12,352,105</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through Texas Division of Emergency Management				
Disaster Grants - Public Assistance	97.036	PA-06-TX-4245-PW-00308		831,323 +
Passed through Texas Office of the Governor				
Homeland Security Grant Program	97.067	EMW-2016-SS-00056		19,212
Homeland Security Grant Program	97.067	EMW-2017-SS-00005		3,900
Homeland Security Grant Program	97.067	EMW-2017-SS-00005		61,000
Homeland Security Grant Program	97.067	EMW-2017-SS-00005		17,494
Total Homeland Security Grant Program				<u>101,606</u>
Passed through Transportation Security Administration:				
Law Enforcement Officer Reimbursement Agreement	97.090	HSTS02-13-H-SLR721		<u>28,150</u>
Total U.S. Department of Homeland Security				<u>961,079</u>
Total Federal Assistance			<u>\$ 7,615</u>	<u>\$ 22,301,914</u>

+ Denotes Major Program

CITY OF TYLER, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018 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, 2018. 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	\$ 321,124,108
Inland Marine (EDP/Hardware)	6,463,636
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
Tenant Users General Liability	1,000,000

NOTE C- INDIRECT COST RATES

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

**CITY OF TYLER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

Identification of major programs:

FEDERAL

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant/Entitlement Grants Housing Voucher Cluster
14.871	Section 8 Housing Choice Voucher Program
14.871	Family Self Sufficiency Coordinator Grant
20.106	Airport Improvement Program
97.036	Disaster Grants - Public Assistance

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

**CITY OF TYLER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Section II – Financial Statement Findings

None.

**CITY OF TYLER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Section III – Federal Award Findings and Questioned Costs

None.

**CITY OF TYLER, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2018**

Finding: 2017-001

Status: Corrected

Finding: 2017-002

Status: Corrected