

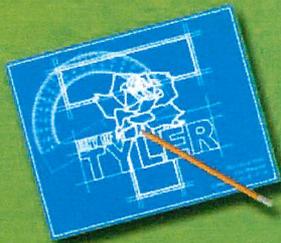
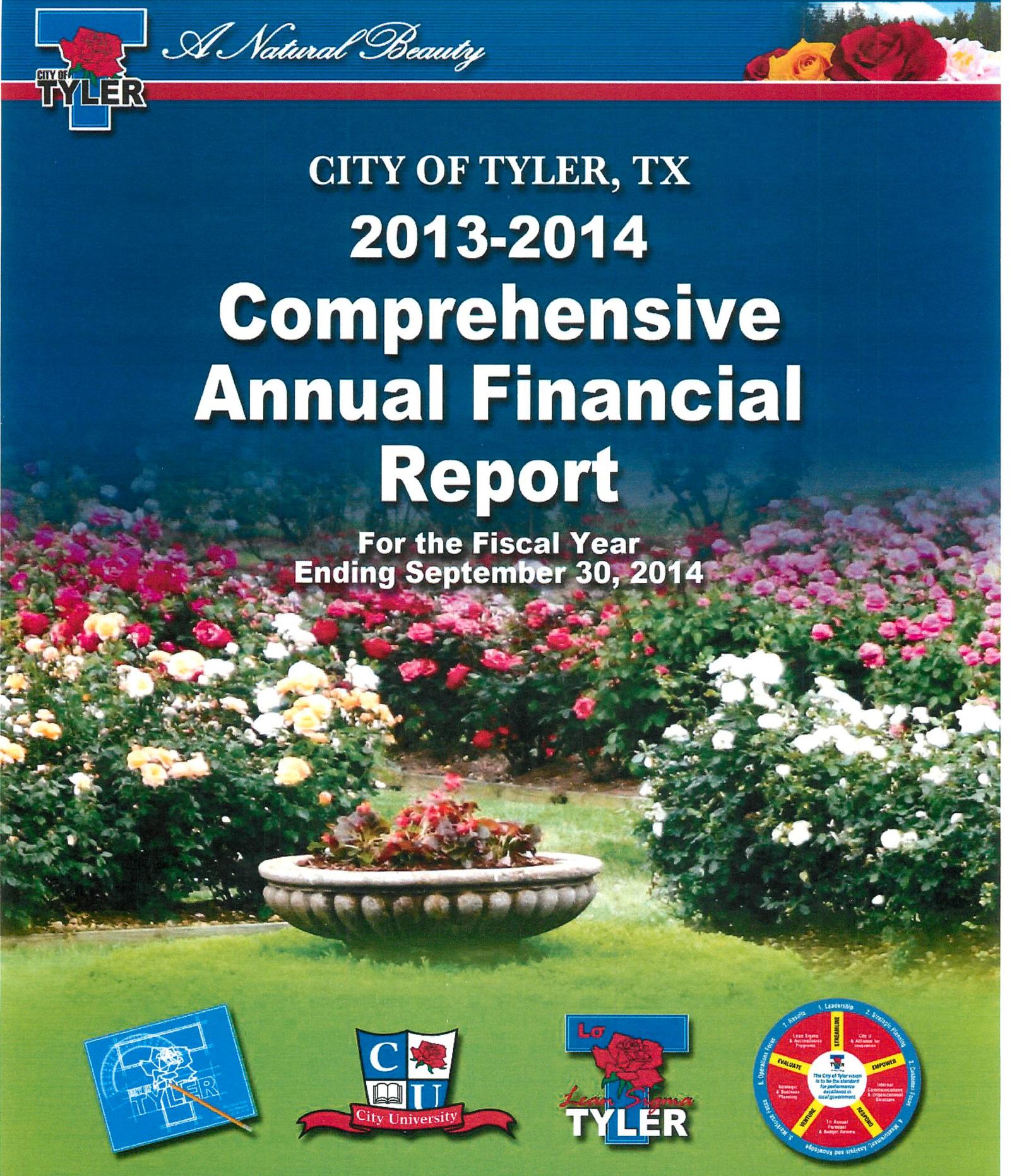


*A Natural Beauty*



# CITY OF TYLER, TX 2013-2014 Comprehensive Annual Financial Report

For the Fiscal Year  
Ending September 30, 2014



Setting the Standard for Performance Excellence in Local Government

**CITY OF TYLER, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2014**

**MAYOR – MARTIN HEINES**

**Members of City Council:**

Sam Mezayek  
Darryl Bowdre  
Edward Moore  
Don Warren  
Mark Whatley  
John Nix

**City Manager – Mark McDaniel**

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

CITY OF TYLER, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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## **INTRODUCTORY SECTION**



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March 16, 2015

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, 2014.

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

Henry and Peters, PC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Tyler's financial statements for the year ended September 30, 2014. In addition to meeting City Charter requirements, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The independent auditor's report is located at the front of the financial section of this report.

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

### *City Profile*

The City of Tyler, Texas, the county seat of Smith County, is considered the advanced manufacturing, health care, educational and retail center of East Texas. Tyler is located on U.S. Highway 69 just south of Interstate 20 equal distance (approximately 90 miles) between the cities of Dallas, Texas and Shreveport, Louisiana. The City, encompassing approximately 53 square miles, had a 2000 census population of 83,650, which is a 9.2% increase from the 1990 census population of 76,440. Currently, the City's population is estimated to be 100,223. 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, 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 4.2% 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.

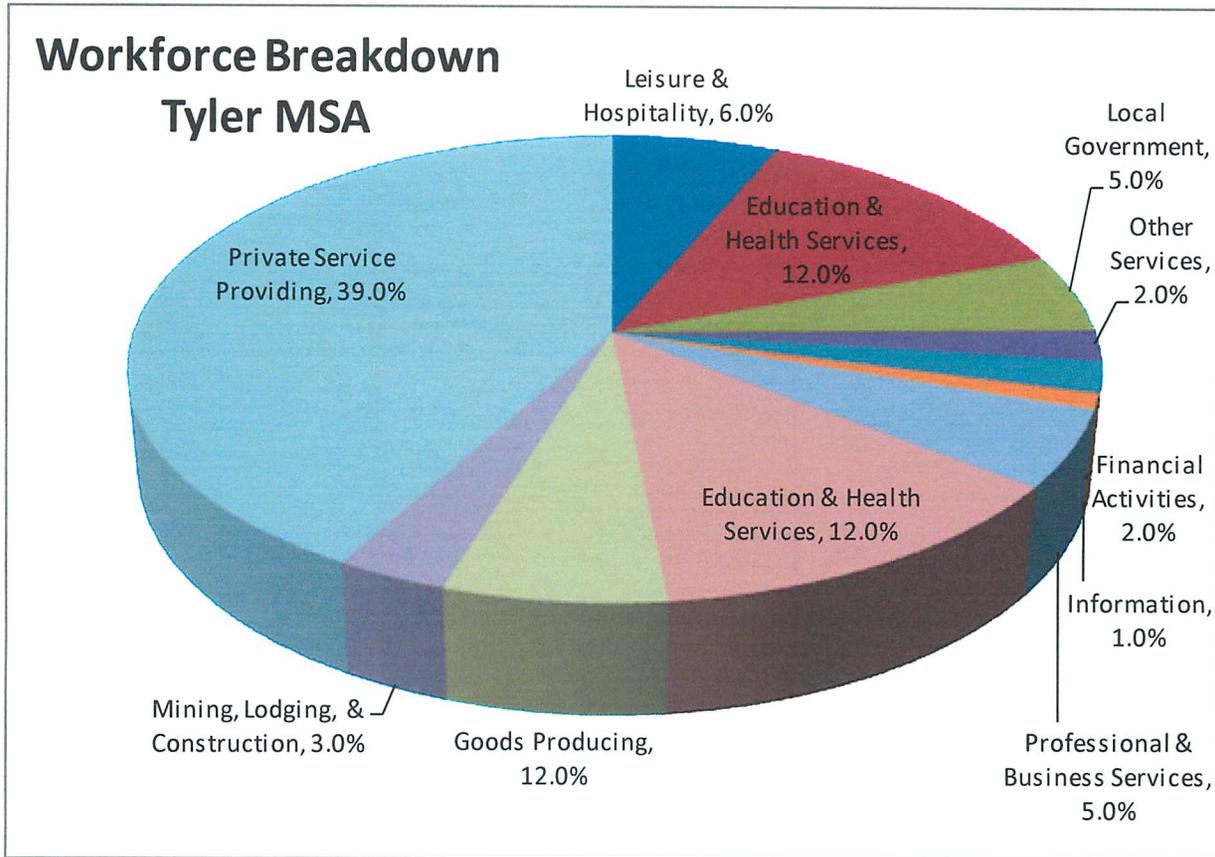
Tyler is also the medical center of East Texas with three hospitals and numerous other supporting clinics, practices and specialty hospitals with a total of 1,124 beds. There are approximately 735 medical doctors and 87 dentists.

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

The City actively works with the Tyler Economic Development Corporation and local industries to encourage expansions and relocations to our community. Two TIF/TIRZ zones were created in 2008, one in the downtown area and another in north Tyler in coordination with revitalization efforts. 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 5.8 percent. This figure indicates a decrease of 0.08 % over the prior year while remaining in line with the State and National trends. The total workforce for the Tyler region has increased from 43,411 in 1996 to 47,975 in 2014. Due to the diversity and educational opportunities within the local

economy the City of Tyler and the local region is prepared to weather the current national economic recession. The pie chart below details the Tyler MSA by business sector which demonstrates the diversity of the local economy preventing dependency on one or two drivers for economic support.



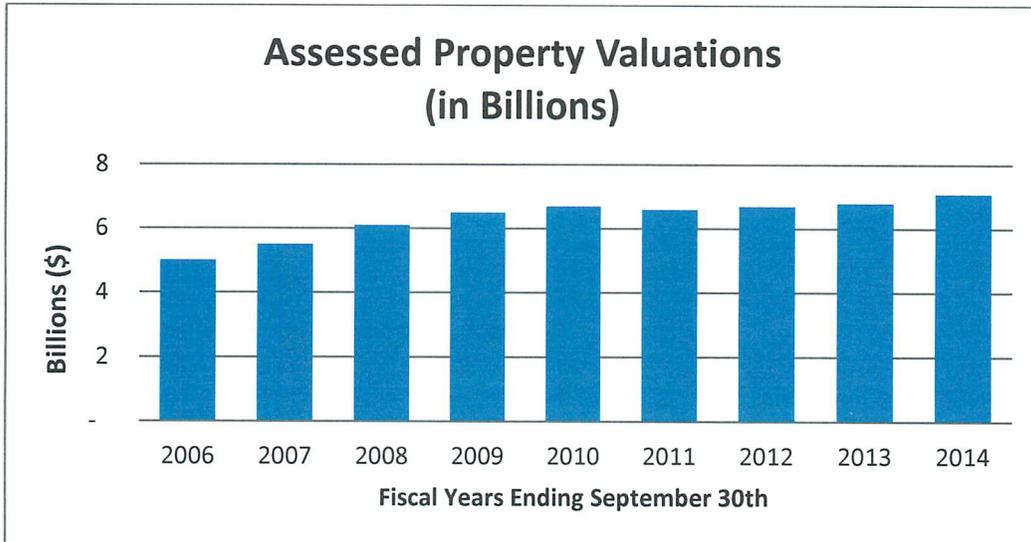
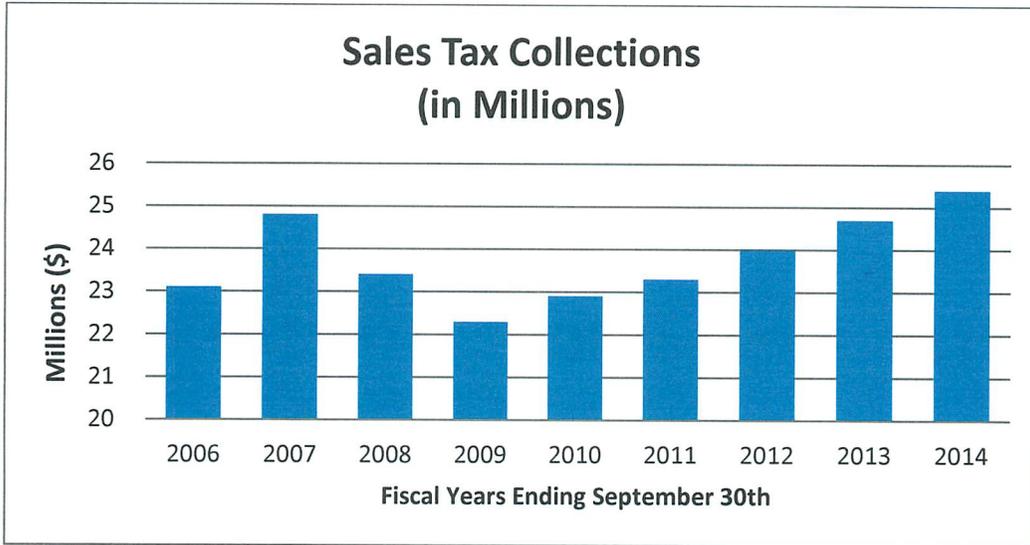
Population growth in the last five years was more than doubled that of the last decade and continues to grow. The population grew 10 percent from 1990 to the year 2000. From the year 2000 to the current year 2014, the growth has been an astounding 18 percent. Market and economic analysts estimate that 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 I20 to the west of Tyler. Loop 49 Toll will create a horseshoe loop around Tyler connecting the City's southern regions to I 20. The loop allows for increased traffic from I-20 into the City of Tyler for shopping and economic development purposes.

Along with the Loop 49 project, the Northeast Texas Regional Mobility Authority was authorized in 2004 to construct, operate and maintain turnpike projects in the state which includes the Tyler area. Including various other means of interstate access, the Tyler Pounds Regional Airport allows for secure and efficient air travel in and out of the region. Total flight boarding's have declined slightly due to the general economic climate nationwide from 169,134 in 2005 to a current level of 167,468 in 2013, but are up from 2011 level of 144,762. Tyler is the first Certified Retirement City in Texas. Tyler meets high standards for retiree living such as low cost of living, low crime rate, quality health care, abundant recreation and educational opportunities. Tyler is 16th in the nation for cost of living in Retirement Places Rated: Special Millennium Edition.

The office space occupancy rate for the City of Tyler was 85.8 percent in 2014, up from 85 percent in 1999. The average lease rates for office space and occupancy rates remained the same. The office lease space is comprised of five classes for total square footage of 2,154,210. Tyler had \$2.82 billion in retail trade gross sales in 2013 up from \$2.06 billion in 2004.

The economic outlook for Tyler is encouraging. Industrial, commercial and residential development has each experienced declines of various levels but are expected to follow State and National trends for improvement during the next one to two fiscal years. The potential for sustained development is present, and many governmental and business leaders are working to ensure the City is poised for economic growth. Sales Tax collections have begun to show signs of sustainable improvement in 2014 and will continue to be monitored throughout 2015.

***Economic Signs:***



***Long-term Financial Planning***

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

The City has continued to maintain the lowest property tax rate for mid to large-sized cities in Texas in an effort to balance citizen desire for lower property tax rates and the City's need to match operating costs associated with future planning initiatives. Sales tax has played a large role in allowing the City to obtain this objective with a ten year average increase of 3.84 percent. By maintaining an adequate reserve and monitoring future economic conditions, the City plans to continue to provide for future citizen needs in a streamlined and cost effective manner.

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

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

### ***Major Initiatives***

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

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

### ***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 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This is the twenty eighth consecutive years 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 eight 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.

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

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

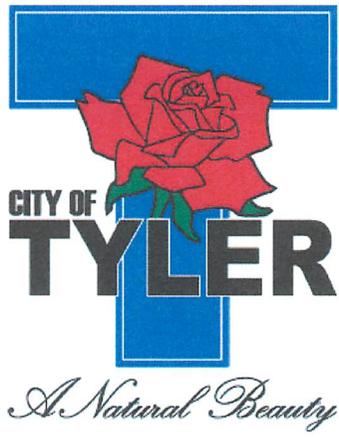
Respectfully submitted,



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**

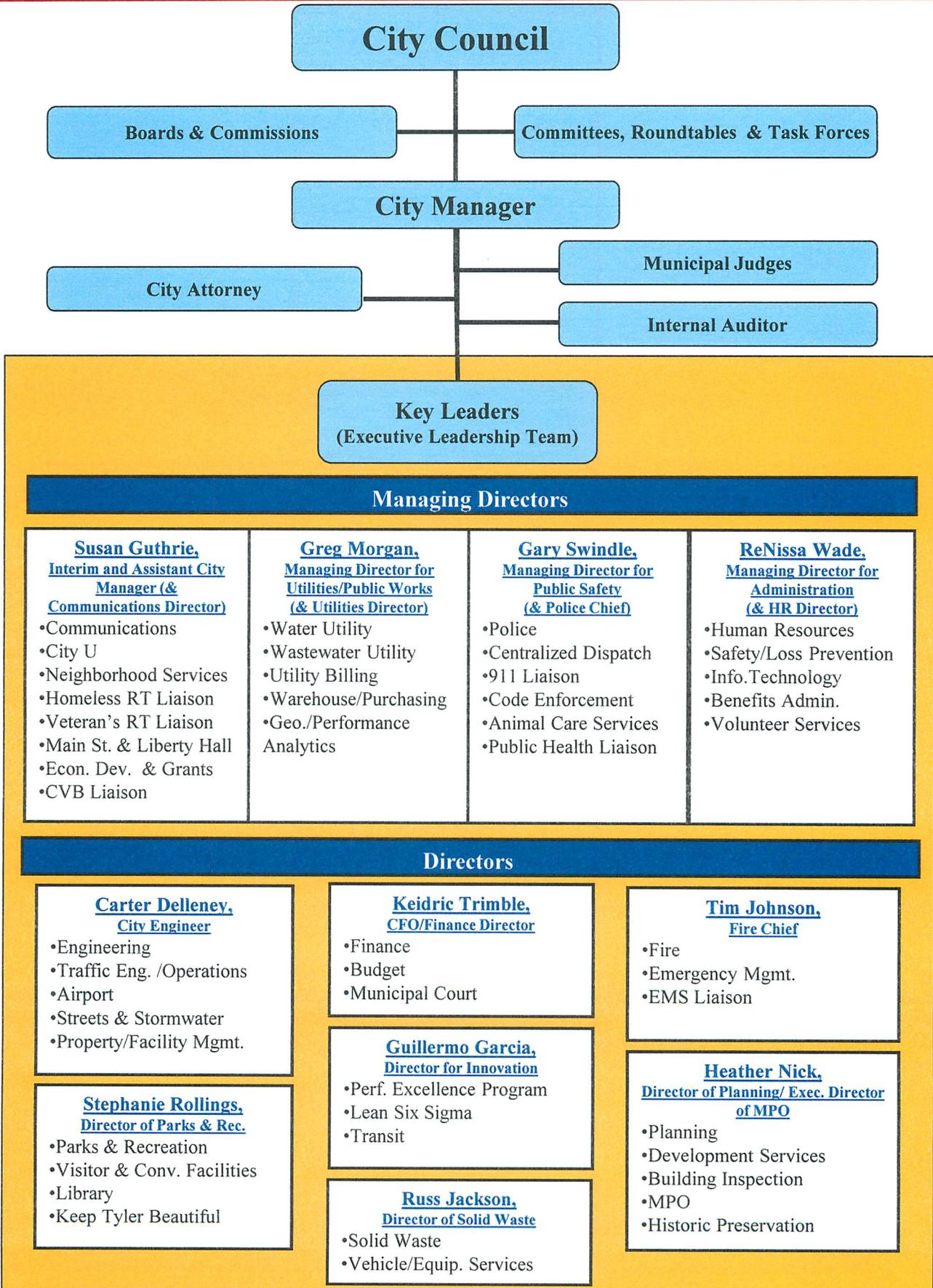
**For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended**

**September 30, 2013**

**Executive Director/CEO**



*A Natural Beauty*



# City Council

Boards & Commissions

Committees, Roundtables & Task Forces

## City Manager

City Attorney

Municipal Judges

Internal Auditor

### Key Leaders (Executive Leadership Team)

#### Managing Directors

**Susan Guthrie,**  
**Interim and Assistant City**  
**Manager (&**  
**Communications Director)**

- Communications
- City U
- Neighborhood Services
- Homeless RT Liaison
- Veteran's RT Liaison
- Main St. & Liberty Hall
- Econ. Dev. & Grants
- CVB Liaison

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

- Water Utility
- Wastewater Utility
- Utility Billing
- Warehouse/Purchasing
- Geo./Performance Analytics

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

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

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

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

#### Directors

**Carter Dellaney,**  
**City Engineer**

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

**Keidric Trimble,**  
**CFO/Finance Director**

- Finance
- Budget
- Municipal Court

**Tim Johnson,**  
**Fire Chief**

- Fire
- Emergency Mgmt.
- EMS Liaison

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

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

**Guillermo Garcia,**  
**Director for Innovation**

- Perf. Excellence Program
- Lean Six Sigma
- Transit

**Heather Nick,**  
**Director of Planning/ Exec. Director**  
**of MPO**

- Planning
- Development Services
- Building Inspection
- MPO
- Historic Preservation

**Russ Jackson,**  
**Director of Solid Waste**

- Solid Waste
- Vehicle/Equip. Services

**CITY OF TYLER, TEXAS  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2014**

**MAYOR – MARTIN HEINES**

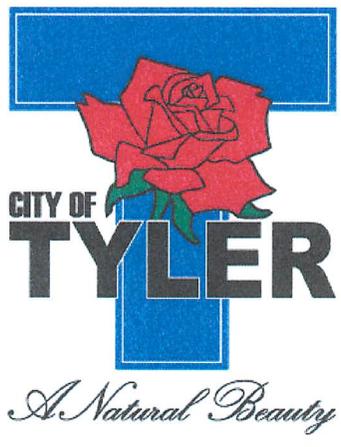
**Members of City Council:**

Sam Mezayek  
Darryl Bowdre  
Edward Moore  
Don Warren  
Mark Whatley  
John Nix

**City Manager – Mark McDaniel**

**Chief Financial Officer – Keidric Trimble**

**City Attorney – Deborah Pullum**



## **FINANCIAL SECTION**

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

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas (City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas, as of September 30, 2014, 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 funding progress on pages 3-12 and 60-61 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 additional supplemental information is the responsibility of management and was derived from and relates 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015, on our consideration of the City of Tyler, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tyler, Texas' internal control over financial reporting and compliance.

Henry + Peters, P.C.

Tyler, Texas  
March 16, 2015

## **CITY OF TYLER, TEXAS**

Management's Discussion and Analysis

For Year Ended September 30, 2014

(Unaudited)

As management of the City of Tyler, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2014. 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 \$473,708,245 (net position). Of this amount, \$27,255,147 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$13,290,034, including the prior period adjustment.
- As of the close of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$35,948,617. \$10,823,011 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 \$10,823,011. The general fund operating reserve targeted amount was \$9,748,374 (15% of general fund expenditures).
- The City's revenue bond payable had a net decrease of \$2,540,000 due to the payment of revenue bond liabilities. The City has no general obligation bond payable.

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

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

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

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

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

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

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

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

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

The City maintains 18 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and the Capital Projects ½ Cent Sales Tax Fund, both of which are considered to be major funds. Data from the other 16 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 16-21.

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

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

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

57. 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 51-55.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-58.

**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 60-61 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 63-115 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Tyler, assets exceeded liabilities by \$473,708,245 as of September 30, 2014.

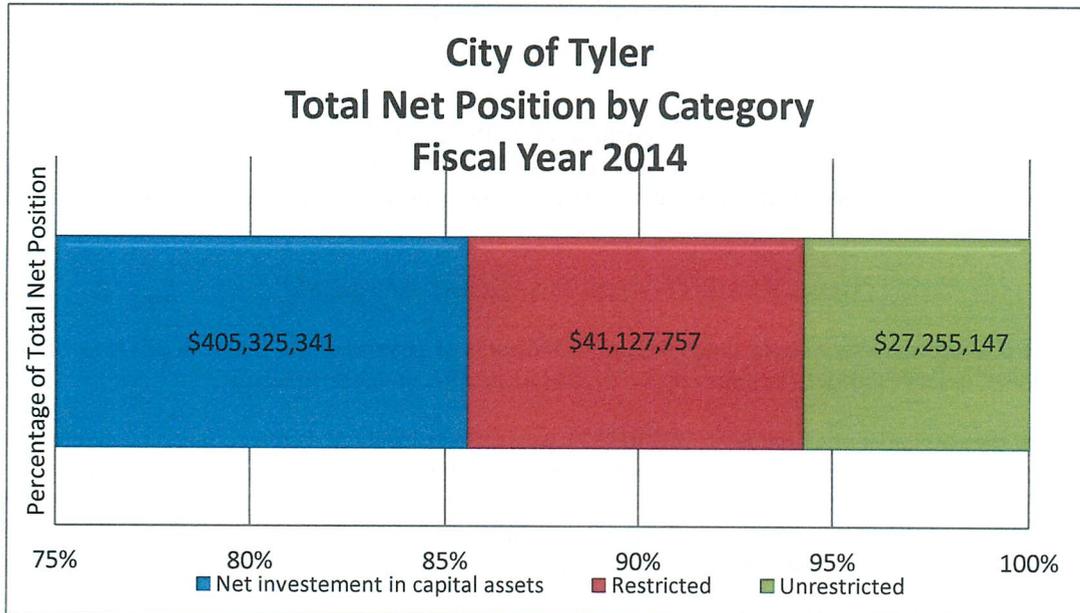
The largest portion of the City's net position, 86%, or \$405,325,341, reflects its net investment in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure, less any outstanding debt used to acquire the assets.) The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### CITY OF TYLER'S NET POSITION – Fiscal Year 2014

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 66,829,850	\$ 70,980,990	\$ 30,849,073	\$ 34,766,764	\$ 97,678,923	\$105,747,754
Capital assets	248,656,789	232,051,529	225,562,024	220,498,729	474,218,813	452,550,258
<b>Total Assets</b>	<b>315,486,639</b>	<b>303,032,519</b>	<b>256,411,097</b>	<b>220,498,729</b>	<b>571,897,736</b>	<b>558,298,012</b>
Deferred Outflow of Resources	-	-	644,606	-	644,606	-
Non-current liabilities	19,212,724	18,168,523	64,863,581	64,451,706	84,076,305	82,620,229
Other liabilities	9,754,956	8,275,093	5,002,836	6,984,479	14,757,792	15,259,572
<b>Total Liabilities</b>	<b>28,967,680</b>	<b>26,443,616</b>	<b>69,866,417</b>	<b>71,436,185</b>	<b>98,834,097</b>	<b>97,879,801</b>
Net Position:						
Net investment in capital assets	243,391,685	226,678,557	161,933,656	155,451,446	405,325,341	382,130,003
Restricted	22,022,830	25,006,305	19,104,927	21,543,386	41,127,757	46,549,691
Unrestricted	21,104,444	24,904,041	6,105,703	6,834,476	27,255,147	31,738,517
<b>Total Net Position</b>	<b>\$286,518,959</b>	<b>\$ 276,588,903</b>	<b>\$ 187,189,286</b>	<b>\$ 183,829,308</b>	<b>\$473,708,245</b>	<b>\$460,418,211</b>

An additional portion of the City’s net position 8.7% or \$41,127,757 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$27,255,147 may be used to meet the government’s ongoing obligations to citizens and creditors.

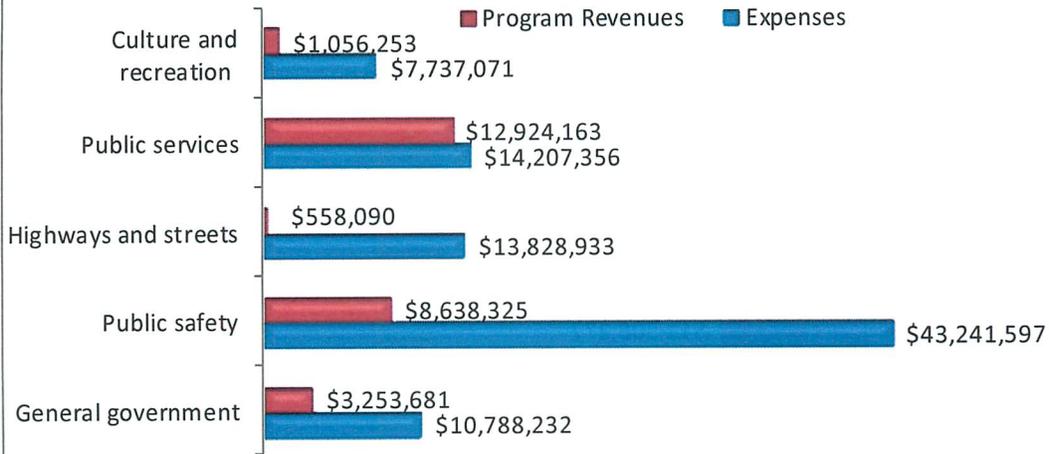
As of September 30, 2014 the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The following chart illustrates for the current fiscal year the percentage of total net position each category encompasses.



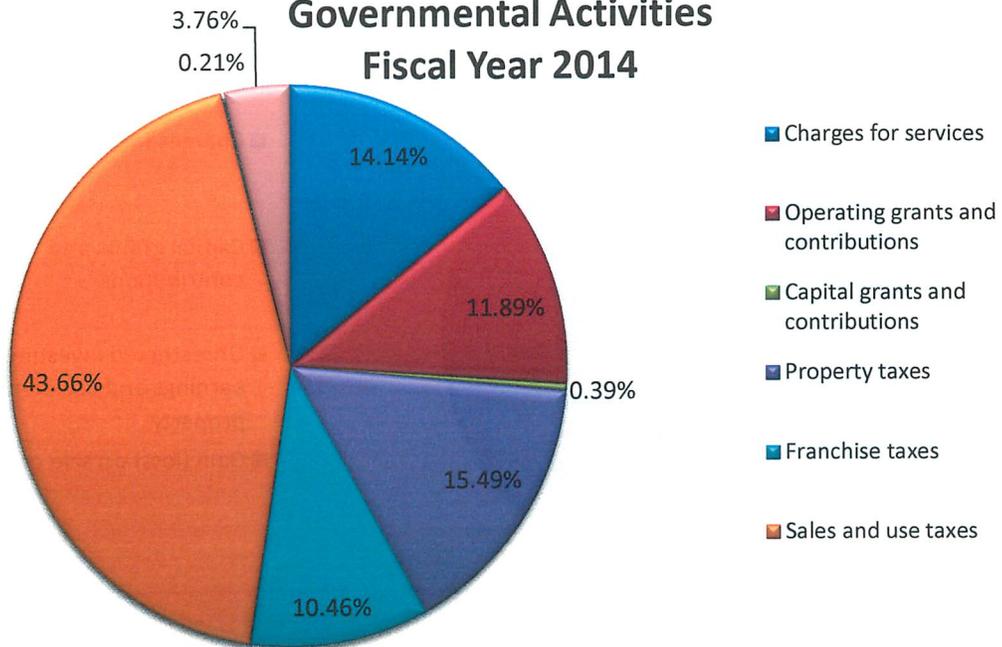
**Analysis of the City’s Operations** - Overall the City had an increase in net position of \$13,290,034, including the prior period adjustment.

**Governmental Activities:** Governmental activities increased total net position by \$9,930,056. Net investment in capital assets increased by \$16,713,128 due to additions exceeding retirements and depreciation. Restricted net position decreased by \$2,983,475 primarily due to remaining balance in the capital project fund. Unrestricted net position decreased by \$3,799,597.

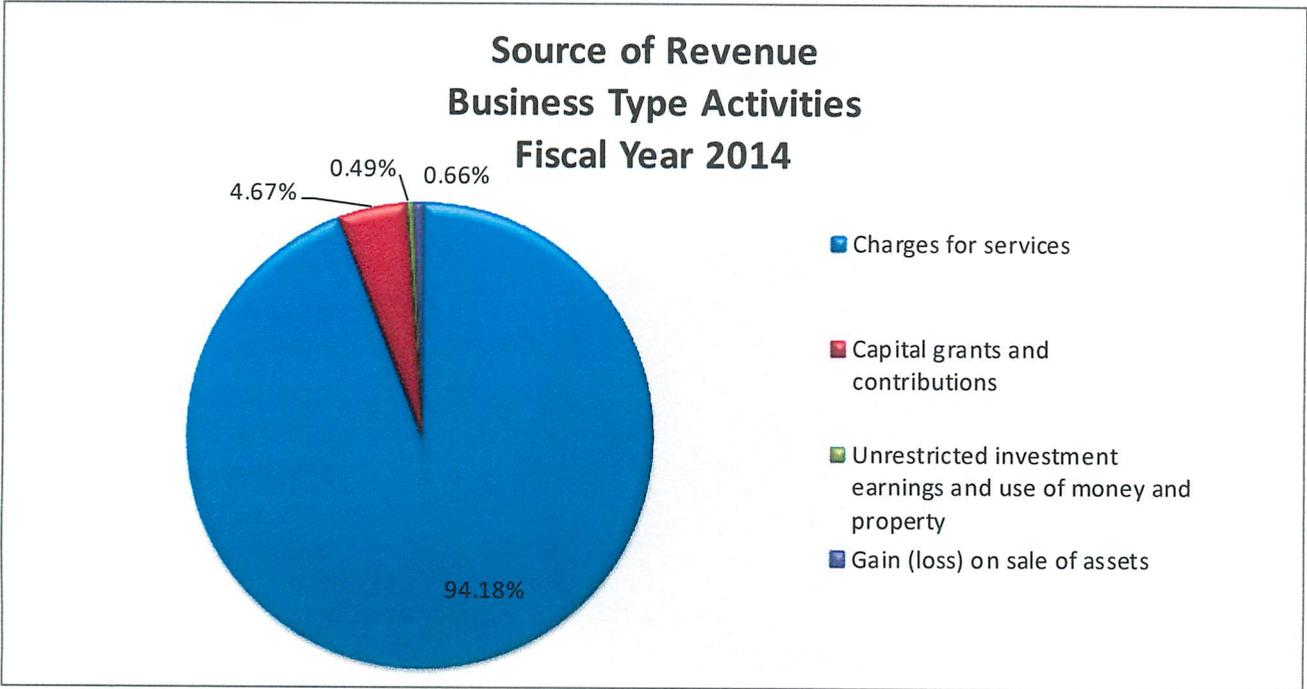
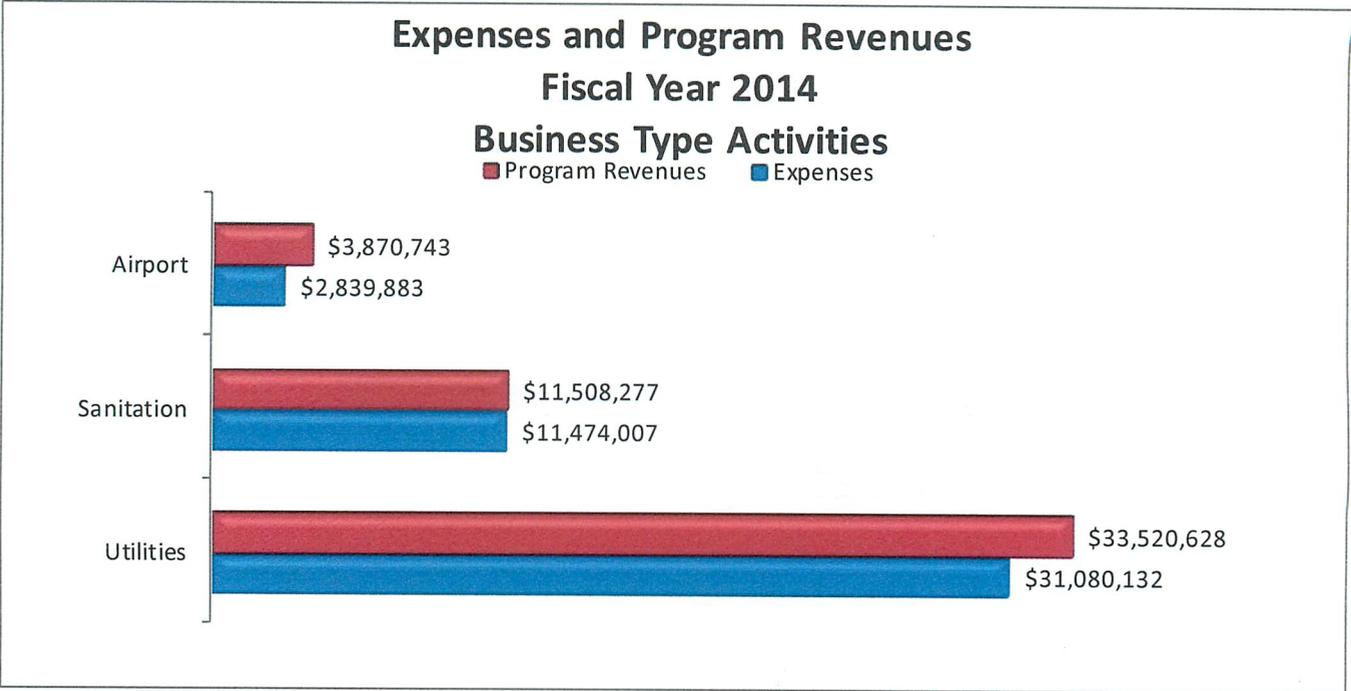
### Expenses and Program Revenues Fiscal Year 2014 Governmental Activities



### Source of Revenue Governmental Activities Fiscal Year 2014



Business-type Activities: Net Position from business-type activities increased by \$3,359,978. This increase was primarily due an increase in capital asset related to the Airport and a decrease in liabilities mostly related to revenue bonds for Water Utilities.



The following table provides a summary of the City’s operations for the year ended September 30, 2014 with comparative totals for the year ended September 30, 2013.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 14,109,913	\$ 13,272,199	\$ 46,588,674	\$ 47,616,524	\$ 60,698,587	\$ 60,888,723
Operating grants and contributions	11,870,746	11,033,709	-	-	11,870,746	11,033,709
Capital grants and contributions	393,979	774,752	2,310,974	5,998,483	2,704,953	6,773,235
<b>General revenues:</b>						
Property taxes	15,458,985	14,333,678	-	-	15,458,985	14,333,678
Franchise taxes	10,434,684	10,186,300	-	-	10,434,684	10,186,300
Sales and use taxes	43,577,045	40,582,134	-	-	43,577,045	40,582,134
Investment earnings and use of money and property	205,478	191,907	242,517	197,626	447,995	389,533
Gain on sale of assets	385,327	224,224	324,964	253,682	710,291	477,906
Donations	2,745,000	26,704	-	-	2,745,000	26,704
Miscellaneous	294,476	148,120	-	-	294,476	148,120
<b>Total revenues</b>	<b>99,4765,633</b>	<b>90,773,727</b>	<b>49,467,129</b>	<b>54,066,315</b>	<b>148,942,762</b>	<b>144,840,042</b>
<b>Expenses:</b>						
General government	10,788,232	8,814,941	-	-	10,788,232	8,814,941
Public safety	43,241,597	43,594,916	-	-	43,241,597	43,594,916
Streets	13,828,933	16,197,280	-	-	13,828,933	16,197,280
Public services	14,207,356	14,395,725	-	-	14,207,356	14,395,725
Culture and recreation	7,737,071	8,314,970	-	-	7,737,071	8,314,970
Interest on long-term debt	67,788	74,423	-	-	67,788	74,423
Water and sewer	-	-	31,080,132	32,097,630	31,080,132	32,097,630
Sanitation	-	-	11,474,007	11,202,044	11,474,007	11,202,044
Airport	-	-	2,839,883	2,722,446	2,839,883	2,722,446
<b>Total Expenses</b>	<b>89,870,977</b>	<b>91,392,255</b>	<b>45,394,022</b>	<b>46,022,120</b>	<b>135,264,999</b>	<b>137,414,375</b>
Increases in net position before transfers	9,604,656	(618,528)	4,073,107	8,044,195	13,677,763	7,425,667
Transfers	325,400	(657,603)	(325,400)	657,603	-	-
<b>Change in net position</b>	<b>9,930,056</b>	<b>(1,276,131)</b>	<b>3,747,707</b>	<b>8,701,798</b>	<b>13,677,763</b>	<b>7,425,667</b>
Net position – October 1	276,588,903	277,865,034	183,829,308	175,127,510	460,418,211	452,992,544
Prior Period Adjustment	-	-	(387,729)	-	(387,729)	-
<b>Net position – September 30</b>	<b>\$ 286,518,959</b>	<b>\$ 276,588,903</b>	<b>\$ 187,189,286</b>	<b>\$ 183,829,308</b>	<b>\$ 473,708,245</b>	<b>\$460,418,211</b>

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental funds** - The focus of the City of Tyler's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Tyler's governmental funds reported combined ending fund balances of \$35,948,617. Approximately 30% of this total amount, \$10,823,011, constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or assigned 1) to pay for capital projects, \$15,266,885; 2) to pay for the perpetual care of city cemeteries, \$2,781,197; 3) to purchase items restricted under grant and donation terms, \$1,785,632; 4) to purchase items restricted under tourism and conventions, \$3,643,846 and 5) to pay for other miscellaneous restrictions, \$1,648,046. The City of Tyler also self imposes an operating designation in the general fund equivalent to approximately 15 percent of total expenditures, \$9,748,374.

In the general fund, the City's original budget planned to decrease the fund balance on a budget basis by \$2,344,661. Additional amendments were made to fund various expenses required for operations for a net budgeted decrease in fund balance of \$3,564,033. Due to both revenue and expenditure budget variances the actual net decrease in fund balance for fiscal year 2014 was \$532,541. Capital Projects ½ Cent Sales Tax Fund balance decreased in 2014 by \$4,350,885, from \$17,534,474 to \$13,183,589 primarily due to the continuation of several multi-year construction projects. Other non-major governmental fund balances increased in 2014 by \$2,199,390, from \$8,485,698 to \$10,685,088.

**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 - \$3,255,780, Sanitation - \$2,235,708 and Airport - \$433,454. The following funds had a net position increase in 2014 as follows: Utilities \$2,244,560, Sanitation \$191,531, and Airport \$1,433,977.

**General Fund Budgetary Highlights** - The City made revisions to the original budget appropriations approved by the City Council. Overall these changes resulted in decreased budgeted expenditures of \$150,824.

Actual revenues were above the final budgeted amounts by a total of \$1,847,596. Actual expenditures not including transfers were below final budgeted amounts by a total of \$1,206,552.

## CAPITAL ASSETS

The City of Tyler's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to \$474,218,813, (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 \$21,668,555.

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

- \$7,328,764 Roadway improvement projects
- \$615,549 Traffic signal improvement projects
- \$3,785,220 Airport capital projects
- \$4,568,020 Water and Sewer capital projects
- \$7,471,696 Fair Plaza Parking Garage
- \$2,745,000 Donated land received

<b>Capital Assets at Year End</b>						
<b>Net of Accumulated Depreciation</b>						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$19,400,884	\$15,970,378	\$10,181,853	\$10,181,853	\$29,582,737	\$26,152,231
Water rights	-	-	12,526,700	12,524,200	12,526,700	12,524,200
Building	34,601,254	27,444,512	30,236,842	30,155,385	64,838,096	57,599,897
Improvements	17,074,755	20,085,409	139,119,300	138,208,434	156,194,055	158,293,843
Machinery & equipment	19,656,777	15,020,852	4,008,560	3,811,936	23,665,337	18,832,788
Infrastructure	146,197,963	145,170,160	10,161,479	4,802,126	156,359,442	149,972,286
Construction in progress	11,725,156	83,360,218	19,327,290	20,814,795	31,052,446	29,175,013
<b>Total</b>	<b>\$248,656,789</b>	<b>\$232,051,529</b>	<b>\$225,562,024</b>	<b>\$220,498,729</b>	<b>\$474,218,813</b>	<b>\$452,550,258</b>

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 \$62,715,000 comprised of bonds secured by water and sewer revenues (\$61,600,000) and airport customer facility revenue (\$1,115,000).

<b>Outstanding Debt at Year End</b>						
<b>Bonds and Notes Payable</b>						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Capital leases	\$5,265,104	\$5,372,972	\$ -	\$ -	\$ 5,265,104	\$ 5,372,972
Revenue bonds payable	-	-	62,715,000	65,255,000	62,715,000	65,255,000
<b>Total</b>	<b>\$5,265,104</b>	<b>\$5,372,972</b>	<b>\$ 62,715,000</b>	<b>\$ 65,255,000</b>	<b>\$ 67,980,104</b>	<b>\$ 70,627,972</b>

During the fiscal year, the City's revenue bond debt decrease by \$2,540,000 or 3.89%.

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

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

Please see note 4 on page 45 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 \$719,052,728. 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 44-45 of this report.

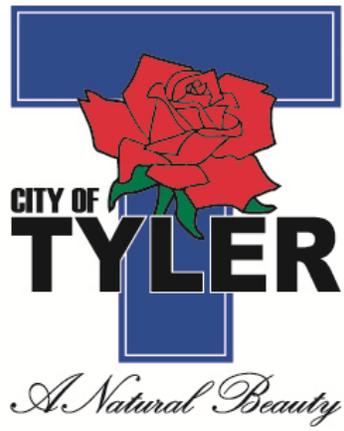
**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

- The unemployment rate for the City of Tyler is currently 5.8%, which is a decrease from 6.8% a year ago. This compares to the state’s average unemployment rate of 5.9% and the national average rate of 4.8%.
- Sales tax receipt growth over a ten year average increased slightly to 3.33%. Property value rates, due to a decline in current values, slowed to a ten year average growth rate of 4.65%.

All of these factors were considered in preparing the budget for the fiscal year 2014-2015 and the City of Tyler anticipates that total net position will decrease by September 30, 2015.

**REQUEST FOR INFORMATION**

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



## **BASIC FINANCIAL STATEMENTS**

**CITY OF TYLER, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,389,758	\$ 5,386,624	\$ 30,776,382
Receivables (net of allowance for doubtful accounts)	20,576,178	6,660,111	27,236,289
Internal balances	(225,761)	225,761	-
Inventories	259,970	390,942	650,912
Prepaid items	84,773	122,516	207,289
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	15,668,720	17,981,270	33,649,990
Permanently restricted			
Cash and cash equivalents	2,746,154	-	2,746,154
Other post employment benefits asset	432,287	81,849	514,136
Investment in joint venture	1,897,771	-	1,897,771
Capital assets not being depreciated:			
Land	19,400,884	10,181,853	29,582,737
Water rights	-	12,526,700	12,526,700
Construction in progress	11,725,156	19,327,290	31,052,446
Capital assets net of accumulated depreciation:			
Buildings	34,601,254	30,236,842	64,838,096
Improvements other than buildings	17,074,755	139,119,300	156,194,055
Machinery and equipment	19,656,777	4,008,560	23,665,337
Infrastructure	146,197,963	10,161,479	156,359,442
<b>Total Assets</b>	<b>315,486,639</b>	<b>256,411,097</b>	<b>571,897,736</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding (net of amortization)	-	644,606	644,606
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>644,606</b>	<b>644,606</b>
<b>LIABILITIES</b>			
Accounts payable	7,153,810	4,697,490	11,851,300
Deposits and other refundable balances	1,280,370	26,596	1,306,966
Insurance claims payable	1,241,943	-	1,241,943
Accrued interest payable	39,915	278,750	318,665
Unearned revenues	38,918	-	38,918
Non-current liabilities:			
Due within one year	1,785,258	2,633,221	4,418,479
Due in more than one year	17,427,466	62,230,360	79,657,826
<b>Total Liabilities</b>	<b>28,967,680</b>	<b>69,866,417</b>	<b>98,834,097</b>
<b>NET POSITION</b>			
Net investment in capital assets	243,391,685	161,933,656	405,325,341
Restricted for:			
Perpetual care - nonexpendable	2,747,046	-	2,747,046
Storm water management	-	1,315,000	1,315,000
Public safety	566,265	-	566,265
Capital improvements	80,985	-	80,985
Tourism and convention	3,133,132	-	3,133,132
Donor restrictions	959,419	-	959,419
Capital projects	13,183,589	12,652,444	25,836,033
Airport improvements	115,371	-	115,371
Communications	410,810	-	410,810
Housing assistance	639,493	-	639,493
Grant restrictions	186,720	-	186,720
Debt service	-	5,137,483	5,137,483
Unrestricted	21,104,444	6,150,703	27,255,147
<b>Total Net Position</b>	<b>\$ 286,518,959</b>	<b>\$ 187,189,286</b>	<b>\$ 473,708,245</b>

**CITY OF TYLER, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>Governmental activities:</b>							
General government	\$ 10,788,232	\$ 2,451,394	\$ 763,341	\$ 38,946	\$ (7,534,551)	\$ -	\$ (7,534,551)
Public safety	43,241,597	7,910,583	425,817	301,925	(34,603,272)	-	(34,603,272)
Highways and streets	13,828,933	92,034	230,182	-	(13,506,717)	-	(13,506,717)
Public services	14,207,356	2,449,877	10,442,228	32,058	(1,283,193)	-	(1,283,193)
Culture and recreation	7,737,071	1,206,025	9,178	21,050	(6,500,818)	-	(6,500,818)
Interest on long term debt	67,788	-	-	-	(67,788)	-	(67,788)
Total governmental activities	<u>89,870,977</u>	<u>14,109,913</u>	<u>11,870,746</u>	<u>393,979</u>	<u>(63,496,339)</u>	<u>-</u>	<u>(63,496,339)</u>
<b>Business-type activities:</b>							
Utilities	31,080,132	33,520,628	-	-	-	2,440,496	2,440,496
Sanitation	11,474,007	11,508,277	-	-	-	34,270	34,270
Airport	2,839,883	1,559,769	-	2,310,974	-	1,030,860	1,030,860
Total business-type activities	<u>45,394,022</u>	<u>46,588,674</u>	<u>-</u>	<u>2,310,974</u>	<u>-</u>	<u>3,505,626</u>	<u>3,505,626</u>
<b>Total primary government</b>	<u>\$ 135,264,999</u>	<u>\$ 60,698,587</u>	<u>\$ 11,870,746</u>	<u>\$ 2,704,953</u>	<u>(63,496,339)</u>	<u>3,505,626</u>	<u>(59,990,713)</u>
<b>General revenues:</b>							
Property taxes					15,458,985	-	15,458,985
Franchise taxes					10,434,684	-	10,434,684
Sales and use taxes					43,577,045	-	43,577,045
Unrestricted investment earnings and use of money and property					205,478	242,517	447,995
Gain on sale of assets					385,327	324,964	710,291
Donations					2,745,000	-	2,745,000
Miscellaneous					294,476	-	294,476
Transfers					325,400	(325,400)	-
Total general revenues and transfers					<u>73,426,395</u>	<u>242,081</u>	<u>73,668,476</u>
Change in net position					9,930,056	3,747,707	13,677,763
Net position - beginning of year					<u>276,588,903</u>	<u>183,829,308</u>	<u>460,418,211</u>
Prior period adjustment					-	(387,729)	(387,729)
Net position - end of year					<u>\$ 286,518,959</u>	<u>\$ 187,189,286</u>	<u>\$ 473,708,245</u>

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

**CITY OF TYLER, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	MAJOR FUNDS		OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,615,627	\$ -	\$ 5,315,120	\$ 14,930,747
Receivables (net of allowance for doubtful accounts) :				
Property taxes	521,027	-	-	521,027
Other	15,819,087	2,176,610	1,167,809	19,163,506
Due from other funds	324,824	-	-	324,824
Inventories	31,154	-	4,450	35,604
Prepaid items	17,164	-	-	17,164
Cash - restricted	-	13,262,115	5,152,759	18,414,874
<b>Total assets</b>	<b>\$ 26,328,883</b>	<b>\$ 15,438,725</b>	<b>\$ 11,640,138</b>	<b>\$ 53,407,746</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,417,862	\$ 2,255,136	\$ 591,809	\$ 6,264,807
Deposits and other refundable balances	1,242,782	-	37,588	1,280,370
Due to other funds	-	-	324,824	324,824
Unearned revenue	38,089	-	829	38,918
<b>Total liabilities</b>	<b>4,698,733</b>	<b>2,255,136</b>	<b>955,050</b>	<b>7,908,919</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	493,455	-	-	493,455
Unavailable revenue-fines	8,886,250	-	-	8,886,250
Unavailable revenue-permits	170,505	-	-	170,505
<b>Total deferred inflows of resources</b>	<b>9,550,210</b>	<b>-</b>	<b>-</b>	<b>9,550,210</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	31,154	-	4,450	35,604
Prepaid items	17,164	-	-	17,164
Permanent fund principal	-	-	2,747,046	2,747,046
Restricted for:				
Public safety	-	-	566,265	566,265
Capital improvements	-	-	80,985	80,985
Tourism and convention	-	-	3,133,132	3,133,132
Donor restrictions	-	-	959,419	959,419
Capital projects	-	13,183,589	-	13,183,589
Airport improvements	-	-	115,371	115,371
Communications	-	-	410,810	410,810
Housing assistance	-	-	639,493	639,493
Grant restrictions	-	-	186,720	186,720
Assigned to:				
Development services	502,832	-	-	502,832
Capital improvements	195,065	-	-	195,065
Capital projects	-	-	1,807,246	1,807,246
Cemetery maintenance	-	-	34,151	34,151
Tourism and convention	510,714	-	-	510,714
Unassigned	10,823,011	-	-	10,823,011
<b>Total fund balances</b>	<b>12,079,940</b>	<b>13,183,589</b>	<b>10,685,088</b>	<b>35,948,617</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 26,328,883</b>	<b>\$ 15,438,725</b>	<b>\$ 11,640,138</b>	<b>\$ 53,407,746</b>

**CITY OF TYLER, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

Total fund balances governmental funds (Exhibit 3)	\$ 35,948,617
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)	392,423
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	231,112,629
Equity in an affiliated joint venture is included in governmental activities in the statement of net position.	1,897,771
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	9,550,210
Internal service funds are used by management to charge the costs of various goods or services provided to other departments or agencies of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (Net of the amount allocated to business-type activities - \$225,761).	21,519,987
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(13,902,678)</u>
Net position of governmental activities (Exhibit 1)	<u><u>\$ 286,518,959</u></u>

**CITY OF TYLER, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	MAJOR FUNDS		OTHER	TOTAL GOVERNMENTAL FUNDS
	GENERAL	ONE-HALF CENT SALES TAX	NON-MAJOR GOVERNMENTAL FUNDS	
<b>REVENUES</b>				
Taxes:				
Property	\$ 15,388,728	\$ -	\$ 52,101	\$ 15,440,829
Franchise	10,161,143	-	273,541	10,434,684
Sales and use	26,964,164	13,260,437	3,352,444	43,577,045
Licenses and permits	1,669,370	-	5,925	1,675,295
Fines, forfeitures and penalties	6,875,165	-	809,663	7,684,828
Revenues from use of money or property	724,677	53,596	24,062	802,335
Charges for current services	2,231,926	-	617,181	2,849,107
Revenues from other agencies	785,743	-	11,030,636	11,816,379
Donations	-	-	352,948	352,948
Miscellaneous	570,370	7,265	258,855	836,490
<b>Total revenues</b>	<b>65,371,286</b>	<b>13,321,298</b>	<b>16,777,356</b>	<b>95,469,940</b>
<b>EXPENDITURES</b>				
Current:				
General government	8,053,418	227,095	43,144	8,323,657
Public safety	41,688,062	-	628,258	42,316,320
Public services	1,181,857	-	11,744,639	12,926,496
Highways and streets	5,040,951	50,000	-	5,090,951
Culture and recreation	6,669,162	-	436,377	7,105,539
Capital outlay	2,355,709	17,865,168	1,979,727	22,200,604
Debt service:				
Principal retirement	-	-	313,756	313,756
Interest and fiscal charges	-	-	13,936	13,936
<b>Total expenditures</b>	<b>64,989,159</b>	<b>18,142,263</b>	<b>15,159,837</b>	<b>98,291,259</b>
Excess (deficiency) of revenues over (under) expenditures	382,127	(4,820,965)	1,617,519	(2,821,319)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	71,610	71,610
Transfers in	1,775,000	665,275	2,588,363	5,028,638
Transfers out	(2,689,668)	(195,195)	(2,078,102)	(4,962,965)
<b>Total other financing sources (uses)</b>	<b>(914,668)</b>	<b>470,080</b>	<b>581,871</b>	<b>137,283</b>
Net change in fund balances	(532,541)	(4,350,885)	2,199,390	(2,684,036)
Fund balances - beginning of year	12,612,481	17,534,474	8,485,698	38,632,653
Fund balances - end of year	<u>\$ 12,079,940</u>	<u>\$ 13,183,589</u>	<u>\$ 10,685,088</u>	<u>\$ 35,948,617</u>

**CITY OF TYLER, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

Net change in fund balances - total governmental funds	\$ (2,684,036)
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.	(221,294)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	8,853,291
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	327,496
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	2,733,056
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.	414,416
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.	242,146
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. This amount reflects the change in the accrued liability for compensated absences, accrued legal expenses, and net pension expenses.	414,956
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 (\$122,361).	(149,975)
Change in net position of governmental activities	<u>\$ 9,930,056</u>

**CITY OF TYLER, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property tax collections	\$ 15,579,801	\$ 15,579,801	\$ 15,388,728	\$ (191,073)
Franchise fees	10,115,140	10,115,140	10,161,143	46,003
Sales and use taxes	25,398,198	25,398,198	26,964,164	1,565,966
Licenses and permits	1,305,200	1,240,850	1,669,370	428,520
Fines, forfeitures and penalties	6,803,013	6,803,013	6,875,165	72,152
Revenues from use of money or property	874,660	877,660	724,677	(152,983)
Charges for current services	2,304,194	2,333,844	2,231,926	(101,918)
Revenues from other agencies	745,680	751,184	785,743	34,559
Miscellaneous	394,000	424,000	570,370	146,370
<b>Total Revenues</b>	<b>63,519,886</b>	<b>63,523,690</b>	<b>65,371,286</b>	<b>1,847,596</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT:</b>				
General government services	5,590,905	5,437,431	5,450,005	(12,574)
Communications	380,364	385,364	363,407	21,957
Finance	1,019,437	1,019,437	1,021,589	(2,152)
Human Resources	399,377	399,227	357,107	42,120
Legal	887,088	887,088	854,903	32,185
Parking Garage	49,200	44,280	6,407	37,873
<b>Total General Government</b>	<b>8,326,371</b>	<b>8,172,827</b>	<b>8,053,418</b>	<b>119,409</b>
<b>PUBLIC SAFETY:</b>				
Police	24,515,964	24,512,664	24,506,031	6,633
Fire	15,718,614	15,718,114	15,702,337	15,777
Municipal court	1,623,715	1,623,013	1,479,694	143,319
<b>Total Public Safety</b>	<b>41,858,293</b>	<b>41,853,791</b>	<b>41,688,062</b>	<b>165,729</b>
<b>PUBLIC SERVICES:</b>				
Planning	371,198	367,198	352,463	14,735
Development Services	840,663	840,663	829,014	11,649
Animal Control	-	-	380	(380)
<b>Total Public Services</b>	<b>1,211,861</b>	<b>1,207,861</b>	<b>1,181,857</b>	<b>26,004</b>
<b>HIGHWAYS AND STREETS:</b>				
Engineering	475,551	475,351	460,649	14,702
Street administration	2,302,327	2,302,327	2,122,731	179,596
Traffic operations	2,523,815	2,523,815	2,457,571	66,244
<b>Total Highways and Streets</b>	<b>5,301,693</b>	<b>5,301,493</b>	<b>5,040,951</b>	<b>260,542</b>
<b>CULTURE AND RECREATION:</b>				
Library	1,277,103	1,285,403	1,285,907	(504)
Parks administration	2,497,306	2,496,706	2,332,973	163,733
Indoor recreation	489,337	526,960	498,364	28,596
Outdoor recreation	416,795	410,852	346,029	64,823
Median maintenance and arborist	427,243	427,243	397,895	29,348
Rose Garden center	271,633	271,483	224,697	46,786
Rose Garden maintenance	483,874	515,320	409,661	105,659
Visitor Facilities	482,121	708,015	705,420	2,595

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>CULTURE AND RECREATION: (Cont'd)</b>				
Tourism Contingency	\$ 279,704	\$ 249,704	\$ 239,103	\$ 10,601
Stewart Park	245,844	-	-	-
Main Street	247,938	247,188	229,113	18,075
Total Culture and Recreation	<u>7,118,898</u>	<u>7,138,874</u>	<u>6,669,162</u>	<u>469,712</u>
<b>CAPITAL OUTLAY:</b>	<u>2,529,419</u>	<u>2,520,865</u>	<u>2,355,709</u>	<u>165,156</u>
Total Expenditures	<u>66,346,535</u>	<u>66,195,711</u>	<u>64,989,159</u>	<u>1,206,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,826,649)</u>	<u>(2,672,021)</u>	<u>382,127</u>	<u>3,054,148</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,825,000	1,775,000	1,775,000	-
Transfers out	<u>(1,343,012)</u>	<u>(2,667,012)</u>	<u>(2,689,668)</u>	<u>(22,656)</u>
Total other financing sources (uses)	<u>481,988</u>	<u>(892,012)</u>	<u>(914,668)</u>	<u>(22,656)</u>
Net change in fund balance	(2,344,661)	(3,564,033)	(532,541)	3,031,492
Fund balance - beginning of year	<u>12,612,481</u>	<u>12,612,481</u>	<u>12,612,481</u>	<u>-</u>
Fund balance - end of year	<u>\$ 10,267,820</u>	<u>\$ 9,048,448</u>	<u>\$ 12,079,940</u>	<u>\$ 3,031,492</u>

**CITY OF TYLER, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<b>ASSETS</b>					
Current Assets					
Unrestricted current assets:					
Cash and cash equivalents	\$ 1,652,038	\$ 2,859,336	\$ 875,250	\$ 5,386,624	\$ 10,459,011
Prepaid expenses	122,516	-	-	122,516	67,609
Accounts receivable (net of allowance for doubtful accounts)	4,570,707	1,588,097	501,307	6,660,111	891,645
Inventories - at average cost	390,942	-	-	390,942	224,366
Total unrestricted current assets	6,736,203	4,447,433	1,376,557	12,560,193	11,642,631
Restricted current assets:					
Temporarily restricted					
Cash and cash equivalents for payment of current maturities of revenue bond principal and interest	5,314,284	-	101,924	5,416,208	-
Total restricted current assets	5,314,284	-	101,924	5,416,208	-
Total current assets	12,050,487	4,447,433	1,478,481	17,976,401	11,642,631
Noncurrent assets:					
Restricted assets:					
Temporarily restricted					
Cash and cash equivalents	12,565,062	-	-	12,565,062	-
Total restricted assets	12,565,062	-	-	12,565,062	-
Other post employment benefits asset					
	54,163	24,611	3,075	81,849	24,503
Capital assets:					
Land	5,847,055	3,285,312	1,049,486	10,181,853	65,000
Water rights	12,526,700	-	-	12,526,700	-
Buildings and infrastructure	35,192,894	707,489	32,627,881	68,528,264	1,249,473
Improvements other than buildings	213,243,582	574,474	23,920,214	237,738,270	997,723
Machinery and equipment	2,891,265	7,692,983	904,030	11,488,278	36,338,183
Construction in progress	9,311,138	12,865	10,003,287	19,327,290	669,774
Less accumulated depreciation	(111,994,128)	(5,695,902)	(16,538,601)	(134,228,631)	(21,775,993)
Total capital assets net of accumulated depreciation	167,018,506	6,577,221	51,966,297	225,562,024	17,544,160
Total noncurrent assets	179,637,731	6,601,832	51,969,372	238,208,935	17,568,663
Total assets	191,688,218	11,049,265	53,447,853	256,185,336	29,211,294
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding (net of amortization)	644,606	-	-	644,606	-
Total deferred outflows of resources	644,606	-	-	644,606	-
<b>LIABILITIES</b>					
Current liabilities					
Unrestricted current liabilities:					
Accounts and contracts payable	3,423,070	464,929	809,491	4,697,490	889,003
Insurance claims payable	-	-	-	-	1,241,943
Current portion of capital lease payable	-	-	-	-	1,005,337
Current portion of compensated absences payable	15,200	5,545	2,476	23,221	5,321
Total unrestricted current liabilities	3,438,270	470,474	811,967	4,720,711	3,141,604
Current liabilities payable from restricted assets:					
Revenue bonds payable	2,550,000	-	60,000	2,610,000	-
Customer deposits	26,596	-	-	26,596	-
Accrued interest	278,725	-	25	278,750	39,915
Total current liabilities payable from restricted assets	2,855,321	-	60,025	2,915,346	39,915
Total current liabilities	6,293,591	470,474	871,992	7,636,057	3,181,519
Noncurrent liabilities:					
Revenue bonds payable (net)	59,318,762	-	1,055,000	60,373,762	-
Capital lease payable	-	-	-	-	3,867,562
Net pension obligation	730,621	321,036	54,117	1,105,774	259,802
Compensated absences	491,481	179,274	80,069	750,824	172,024
Total noncurrent liabilities	60,540,864	500,310	1,189,186	62,230,360	4,299,388
Total liabilities	66,834,455	970,784	2,061,178	69,866,417	7,480,907
<b>NET POSITION</b>					
Net investment in capital assets	104,505,138	6,577,221	50,851,297	161,933,656	12,671,261
Restricted for:					
Debt service	5,035,559	-	101,924	5,137,483	-
Storm water management	1,315,000	-	-	1,315,000	-
Capital projects	11,386,892	1,265,552	-	12,652,444	-
Unrestricted	3,255,780	2,235,708	433,454	5,924,942	9,059,126
Total net position	\$ 125,498,369	\$ 10,078,481	\$ 51,386,675	186,963,525	\$ 21,730,387
Reconciliation to government-wide statements of net position:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			Prior years	348,122	
			Current year	(122,361)	
Net position of business-type activities				\$ 187,189,286	

**CITY OF TYLER, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL
	ENTERPRISE FUNDS				INTERNAL
	UTILITIES	SANITATION	AIRPORT		SERVICE FUNDS
<b>OPERATING REVENUES</b>					
Water and sewer operations	\$ 33,557,782	\$ -	\$ -	\$ 33,557,782	\$ -
Trash and garbage	-	11,301,912	-	11,301,912	-
Airport sales and rentals	-	-	1,579,741	1,579,741	-
Charges for services	-	-	-	-	15,688,916
Contributions	-	-	-	-	10,549,078
Miscellaneous	207,327	32,666	31,607	271,600	1,529,787
<b>Total operating revenues</b>	<b>33,765,109</b>	<b>11,334,578</b>	<b>1,611,348</b>	<b>46,711,035</b>	<b>27,767,781</b>
<b>OPERATING EXPENSES</b>					
Water and sewer operations	21,916,168	-	-	21,916,168	-
Sanitation operations	-	10,758,875	-	10,758,875	-
Municipal Airport operations	-	-	1,392,646	1,392,646	-
Garage operations	-	-	-	-	5,711,753
Depreciation	6,246,488	715,132	1,400,172	8,361,792	3,744,311
Insurance claims	-	-	-	-	11,744,744
Administrative	-	-	-	-	6,252,415
Special services	-	-	-	-	1,100,500
Maintenance	-	-	-	-	222,994
<b>Total operating expenses</b>	<b>28,162,656</b>	<b>11,474,007</b>	<b>2,792,818</b>	<b>42,429,481</b>	<b>28,776,717</b>
Operating income (loss)	5,602,453	(139,429)	(1,181,470)	4,281,554	(1,008,936)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Revenues from use of money and property	126,294	97,707	18,516	242,517	94,508
Gain (loss) on sale of assets	-	324,964	-	324,964	397,271
Interest expense	(2,917,476)	-	(47,065)	(2,964,541)	(53,852)
<b>Total non-operating revenues (expenses)</b>	<b>(2,791,182)</b>	<b>422,671</b>	<b>(28,549)</b>	<b>(2,397,060)</b>	<b>437,927</b>
Income (loss) before capital contributions and transfers	2,811,271	283,242	(1,210,019)	1,884,494	(571,009)
Capital contributions	-	-	2,310,974	2,310,974	38,946
Transfers in	-	-	333,022	333,022	259,727
Transfers out	(566,711)	(91,711)	-	(658,422)	-
Net capital contributions and transfers	(566,711)	(91,711)	2,643,996	1,985,574	298,673
Change in net position	2,244,560	191,531	1,433,977	3,870,068	(272,336)
Net position - beginning of year	123,618,901	9,886,950	49,975,335		22,002,723
Prior period adjustment	(365,092)	-	(22,637)		-
Net position - end of year	<u>\$ 125,498,369</u>	<u>\$ 10,078,481</u>	<u>\$ 51,386,675</u>		<u>\$ 21,730,387</u>
Reconciliation to government-wide statements of net position:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(122,361)	
Change in net position of business-type activities				<u>\$ 3,747,707</u>	

**CITY OF TYLER, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL INTERNAL SERVICE FUNDS
	ENTERPRISE FUNDS				
	UTILITIES	SANITATION	AIRPORT	TOTAL ENTERPRISE FUNDS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$ 33,551,115	\$ 11,128,862	\$ 1,634,964	\$ 46,314,941	\$ 27,173,111
Cash paid to suppliers for goods and services	(13,698,495)	(7,569,330)	(936,410)	(22,204,235)	(10,612,283)
Cash paid to employees for services	(7,625,897)	(3,155,191)	(542,228)	(11,323,316)	(2,447,487)
Insurance claims paid	-	-	-	-	(11,141,745)
Net cash provided by (used in) operating activities	<u>12,226,723</u>	<u>404,341</u>	<u>156,326</u>	<u>12,787,390</u>	<u>2,971,596</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	-	-	333,022	333,022	259,727
Transfers out to other funds	(566,711)	(91,711)	-	(658,422)	-
Net cash provided by (used in) non-capital financing activities	<u>(566,711)</u>	<u>(91,711)</u>	<u>333,022</u>	<u>(325,400)</u>	<u>259,727</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(9,544,372)	(1,341,725)	(2,834,056)	(13,720,153)	(7,640,870)
Proceeds from grants for capital purposes	-	-	2,310,974	2,310,974	38,946
Proceeds from sale of assets	-	620,030	-	620,030	397,271
Proceeds from issuance of debt	-	-	-	-	-
Payments on debt	(2,480,000)	-	(60,000)	(2,540,000)	(988,076)
Interest paid	(2,757,948)	-	(44,180)	(2,802,128)	(53,852)
Net cash provided by (used in) capital and related financing activities	<u>(14,782,320)</u>	<u>(721,695)</u>	<u>(627,262)</u>	<u>(16,131,277)</u>	<u>(8,246,581)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments	126,294	97,707	18,516	242,517	94,508
Net cash provided by (used in) investing activities	<u>126,294</u>	<u>97,707</u>	<u>18,516</u>	<u>242,517</u>	<u>94,508</u>
Net increase (decrease) in cash and cash equivalents	(2,996,014)	(311,358)	(119,398)	(3,426,770)	(4,920,750)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>22,527,398</u>	<u>3,170,694</u>	<u>1,096,572</u>	<u>26,794,664</u>	<u>15,379,761</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 19,531,384</u>	<u>\$ 2,859,336</u>	<u>\$ 977,174</u>	<u>\$ 23,367,894</u>	<u>\$ 10,459,011</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	<u>\$ 5,602,453</u>	<u>\$ (139,429)</u>	<u>\$ (1,181,470)</u>	<u>\$ 4,281,554</u>	<u>\$ (1,008,936)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	6,246,488	715,132	1,400,172	8,361,792	3,744,311
(Increase) decrease in accounts receivable	6,948	(205,716)	23,591	(175,177)	(577,320)
(Increase) decrease in prepaids	(122,516)	434	-	(122,082)	45,483
(Increase) decrease in inventories	64,261	-	-	64,261	(17,350)
(Increase) decrease in other post employment benefit asset	43,291	19,027	3,414	65,732	15,361
Increase (decrease) in accounts payable	710,786	(8,566)	(86,067)	616,153	153,409
Increase (decrease) in customer deposits	(10,203)	-	25	(10,178)	-
Increase (decrease) in claims payable	-	-	-	-	602,999
Increase (decrease) in accrued interest payable	-	-	-	-	(1,010)
Increase (decrease) in contracts payable	(275,000)	-	-	(275,000)	-
Increase (decrease) in net pension obligation	(52)	(22)	(4)	(78)	(17)
Increase (decrease) in compensated absences payable	(39,733)	23,481	(3,335)	(19,587)	14,666
Total adjustments	<u>6,624,270</u>	<u>543,770</u>	<u>1,337,796</u>	<u>8,505,836</u>	<u>3,980,532</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 12,226,723</u>	<u>\$ 404,341</u>	<u>\$ 156,326</u>	<u>\$ 12,787,390</u>	<u>\$ 2,971,596</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Borrowing under capital lease	-	-	-	-	\$ 1,122,354
Total noncash investing, capital and financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1,122,354</u>

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE - PURPOSE TRUST FUNDS
<b>ASSETS</b>		
Equity in pooled cash	\$ 2,718,833	\$ 2,419,775
Investments, at fair value		
Equities	12,452,527	72,325
Mutual funds	54,569,975	-
Total investments	<u>67,022,502</u>	<u>72,325</u>
Receivables		
Accounts receivable	6,104	-
Contributions receivable	173,089	-
Interest receivable	10,462	786
Total receivables	<u>189,655</u>	<u>786</u>
Total assets	<u>69,930,990</u>	<u>2,492,886</u>
<b>LIABILITIES</b>		
Accounts payable	<u>25,829</u>	-
Total liabilities	<u>25,829</u>	-
<b>NET POSITION</b>		
Held in trust for OPEB benefits	6,365,428	-
Held in trust for pension benefits	63,356,077	-
Held in trust for other purposes	183,656	2,492,886
Total net position	<u>\$ 69,905,161</u>	<u>\$ 2,492,886</u>

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

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	EMPLOYEE BENEFIT TRUST FUNDS	PRIVATE - PURPOSE TRUST FUNDS
<b>ADDITIONS</b>		
Contributions:		
Employees	\$ 1,640,174	\$ -
Employer	2,352,932	-
Other	-	36,000
Total contributions	<u>3,993,106</u>	<u>36,000</u>
Investment income		
Interest and dividend income	953,919	9,459
Net appreciation in fair value of investments	4,576,335	4,376
Less investment expense	(197,293)	(1,249)
Total investment income	<u>5,332,961</u>	<u>12,586</u>
Other income	20,698	-
Total additions	<u>9,346,765</u>	<u>48,586</u>
<b>DEDUCTIONS</b>		
Benefits	<u>3,541,220</u>	-
Total deductions	<u>3,541,220</u>	-
Change in net position	5,805,545	48,586
Net position - beginning of year	<u>64,099,616</u>	<u>2,444,300</u>
Net position - end of year	<u>\$ 69,905,161</u>	<u>\$ 2,492,886</u>

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

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**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

**A. General Statement**

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

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

**B. Blended Component Units**

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

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

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

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

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

**Tyler Fire Department Relief and Retirement Fund**

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

The City of Tyler reports the following Internal Service Funds:

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

The City of Tyler reports the following Fiduciary Funds:

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

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

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

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

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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

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

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

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

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

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

1. Equity in Pooled Cash and Investments

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

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

2. Investments

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

Methods and Assumptions used to Estimate Fair Value

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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

2. Investments - continued

Investment Pools

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

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

Other

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

3. Receivables and Payables

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

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

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

Property taxes are levied October 1 on the assessed value of property at January 1 and are due by January 31 of the following year. Unpaid taxes attach as an enforceable lien on property as of January 31. Revenue from taxes assessed is recorded as 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 receivable are assets of the General Fund.

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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

3. Receivables and Payables - continued

The City Charter limits the City's ad valorem tax rate to \$1.75 per \$100 of assessed valuation. The tax rate for the year ended September 30, 2014, was \$.22 per \$100, which means that the City has a tax margin of \$1.53 per \$100 and could raise up to \$107,375,136 additional taxes a year from the present valuation of \$7,017,982,755 before the limit is reached.

4. Inventories and Prepaid Items

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

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

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

5. Due from Other Funds

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

6. Capital Assets

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

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

6. Capital Assets - continued

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

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

7. Construction-in-Progress

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

8. Restricted Assets

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

9. Compensated Absences

Non-Civil Service Employees

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

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

9. Compensated Absences - continued

Civil Service Employees

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

Civil and Non-Civil Service Employees

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

10. Long-Term Obligations

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

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. 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.

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 only 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.

12. Fund Equity

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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

12. Fund Equity - continued

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

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

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

Assigned fund balance – represents amounts the City intends to use for specific purposes as expressed by the City Council. The City Council may also assign fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. This is the residual classification for all governmental funds other than the general fund.

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

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

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

13. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment 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 on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations. The government-wide statement of net position reports \$41,127,757 of restricted net position, of which \$13,183,589 is restricted by enabling legislation.

14. Estimates

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

15. Encumbrances

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

15. Encumbrances - continued

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

16. New Accounting Pronouncements

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

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

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$13,902,678 difference are as follows:

Claims and judgment	\$ 100,000
Capital leases	392,205
Net pension obligation	3,883,394
Compensated absences	<u>9,527,079</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 13,902,678</u>

Another element of that reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this \$9,550,210 difference are as follows:

Unavailable property tax revenues	\$ 493,455
Unavailable fines	8,886,250
Unavailable permits	<u>170,505</u>
Net adjustment to increase balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 9,550,210</u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$8,853,291 difference are as follows:

Capital outlay	\$ 22,200,604
Depreciation expense	<u>(13,347,313)</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>\$ 8,853,291</u></u>

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

**A. Budgetary Information**

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

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in Council chambers at City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Budgetary control is established at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Charter prohibits budgeting total proposed expenditures in excess of total anticipated revenues and any unencumbered funds from prior years; therefore, expenditures may not legally exceed revenues and unencumbered fund balances from prior years for each fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds (Police Forfeiture Fund, Court Technology Fund, Hotel-Motel Occupancy Tax Fund, Passenger Facility Charge Fund, PEG Fee Fund, Homeownership and Housing Fund, CDBG Fund, Home Grant Fund, Housing Assistance Payment Fund, Transit System Fund, TIF / TIRZ #3 Fund), Capital Projects Fund, all Enterprise Funds, all Internal Service Funds and Permanent Funds.

Budgets for the General Fund, certain Special Revenue Funds (Police Forfeiture Fund, Court Technology Fund, Hotel-Motel Occupancy Tax Fund, Passenger Facility Charge Fund, PEG Fee Fund, Homeownership and Housing Fund, CDBG Fund, Home Grant Fund, Housing Assistance Payment Fund, Transit System Fund, TIF / TIRZ #3 Fund), Capital Projects Fund, and Permanent Funds are adopted by the Council and presented in this report on a basis consistent with generally accepted accounting principles (GAAP). Budgeted expenditures for the General Fund's current fiscal year as adopted in the original budget and amendments thereto were \$66,195,711. Appropriations, which are not expended or encumbered at year-end, must be re-budgeted in the succeeding year.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**A. Budgetary Information - continued**

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

**B. Expenditures Over Appropriations**

For the year ended September 30, 2014, neither the general fund nor any major special revenue fund had expenditures in excess of appropriations.

**C. Deficit Fund Equity**

As of September 30, 2014, there were no funds with a deficit fund balance.

**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, 2014, are as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 30,776,382
Restricted cash and cash equivalents	36,396,144
Fiduciary Funds	
Cash and cash equivalents	5,138,608
Investments	<u>67,094,827</u>
Total Cash and Investments	<u>\$ 139,405,961</u>
Cash on hand	\$ 14,330
Savings and checking accounts	28,968,332
Cash and cash equivalents held in investment accounts	2,515,452
Investments	<u>107,907,847</u>
Total Cash and Investments	<u>\$ 139,405,961</u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**A. Deposits and Investments - continued**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
<b>Primary Government</b>			
Certificates of Deposit	\$ 38,945,866	1.17	0
TexPool	203,815	0.14	0
TexStar	<u>1,663,339</u>	0.14	0
Total Primary Government	40,813,020		
<b>Fiduciary Funds</b>			
Equities	12,524,852	N/A	N/A
Mutual funds	<u>54,569,975</u>	N/A	N/A
Total Fiduciary Funds	67,094,827		
<b>Total Reporting Entity</b>	<u><u>\$ 107,907,847</u></u>		
Portfolio weighted average maturity (years)		0.09	

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

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

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

**Custodial Credit Risk – Deposits** – At September 30, 2014, 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 \$28,968,332 and the bank balances totaled \$29,797,028. 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, 2014**

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

**B. Receivables**

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

Receivables:	General	One-Half Cent		Sanitation	Airport	Non-Major	Internal	Total
	Fund	Sales Tax	Utilities			Governmental	Service	
	Fund	Fund	Fund	Fund	Fund	Funds	Funds	
Accounts	\$ 15,551,663	\$ -	\$ 4,713,590	\$ 1,635,430	\$ 501,307	\$ 362,389	\$ 891,645	\$ 23,656,024
Grants	12,045	-	-	-	-	803,676	-	815,721
Taxes	7,255,553	2,172,069	-	-	-	-	-	9,427,622
Miscellaneous	3,829	4,541	-	-	-	1,744	-	10,114
Gross receivables	22,823,090	2,176,610	4,713,590	1,635,430	501,307	1,167,809	891,645	33,909,481
Less: allowance for uncollectibles	(6,482,976)	-	(142,883)	(47,333)	-	-	-	(6,673,192)
Net total receivables	\$ 16,340,114	\$ 2,176,610	\$ 4,570,707	\$ 1,588,097	\$ 501,307	\$ 1,167,809	\$ 891,645	\$ 27,236,289

**C. Lindsey Trust Fund**

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

The Fund is defined as a Permanent Endowment. The permanent portion or corpus of the Fund is \$25,000, with the remaining amount of the Fund considered net appreciation. Under the terms of the endowment, and consistent with State statutes, distributions from the Fund are to be made from the net appreciation so that the corpus of the fund will not be exhausted or depleted. Distributions may only be made to the City of Tyler, Texas. Ordinary distributions to the City of Tyler shall be made from the Fund once per calendar year in the amount requested by the City of Tyler up to a cumulative limit of five percent (5%) of the value of the Fund determined as of the preceding December 31. Any portion of the net appreciation available for distribution which is not withdrawn by the City of Tyler in one year may be withdrawn in a subsequent year. No additional distributions shall be made from the Fund. To the extent possible, the Donor intends to preserve the permanent portion or corpus of the Fund by limiting distributions to 5% per year. At September 30, 2014, the net appreciation on investments of the Fund was \$47,325.

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, 2014**

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

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 15,970,378	\$ 3,430,506	\$ -	\$ 19,400,884
Construction in progress	<u>8,360,218</u>	<u>7,551,472</u>	<u>(4,186,534)</u>	<u>11,725,156</u>
Total capital assets, not being depreciated	24,330,596	10,981,978	(4,186,534)	31,126,040
<b>Capital assets, being depreciated:</b>				
Buildings	43,389,057	8,372,075	-	51,761,132
Improvements other than buildings	89,797,496	484,804	-	90,282,300
Machinery and equipment	51,750,766	9,599,989	(2,691,734)	58,659,021
Infrastructure	<u>317,537,663</u>	<u>8,488,469</u>	<u>-</u>	<u>326,026,132</u>
Total capital assets being depreciated	502,474,982	26,945,337	(2,691,734)	526,728,585
<b>Less accumulated depreciation for:</b>				
Buildings	(15,944,545)	(1,215,333)	-	(17,159,878)
Improvements other than buildings	(69,712,087)	(3,495,458)	-	(73,207,545)
Machinery and equipment	(36,729,914)	(4,920,167)	2,647,837	(39,002,244)
Infrastructure	<u>(172,367,503)</u>	<u>(7,460,666)</u>	<u>-</u>	<u>(179,828,169)</u>
Total accumulated depreciation	(294,754,049)	(17,091,624)	2,647,837	(309,197,836)
Total capital assets, being depreciated, net	<u>207,720,933</u>	<u>9,853,713</u>	<u>(43,897)</u>	<u>217,530,749</u>
Governmental activities capital assets, net	<u>\$ 232,051,529</u>	<u>\$ 20,835,691</u>	<u>\$ (4,230,431)</u>	<u>\$ 248,656,789</u>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 10,181,853	\$ -	\$ -	\$ 10,181,853
Water rights	12,524,200	2,500	-	12,526,700
Construction in progress	<u>20,814,795</u>	<u>8,303,056</u>	<u>(9,790,561)</u>	<u>19,327,290</u>
Total capital assets, not being depreciated	43,520,848	8,305,556	(9,790,561)	42,035,843
<b>Capital assets, being depreciated:</b>				
Buildings	55,853,700	1,470,186	-	57,323,886
Improvements other than buildings	231,121,211	6,617,059	-	237,738,270
Machinery and equipment	11,047,197	1,517,954	(1,076,873)	11,488,278
Infrastructure	<u>5,604,419</u>	<u>5,599,959</u>	<u>-</u>	<u>11,204,378</u>
Total capital assets being depreciated	303,626,527	15,205,158	(1,076,873)	317,754,812
<b>Less accumulated depreciation for:</b>				
Buildings	(25,698,315)	(1,388,729)	-	(27,087,044)
Improvements other than buildings	(92,912,777)	(5,706,193)	-	(98,618,970)
Machinery and equipment	(7,235,261)	(1,026,264)	781,807	(7,479,718)
Infrastructure	<u>(802,293)</u>	<u>(240,606)</u>	<u>-</u>	<u>(1,042,899)</u>
Total accumulated depreciation	(126,648,646)	(8,361,792)	781,807	(134,228,631)
Total capital assets, being depreciated, net	<u>176,977,881</u>	<u>6,843,366</u>	<u>(295,066)</u>	<u>183,526,181</u>
Business-type activities capital assets, net	<u>\$ 220,498,729</u>	<u>\$ 15,148,922</u>	<u>\$ (10,085,627)</u>	<u>\$ 225,562,024</u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**D. Capital Assets - continued**

**Water Rights**

In 1965, the City purchased the right to 40% of the perpetual annual water yield of Lake Palestine from the Upper Neches River Municipal Water Authority for \$12,524,200. During the year ended September 30, 2014, the City purchased an additional \$2,500 of water rights. At September 30, 2014, total water rights were \$12,526,700. Management believes there is no impairment in the value of the water rights at September 30, 2014.

**Depreciation**

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

Governmental activities:

General Government	\$ 1,681,572
Public Safety	1,180,621
Highways and streets, including depreciation of general infrastructure assets	8,729,330
Public Services	1,220,393
Culture and recreation	535,397
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,744,311</u>
Total depreciation expense - governmental activities	<u><u>\$ 17,091,624</u></u>

Business-type activities:

Utilities	\$ 6,246,488
Sanitation	715,132
Airport	<u>1,400,172</u>
Total depreciation expense - business-type activities	<u><u>\$ 8,361,792</u></u>

**Construction Commitments**

As of September 30, 2014, 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
Police Substation South	\$ 201,915	\$ 4,567,585
Animal Care Facility	251,610	2,988,390
Cumberland Road Extension	5,395,252	12,577,216
Transportation Enhancement Sidewalks	42,900	2,027,883
Dam Repair at Lake Tyler	3,971,259	6,566,364
West Side Sludge Plant	1,012,018	2,462,658
Runway 4/22	547,307	1,066,193

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.

**Donated Capital Assets**

During the year ended September 30, 2014, the City received donated land with an appraised value of \$2,745,000.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

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

The composition of interfund balances as of September 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 324,824

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, 2014, is as follows:

	Transfers In					Total
	General Fund	One-Half Cent Sales Tax Fund	Nonmajor Governmental Funds	Airport Enterprise Funds	Internal Service Fund	
Transfers Out:						
General Fund	\$ -	\$ -	\$ 2,588,363	\$ -	\$ 101,305	\$ 2,689,668
One-Half Cent Sales Tax Fund	-	-	-	195,195	-	195,195
Nonmajor Governmental Funds	1,700,000	215,275	-	137,827	25,000	2,078,102
Utilities Enterprise Funds	50,000	450,000	-	-	66,711	566,711
Sanitation Enterprise Funds	25,000	-	-	-	66,711	91,711
Totals	\$ 1,775,000	\$ 665,275	\$ 2,588,363	\$ 333,022	\$ 259,727	\$ 5,621,387

**F. Leases**

Operating Leases

The City leases various types of equipment under annual cancelable (termination clause) operating leases. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2014, were approximately \$228,000.

Capital Leases

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

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 12,341,037
Less: Accumulated depreciation	(7,355,601)
	\$ 4,985,436

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**F. Leases - continued**

Capital Leases - continued

The future minimum lease obligations as of September 30, 2014, were as follows:

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2015	\$ 1,432,609
2016	1,103,470
2017	1,066,623
2018	1,006,235
2019	259,123
2019-2021	<u>620,171</u>
Total amount of minimum lease payments	5,488,231
Less: amount representing interest	<u>(223,127)</u>
Present value of minimum lease payments	<u><u>\$ 5,265,104</u></u>

**G. Long-Term Debt**

Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The revenue bonds issued by the City in prior years were to fund construction projects to improve or expand the water system and to refund prior issuances. The original amount of the outstanding revenue bonds was \$69,210,000 with maturities ranging from 2014 to 2034.

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

Revenue bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2005	Advance refunding	3.00 to 5.25%	\$ 25,545,000
Series 2008	Water and sewer infrastructure	4.00 to 4.15%	4,935,000
Series 2009	Water and sewer infrastructure	2.75 to 5.0%	20,910,000
Series 2011	Water and sewer refunding	2.00 to 4.00%	8,640,000
Series 2012	Water and sewer refunding	1.50 to 2.625%	1,570,000
Series 2013	Airport improvements	3.76%	<u>1,115,000</u>
Total outstanding revenue bonds			<u><u>\$ 62,715,000</u></u>

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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

Revenue Bonds - continued

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

Year Ending September 30	Principal	Interest
2015	\$ 2,610,000	\$ 2,806,208
2016	2,720,000	2,703,278
2017	2,830,000	2,593,858
2018	2,950,000	2,477,826
2019	3,070,000	2,356,057
2020-2024	17,505,000	9,648,096
2025-2029	20,675,000	5,301,964
2029-2034	10,355,000	1,233,929
Total	<u>\$ 62,715,000</u>	<u>\$ 29,121,216</u>

Cash in the amount of \$17,981,270 was restricted at September 30, 2014 in order to fund the City's annual debt service requirements, to meet the debt service reserve fund requirements of bond covenants and for construction costs in connection with the Series 2008 and 2009 Water & Sewer Revenue Bonds and the 2013 Customer Facility Charge Bonds. Revenue bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest tax regulations under these provisions.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Beginning Balance 10/1/2013	Additions	Reductions	Ending Balance 9/30/2014	Due Within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Claims and judgments	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Capital leases	5,372,972	1,193,964	1,301,832	5,265,104	1,349,446	3,915,658
Net pension obligation	4,143,478	-	282	4,143,196	-	4,143,196
Compensated absences	10,104,449	-	400,025	9,704,424	335,812	9,368,612
<b>Governmental Activities   Long-Term Liabilities</b>	<u>\$ 19,720,899</u>	<u>\$ 1,193,964</u>	<u>\$ 1,702,139</u>	<u>\$ 19,212,724</u>	<u>\$ 1,785,258</u>	<u>\$ 17,427,466</u>
<b>Business-Type Activities:</b>						
Revenue bonds payable	\$ 65,255,000	\$ -	\$ 2,540,000	\$ 62,715,000	\$ 2,610,000	\$ 60,105,000
Bond (premium)/discount	301,743	-	32,981	268,762	-	268,762
Net pension obligation	1,105,852	-	78	1,105,774	-	1,105,774
Compensated absences	793,632	45,804	65,391	774,045	23,221	750,824
Contracts payable	275,000	-	275,000	-	-	275,000
<b>Business-Type Activities   Long-Term Liabilities</b>	<u>\$ 67,731,227</u>	<u>\$ 45,804</u>	<u>\$ 2,913,450</u>	<u>\$ 64,863,581</u>	<u>\$ 2,633,221</u>	<u>\$ 62,505,360</u>

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION**

**A. Risk Management**

Property and Casualty Insurance Programs

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, except for the Lindsey and Fair Foundation Buildings, which are \$50,000; \$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.

Workers' Compensation Insurance Program

The City is exposed to risk of loss due to injuries incurred by employees while performing work-related duties. The City maintains a comprehensive self-insurance workers' compensation plan. Third party administrators handle claims review and processing. An insurance company provides excess workers' compensation insurance for losses over the \$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. Employees can choose between two (2) PPO Plans. Non-Medicare Retirees and/or their dependents that have been continuously covered under the City's health plan may elect to continue their coverage at retirement. Active employees pay a portion of current premiums with the City paying the remainder. In an effort to reduce long term liabilities, the City elected to eliminate the subsidy for non-Medicare Retiree premiums for those employees hired after 1/1/1997. For those employees hired before 1/1/1997, the same apportionment of premiums continues at retirement. For those employees hired after 1/1/1997, the employee is responsible for the full cost of current premiums.

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

Medicare Eligible Retirees/Dependents

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**A. Risk Management - continued**

Health, Dental and Life Plans - continued

DENTAL

Employees/Retirees

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

LIFE INSURANCE

Employees/Retirees

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

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

Other Self-Insurance Plans

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

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

**B. Contingent Liabilities**

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's management and collective legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City. City management and the collective legal counsel have determined the estimated liability for outstanding lawsuit contingencies at September 30, 2014, 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, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**B. Contingent Liabilities - continued**

The City's self-insurance program is described in Note 5: A. The following is a reconciliation of the changes in the estimated liabilities for claims payable within 90 days for the years ended September 30, 2014 and 2013:

	<u>Insurance Claims Payable At Beginning of Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Actual Claim Payments</u>	<u>Insurance Claims Payable At End of Year</u>
Employee Benefits Fund				
FYE 2013	\$ 400,580	\$ 6,952,156	\$ 6,978,511	\$ 374,225
FYE 2014	374,225	8,510,069	8,122,315	761,979
Retiree Benefits Fund				
FYE 2013	98,106	1,768,711	1,769,227	97,590
FYE 2014	97,590	1,727,892	1,709,166	116,316

**C. Joint Venture**

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

For the year ended September 30, 2014, the City budgeted funding of \$409,500 for the District and \$369,792 for Animal/Vector Control contractual services to be provided by the District. The City’s equity interest in the District at September 30, 2014 is \$1,897,771. Financial statements for the Health District may be obtained at the entity’s administrative offices.

**D. Deferred Compensation**

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

The market value and carrying value of deferred compensation plan assets is \$13,008,660 as of September 30, 2014.

**E. Pension Plans**

**1. Texas Municipal Retirement System Plan**

**TMRS Plan Description**

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**TMRS Plan Description - continued**

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member’s compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**Contributions - continued**

The annual pension cost and net pension obligation as of September 30, 2014 are as follows:

Annual Required Contribution (ARC)	\$ 7,043,893
Interest on Net Pension Obligation	367,453
Adjustment to the ARC	<u>(833,961)</u>
Annual Pension Cost (APC)	6,577,385
Contributions made	<u>(6,577,745)</u>
Increase (decrease) in net pension	(360)
Net Pension Obligation/(Asset), beginning of year	<u>5,249,330</u>
Net Pension Obligation/(Asset), end of year	<u><u>\$ 5,248,970</u></u>

**Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation / (Asset)
9/30/2012	\$ 6,465,152	\$ 5,695,392	88%	\$ 5,216,840
9/30/2013	6,155,078	6,122,588	99%	5,249,330
9/30/2014	6,577,385	6,577,745	100%	5,248,970

**Actuarial Method and Assumptions**

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

<u>Valuation date</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	26.2 years; closed period	25.2 years; closed period	22.0 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions:			
Investment rate of return *	7.0%	7.0%	7.0%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**Funding Status and Progress**

The funded status as of December 31, 2013, the most recent actuarial valuation date is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2013	\$ 144,520,479	\$203,851,387	70.9%	\$ 59,330,908	\$30,223,916	196.3%

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

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

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

**Plan Description**

The Board of Trustees of the Tyler Fire Department Relief and Retirement Fund (TFDRRF) is the administrator of a single-employer defined benefit pension plan. A copy of the Tyler Fire Department Relief and Retirement Fund audited financial statements may be obtained at the Fire Pension Board, 1718 West Houston St., Tyler, Texas 75702.

Firefighters in the Tyler Fire Department are covered by the TFDRRF. The table below summarizes the membership of the Fund at December 31, 2013:

<u>Group</u>	<u>December 31, 2013</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	93
Current employees:	
Vested	39
Non-vested	116
Total	<u>248</u>

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**Plan Description - continued**

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

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

**Funding Policy**

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

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

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

The funding policy of the TFDRRF requires contributions equal to 13.50% of pay by the firefighters and contributions by the city equal to the same percentage of payroll that the city contributes to the Texas Municipal Retirement System for other employees. The December 31, 2013 actuarial valuation assumes that the city's contributions will average 19.50% of payroll in the future. The city contribution rate for calendar year 2014 and 2013 was 21.31% and 20.74%, respectively.

**Annual Pension Cost**

For the fiscal year ending September 30, 2014, the City of Tyler's annual pension cost was equal to the annual required contribution and was \$2,357,120. Based on the results of the December 31, 2013 actuarial valuation of the plan effective July 1, 2011, the Board's actuary found that the fund has an adequate contribution arrangement based on the current level of the firefighter and City of Tyler contribution rates. The funding policy of the fund requires the firefighters to contribute 13.50% of pay and the City to contribute the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees. These contributions rates were reflected in the December 31, 2013 actuarial valuation.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**Actuarial Method and Assumptions**

The annual required contributions (ARC) by the City for the fiscal year ending September 30, 2014 were based on the results of the actuarial valuations as of December 31, 2011 and as of December 31, 2013 using the entry age actuarial cost method and were determined in compliance with Governmental Accounting Standards Board (GASB) Statement No. 27 parameters. The actuarial methods and assumptions used for these two valuations are shown below:

<u>Valuation date</u>	<u>12/31/2011</u>	<u>12/31/2013</u>
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll, open	Level percent of payroll, open
Amortization period for ARC	27 years	23 years
Asset valuation method	5-year adjusted market value	5-year adjusted market value
Actuarial assumptions:		
Investment rate of return	7.75%	7.75%
Inflation	3.75%	3.75%
Projected salary increases		
• General	4.00%	3.75%
• Promotion and longevity	0% to 6.00%	0% to 6.00%
• Total	4.00% to 10.24%	3.75% to 9.98%
Cost-of-living adjustments	0.00%	0.00%
Payroll increases	4.00%	3.75%
ARC as percent of payroll	budgeted rates	budgeted rates

**Trend Information**

Fiscal Year Ending	Annual Pension Cost	Annual Contribution as a Percentage of Payroll	Percentage Contributed	Net Pension Obligation / (Asset)
9/30/2012	\$ 2,019,031	18.96%/19.85%	100%	\$ -
9/30/2013	2,176,996	19.85%/20.74%	100%	-
9/30/2014	2,357,120	20.74%/21.31%	100%	-

**Funding Status and Progress**

The funded status of the plan as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2013	\$ 56,547,675	\$ 76,823,319	73.6%	\$20,275,644	\$ 10,937,907	185.4%

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**E. Pension Plans - continued**

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

**Funding Status and Progress - continued**

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

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

**1. Health Plan**

**Plan Description**

In addition to providing pension benefits, the City allows eligible retirees and dependents the option to continue participation in the same partially self-insured health plans available to active employees until they become eligible for Medicare Coverage. Retirees who became employees prior to January 1, 1997 pay the same subsidized premiums as active employees. Retirees who became employees after January 1, 1997 are required to pay the full cost of current premiums. The 2014 health and dental claims for the 141 non-Medicare retirees and their dependents participating in this coverage were \$1,587,209.

When retirees and spouses become eligible for Medicare they are no longer allowed to participate in the same plan as the active employees. If they have been continuously covered under the City's health insurance plan they may choose to participate in the City's self-funded prescription drug card plan and the Medicare Supplement Insurance Program. Retirees hired before January 1, 1997 are required to pay 40% of the current total premium, capped at December 2012 rates, and their spouses are required to pay 70% of the current total premiums, capped at December 2012 rates, with the City paying the remaining costs. Retirees that become eligible for Medicare who were hired after January 1, 1997 are required to pay the full current cost of the prescription card program and the full cost of the Medicare supplement coverage should they choose to continue participation in this coverage. The 2014 claims for the 289 Medicare retirees and their dependents, which include those with an Rx card, participating in this coverage were \$1,507,190.

The City also offers fully self-funded dental benefits to eligible retirees and their dependents. Retirees hired before January 1, 1997 pay the same subsidized premium as active employees. Retirees hired after January 1, 1997 are required to pay the full cost of the current premium. The 2014 claims for the 430 retirees and their dependents participating in this coverage were \$140,668.

Additionally the City provides eligible retirees with \$5,000 in basic life insurance coverage at no cost to the retirees. The 2014 insurance cost for the 430 retirees with this coverage was \$15.

**Funding Policy**

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

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

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

**1. Health Plan - continued**

**Annual OPEB Cost and Net OPEB Obligation**

The City’s annual other post employment benefits (OPEB) is a single-employer plan. The plan does not issue a stand-alone report. The annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City’s annual OPEB cost for the fiscal year ending September 30, 2014 is as follows:

	<u>9/30/2014</u>
Annual required contribution (ARC)	\$ 2,854,424
Interest on net OPEB obligation (asset)	(61,239)
Adjustment to annual required contribution	<u>49,022</u>
Annual OPEB cost	2,842,207
Net employer contributions	<u>(2,539,820)</u>
Change in OPEB obligation	302,387
Net OPEB obligation (asset) - beginning of year	<u>(816,523)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (514,136)</u></u>

**Trend Information**

Fiscal Year Ending	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation / (Asset)
9/30/2012	\$ 3,374,886	\$ 2,708,467	80.3%	\$ (929,773)
9/30/2013	2,757,373	2,644,123	95.9%	(816,523)
9/30/2014	2,842,207	2,539,820	89.4%	(514,136)

**Funding Status and Funding Progress**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2011	\$ 4,209,405	\$ 37,904,112	11.1%	\$33,694,707	\$40,103,499	84.0%

Under the reporting parameters, the City’s retiree health care plan was 11.1% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$33,694,707 at December 31, 2011. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 84.0%. As of September 30, 2014, the OPEB trust had assets of \$6,365,428. The December 31, 2011 funded status has been restated under the Optimistic trend assumption.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

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

**1. Health Plan - continued**

**Funding Status and Funding Progress - continued**

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

**Actuarial Methods and Assumptions**

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

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

**Actuarial Methods and Assumptions**

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

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

**OPEB Trust**

As of September 30, 2014, the OPEB trust had assets of \$6,365,428, which consisted of \$156,510 in cash and cash equivalents and \$6,208,918 in mutual funds. The OPEB trust had no liabilities as of September 30, 2014. Total net appreciation in fair value of investments was \$502,665 and investment expenses were \$33,447 for the year ended September 30, 2014, which yielded a \$469,218 increase in net position.

**CITY OF TYLER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

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

**Actuarial Methods and Assumptions - continued**

**2. Supplemental Death Benefits Plan**

**Plan Description**

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

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

**Funding Policy**

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

The City’s contributions to the TMRS SDBF for the years ended September 30, 2014, 2013 and 2012 were \$68,531, \$61,898, and \$62,081, respectively, which equaled the required contributions each year.

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actuarial Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2012	0.07%	0.07%	100%
2013	0.08%	0.08%	100%
2014	0.08%	0.08%	100%

**G. Commitments**

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2014, are as follows:

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

**CITY OF TYLER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 5: OTHER INFORMATION – continued**

**G. Commitments - continued**

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

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

**H. Landfill Closure and Postclosure Costs**

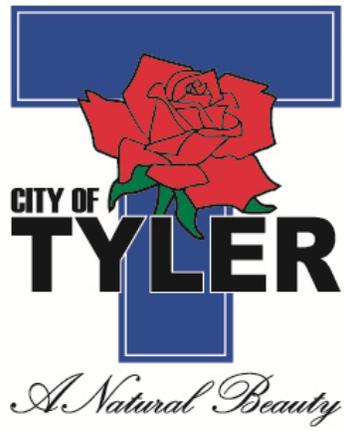
Greenwood Landfill – The City has contracted with a private enterprise to operate the Greenwood Landfill. The private enterprise bears the full financial responsibility of operating the landfill including all closure and postclosure costs. The operator is funding a landfill trust, which is administered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

**I. Prior Period Adjustment**

During the year, the City implemented GASB Statement No. 65 "*Items Previously Reported as Assets and Liabilities*". Under GASB Statement No. 65, bond issuance costs which were previously amortized over the life of the bond issue are now expensed as incurred. As of September 30, 2013, the City had unamortized bond issuance costs of \$387,729. The remaining unamortized balance was written off as a prior period adjustment upon implementation of GASB Statement No. 65. The prior period adjustment for business-type activities, the Utility Fund, and the Airport Fund was \$387,729, \$365,092, and \$22,637, respectively. All adjustments resulted in a decrease to net position.

**J. Subsequent Events**

Subsequent events were evaluated through March 16, 2015, the date on which the financial statements were available to be issued.



**REQUIRED SUPPLEMENTAL INFORMATION**

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

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL (UAAL) (c) = (b - a)</b>	<b>Covered Payroll (d)</b>	<b>UAAL as a Percentage of covered payroll (e) = (c / d)</b>
12/31/2011	\$124,746,743	\$ 175,268,369	71.2%	\$ 50,521,626	\$ 29,112,185	173.5%
12/31/2012	134,002,148	182,046,521	73.6%	48,044,373	29,031,119	165.5%
12/31/2013	144,520,479	203,851,387	70.9%	59,330,908	30,223,916	196.3%

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL (UAAL) (c) = (b - a)</b>	<b>(1) Covered Payroll (d)</b>	<b>UAAL as a Percentage of covered payroll (e) = (c / d)</b>
12/31/2005 (3)	\$ 38,914,954	\$ 50,047,120	77.8%	\$ 11,132,166	\$ 7,283,688	152.8%
12/31/2007 (2,3)	45,113,845	55,606,678	81.1%	10,492,833	8,402,637	124.9%
12/31/2009 (2,3)	45,386,149	64,422,078	70.5%	19,035,929	9,851,022	193.2%
12/31/2011 (2,4)	49,221,368	70,472,278	69.8%	21,250,910	10,300,425	206.3%
12/31/2013 (2,4)	56,547,675	76,823,319	73.6%	20,275,644	10,937,907	185.4%

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

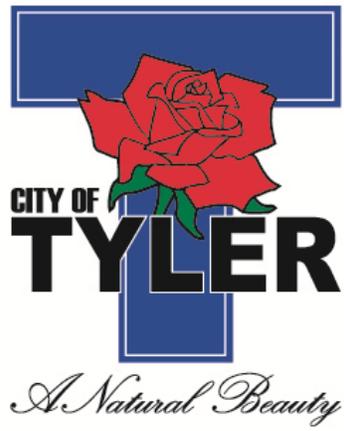
A copy of the separately issued Tyler Firefighter's Relief and Retirement Fund audited financial statements may be obtained at the Fire Pension Board, 1718 West Houston St., Tyler, Texas 75702.

(continued)

CITY OF TYLER, TEXAS  
REQUIRED SUPPLEMENTAL INFORMATION

OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of covered payroll (e) = (c / d)
10/1/2008	\$ -	\$ 35,265,511	0.0%	\$ 35,265,511	\$ 35,936,698	98.1%
12/31/2009	3,252,222	44,364,159	7.3%	41,111,937	40,010,195	102.8%
12/31/2011	4,209,405	37,904,112	11.1%	33,694,707	40,103,499	84.0%



**ADDITIONAL SUPPLEMENTAL INFORMATION**

**CITY OF TYLER, TEXAS  
COMBINING BALANCE SHEET  
GENERAL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR BUILDING	TOTAL GENERAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,969,790	\$ 1,740,790	\$ 658,944	\$ 1,057,305	\$ 188,798	\$ 9,615,627
Receivables (net of allowance for doubtful accounts) :						
Property taxes	521,027	-	-	-	-	521,027
Other	15,616,036	171,068	234	6,295	25,454	15,819,087
Due from other funds	324,824	-	-	-	-	324,824
Inventories	31,154	-	-	-	-	31,154
Prepaid items	1,911	-	15,253	-	-	17,164
<b>Total assets</b>	<b>\$ 22,464,742</b>	<b>\$ 1,911,858</b>	<b>\$ 674,431</b>	<b>\$ 1,063,600</b>	<b>\$ 214,252</b>	<b>\$ 26,328,883</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 3,224,627	\$ 60,722	\$ 114,193	\$ -	\$ 18,320	\$ 3,417,862
Deposits and other refundable balances	25,712	1,177,799	34,271	5,000	-	1,242,782
Unearned revenue	37,222	-	-	-	867	38,089
<b>Total liabilities</b>	<b>3,287,561</b>	<b>1,238,521</b>	<b>148,464</b>	<b>5,000</b>	<b>19,187</b>	<b>4,698,733</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	493,455	-	-	-	-	493,455
Unavailable revenue-fines	8,886,250	-	-	-	-	8,886,250
Unavailable revenue-permits	-	170,505	-	-	-	170,505
<b>Total deferred inflows of resources</b>	<b>9,379,705</b>	<b>170,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,550,210</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	31,154	-	-	-	-	31,154
Prepaid items	1,911	-	15,253	-	-	17,164
Assigned to:						
Development services	-	502,832	-	-	-	502,832
Capital improvements	-	-	-	-	195,065	195,065
Tourism and convention	-	-	510,714	-	-	510,714
Unassigned:	9,764,411	-	-	1,058,600	-	10,823,011
<b>Total fund balances</b>	<b>9,797,476</b>	<b>502,832</b>	<b>525,967</b>	<b>1,058,600</b>	<b>195,065</b>	<b>12,079,940</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 22,464,742</b>	<b>\$ 1,911,858</b>	<b>\$ 674,431</b>	<b>\$ 1,063,600</b>	<b>\$ 214,252</b>	<b>\$ 26,328,883</b>

**CITY OF TYLER, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	GENERAL	DEVELOPMENT SERVICES	TOURISM AND CONVENTION	OIL AND NATURAL GAS	FAIR BUILDING	TRANSFER ELIMINATIONS	TOTAL GENERAL GOVERNMENTAL FUNDS
<b>REVENUES</b>							
Taxes:							
Property	\$ 15,388,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,388,728
Franchise	10,161,143	-	-	-	-	-	10,161,143
Sales and use	26,964,164	-	-	-	-	-	26,964,164
Licenses and permits	298,064	1,371,306	-	-	-	-	1,669,370
Fines, forfeitures and penalties	6,875,165	-	-	-	-	-	6,875,165
Revenues from use of money or property	61,812	1,457	388,050	6,788	266,570	-	724,677
Charges for current services	2,036,731	41,816	153,379	-	-	-	2,231,926
Revenues from other agencies	779,885	5,858	-	-	-	-	785,743
Miscellaneous	312,598	72,989	36,185	148,598	-	-	570,370
Total revenues	<u>62,878,290</u>	<u>1,493,426</u>	<u>577,614</u>	<u>155,386</u>	<u>266,570</u>	<u>-</u>	<u>65,371,286</u>
<b>EXPENDITURES</b>							
Current:							
General government	7,825,040	-	-	-	228,378	-	8,053,418
Public safety	41,688,062	-	-	-	-	-	41,688,062
Public services	380	1,181,477	-	-	-	-	1,181,857
Highways and streets	5,040,951	-	-	-	-	-	5,040,951
Culture and recreation	4,861,168	-	1,807,994	-	-	-	6,669,162
Capital outlay	276,329	-	79,380	2,000,000	-	-	2,355,709
Total expenditures	<u>59,691,930</u>	<u>1,181,477</u>	<u>1,887,374</u>	<u>2,000,000</u>	<u>228,378</u>	<u>-</u>	<u>64,989,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,186,360</u>	<u>311,949</u>	<u>(1,309,760)</u>	<u>(1,844,614)</u>	<u>38,192</u>	<u>-</u>	<u>382,127</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	75,000	1,732,000	-	-	(32,000)	1,775,000
Transfers out	(2,715,163)	-	-	-	(6,505)	32,000	(2,689,668)
Total other financing sources (uses)	<u>(2,715,163)</u>	<u>75,000</u>	<u>1,732,000</u>	<u>-</u>	<u>(6,505)</u>	<u>-</u>	<u>(914,668)</u>
Net change in fund balances	471,197	386,949	422,240	(1,844,614)	31,687	-	(532,541)
Fund balances - beginning of year	<u>9,326,279</u>	<u>115,883</u>	<u>103,727</u>	<u>2,903,214</u>	<u>163,378</u>	<u>-</u>	<u>12,612,481</u>
Fund balances - end of year	<u>\$ 9,797,476</u>	<u>\$ 502,832</u>	<u>\$ 525,967</u>	<u>\$ 1,058,600</u>	<u>\$ 195,065</u>	<u>\$ -</u>	<u>\$ 12,079,940</u>

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

## **SPECIAL REVENUE FUNDS, CONTINUED**

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

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

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

## **CAPITAL PROJECTS FUND**

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

## **PERMANENT FUND**

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

CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014

SPECIAL REVENUE FUNDS

	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL-MOTEL OCCUPANCY TAX	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	HOME- OWNERSHIP AND HOUSING	CDBG	HOME GRANT
<b>ASSETS</b>									
Equity in pooled cash and investments	\$ -	\$ -	\$ 2,874,822	\$ -	\$ 115,275	\$ 346,796	\$ -	\$ -	\$ -
Accounts and grants receivable	86	154	285,435	-	96	68,514	18	131,987	158,265
Inventories	-	-	-	-	-	-	-	-	4,450
Cash - restricted	274,053	469,367	-	972,454	-	-	55,937	-	-
<b>Total assets</b>	<b>\$ 274,139</b>	<b>\$ 469,521</b>	<b>\$ 3,160,257</b>	<b>\$ 972,454</b>	<b>\$ 115,371</b>	<b>\$ 415,310</b>	<b>\$ 55,955</b>	<b>\$ 131,987</b>	<b>\$ 162,715</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 447	\$ 139,360	\$ 27,125	\$ 13,035	\$ -	\$ 4,500	\$ -	\$ 51,411	\$ 64,776
Deposits and other refundable balances	37,588	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	39,273	58,533
Unearned revenue	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>38,035</b>	<b>139,360</b>	<b>27,125</b>	<b>13,035</b>	<b>-</b>	<b>4,500</b>	<b>-</b>	<b>90,684</b>	<b>123,309</b>
<b>FUND BALANCES</b>									
Nonspendable:									
Inventories	-	-	-	-	-	-	-	-	4,450
Permanent fund principal	-	-	-	-	-	-	-	-	-
Restricted for:									
Public safety	236,104	330,161	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-	-
Tourism and convention	-	-	3,133,132	-	-	-	-	-	-
Donor restrictions	-	-	-	959,419	-	-	-	-	-
Airport improvements	-	-	-	-	115,371	-	-	-	-
Communications	-	-	-	-	-	410,810	-	-	-
Housing assistance	-	-	-	-	-	-	55,955	-	-
Grant restrictions	-	-	-	-	-	-	-	41,303	34,956
Assigned to:									
Capital projects	-	-	-	-	-	-	-	-	-
Cemetery maintenance	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>236,104</b>	<b>330,161</b>	<b>3,133,132</b>	<b>959,419</b>	<b>115,371</b>	<b>410,810</b>	<b>55,955</b>	<b>41,303</b>	<b>39,406</b>
<b>Total liabilities and fund balances</b>	<b>\$ 274,139</b>	<b>\$ 469,521</b>	<b>\$ 3,160,257</b>	<b>\$ 972,454</b>	<b>\$ 115,371</b>	<b>\$ 415,310</b>	<b>\$ 55,955</b>	<b>\$ 131,987</b>	<b>\$ 162,715</b>

(continued)

CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS (continued)					OTHER FUNDS	PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	HOUSING ASSISTANCE PAYMENT	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TOTAL SPECIAL REVENUE FUNDS	GENERAL CAPITAL PROJECTS	CEMETERIES	
<b>ASSETS</b>									
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ 2,679	\$ 78,280	\$ 3,417,852	\$ 1,851,066	\$ 46,202	\$ 5,315,120
Accounts and grants receivable	8,724	187,112	326,312	1	25	1,166,729	172	908	1,167,809
Inventories	-	-	-	-	-	4,450	-	-	4,450
Cash - restricted	605,854	-	28,940	-	-	2,406,605	-	2,746,154	5,152,759
<b>Total assets</b>	<b>\$ 614,578</b>	<b>\$ 187,112</b>	<b>\$ 355,252</b>	<b>\$ 2,680</b>	<b>\$ 78,305</b>	<b>\$ 6,995,636</b>	<b>\$ 1,851,238</b>	<b>\$ 2,793,264</b>	<b>\$ 11,640,138</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 31,040	\$ 131,020	\$ 73,036	\$ -	\$ -	\$ 535,750	\$ 43,992	\$ 12,067	\$ 591,809
Deposits and other refundable balances	-	-	-	-	-	37,588	-	-	37,588
Due to other funds	-	55,263	171,755	-	-	324,824	-	-	324,824
Unearned revenue	-	829	-	-	-	829	-	-	829
<b>Total liabilities</b>	<b>31,040</b>	<b>187,112</b>	<b>244,791</b>	<b>-</b>	<b>-</b>	<b>898,991</b>	<b>43,992</b>	<b>12,067</b>	<b>955,050</b>
<b>FUND BALANCES</b>									
Nonspendable:									
Inventories	-	-	-	-	-	4,450	-	-	4,450
Permanent fund principal	-	-	-	-	-	-	-	2,747,046	2,747,046
Restricted for:									
Public safety	-	-	-	-	-	566,265	-	-	566,265
Capital improvements	-	-	-	2,680	78,305	80,985	-	-	80,985
Tourism and convention	-	-	-	-	-	3,133,132	-	-	3,133,132
Donor restrictions	-	-	-	-	-	959,419	-	-	959,419
Airport improvements	-	-	-	-	-	115,371	-	-	115,371
Communications	-	-	-	-	-	410,810	-	-	410,810
Housing assistance	583,538	-	-	-	-	639,493	-	-	639,493
Grant restrictions	-	-	110,461	-	-	186,720	-	-	186,720
Assigned to:									
Capital projects	-	-	-	-	-	-	1,807,246	-	1,807,246
Cemetery maintenance	-	-	-	-	-	-	-	34,151	34,151
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>583,538</b>	<b>-</b>	<b>110,461</b>	<b>2,680</b>	<b>78,305</b>	<b>6,096,645</b>	<b>1,807,246</b>	<b>2,781,197</b>	<b>10,685,088</b>
<b>Total liabilities and fund balances</b>	<b>\$ 614,578</b>	<b>\$ 187,112</b>	<b>\$ 355,252</b>	<b>\$ 2,680</b>	<b>\$ 78,305</b>	<b>\$ 6,995,636</b>	<b>\$ 1,851,238</b>	<b>\$ 2,793,264</b>	<b>\$ 11,640,138</b>

**CITY OF TYLER, TEXAS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**SPECIAL REVENUE FUNDS**

	POLICE FORFEITURE	COURT SPECIAL FEE	HOTEL-MOTEL OCCUPANCY TAX	DONATIONS	PASSENGER FACILITY CHARGE	PEG FEE	HOME- OWNERSHIP AND HOUSING	CDBG	HOME GRANT
<b>REVENUES</b>									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise	-	-	-	-	-	273,541	-	-	-
Sales and use	-	-	3,352,444	-	-	-	-	-	-
Licenses & permits	-	-	-	-	-	-	-	-	-
Grants	-	1,385	-	-	-	-	-	1,191,203	567,082
Fines, forfeitures and penalties	113,746	695,917	-	-	-	-	-	-	-
Revenues from use of money and property	839	1,403	7,759	-	695	823	180	-	-
Donations	-	-	-	352,948	-	-	-	-	-
Charges for services	-	-	-	-	350,378	-	-	-	-
Miscellaneous	-	-	30,030	-	-	-	-	10,195	64,603
<b>Total revenues</b>	<b>114,585</b>	<b>698,705</b>	<b>3,390,233</b>	<b>352,948</b>	<b>351,073</b>	<b>274,364</b>	<b>180</b>	<b>1,201,398</b>	<b>631,685</b>
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	5,498	-	8,711	-	-	-
Public safety	6,859	563,140	-	58,259	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	147,644	-	-	-	-	-
Public services	-	-	864,574	73,096	-	-	-	734,942	698,698
Capital outlay	121,583	143,870	50,656	104,065	-	51,984	-	463,357	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	109	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>128,551</b>	<b>707,010</b>	<b>915,230</b>	<b>388,562</b>	<b>-</b>	<b>60,695</b>	<b>-</b>	<b>1,198,299</b>	<b>698,698</b>
Excess (deficiency) of revenues over (under) expenditures	(13,966)	(8,305)	2,475,003	(35,614)	351,073	213,669	180	3,099	(67,013)
<b>OTHER FINANCING SOURCES (USES)</b>									
Capital lease proceeds	-	71,610	-	-	-	-	-	-	-
Transfers in	-	-	-	1,300	-	-	-	-	-
Transfers out	-	-	(1,725,000)	-	(353,102)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>71,610</b>	<b>(1,725,000)</b>	<b>1,300</b>	<b>(353,102)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(13,966)	63,305	750,003	(34,314)	(2,029)	213,669	180	3,099	(67,013)
Fund balances - beginning of year	250,070	266,856	2,383,129	993,733	117,400	197,141	55,775	38,204	106,419
Fund balances - end of year	<u>\$ 236,104</u>	<u>\$ 330,161</u>	<u>\$ 3,133,132</u>	<u>\$ 959,419</u>	<u>\$ 115,371</u>	<u>\$ 410,810</u>	<u>\$ 55,955</u>	<u>\$ 41,303</u>	<u>\$ 39,406</u>

(continued)

**CITY OF TYLER, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<b>SPECIAL REVENUE FUNDS (continued)</b>					<b>OTHER FUNDS</b>	<b>PERMANENT FUNDS</b>	<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>	
	HOUSING ASSISTANCE PAYMENT	STATE AND FEDERAL GRANTS	TRANSIT SYSTEM	TIF / TIRZ #2 FUND	TIF / TIRZ #3 FUND	TOTAL SPECIAL REVENUE FUNDS	GENERAL CAPITAL PROJECTS	CEMETERIES	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ 2,674	\$ 49,427	\$ 52,101	\$ -	\$ -	\$ 52,101
Franchise	-	-	-	-	-	273,541	-	-	273,541
Sales and use	-	-	-	-	-	3,352,444	-	-	3,352,444
Licenses & permits	-	-	-	-	-	-	-	5,925	5,925
Grants	7,283,985	617,275	1,369,706	-	-	11,030,636	-	-	11,030,636
Fines, forfeitures and penalties	-	-	-	-	-	809,663	-	-	809,663
Revenues from use of money and property	1,285	-	-	6	218	13,208	1,846	9,008	24,062
Donations	-	-	-	-	-	352,948	-	-	352,948
Charges for services	-	-	137,228	-	-	487,606	-	129,575	617,181
Miscellaneous	22,085	-	29,164	-	-	156,077	102,428	350	258,855
<b>Total revenues</b>	<b>7,307,355</b>	<b>617,275</b>	<b>1,536,098</b>	<b>2,680</b>	<b>49,645</b>	<b>16,528,224</b>	<b>104,274</b>	<b>144,858</b>	<b>16,777,356</b>
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	-	4,056	18,265	24,879	-	43,144
Public safety	-	-	-	-	-	628,258	-	-	628,258
Highways and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	9,177	-	-	-	156,821	-	279,556	436,377
Public services	6,967,721	285,773	2,119,835	-	-	11,744,639	-	-	11,744,639
Capital outlay	-	322,975	2,028	-	-	1,260,518	719,209	-	1,979,727
Debt service:									
Principal	-	-	-	-	-	-	313,756	-	313,756
Interest and fiscal charges	-	-	-	-	-	109	13,827	-	13,936
<b>Total expenditures</b>	<b>6,967,721</b>	<b>617,925</b>	<b>2,121,863</b>	<b>-</b>	<b>4,056</b>	<b>13,808,610</b>	<b>1,071,671</b>	<b>279,556</b>	<b>15,159,837</b>
Excess (deficiency) of revenues over (under) expenditures	339,634	(650)	(585,765)	2,680	45,589	2,719,614	(967,397)	(134,698)	1,617,519
<b>OTHER FINANCING SOURCES (USES)</b>									
Capital lease proceeds	-	-	-	-	-	71,610	-	-	71,610
Transfers in	-	650	581,183	-	-	583,133	1,824,000	181,230	2,588,363
Transfers out	-	-	-	-	-	(2,078,102)	-	-	(2,078,102)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>650</b>	<b>581,183</b>	<b>-</b>	<b>-</b>	<b>(1,423,359)</b>	<b>1,824,000</b>	<b>181,230</b>	<b>581,871</b>
Net change in fund balances	339,634	-	(4,582)	2,680	45,589	1,296,255	856,603	46,532	2,199,390
Fund balances - beginning of year	243,904	-	115,043	-	32,716	4,800,390	950,643	2,734,665	8,485,698
Fund balances - end of year	<b>\$ 583,538</b>	<b>\$ -</b>	<b>\$ 110,461</b>	<b>\$ 2,680</b>	<b>\$ 78,305</b>	<b>\$ 6,096,645</b>	<b>\$ 1,807,246</b>	<b>\$ 2,781,197</b>	<b>\$ 10,685,088</b>

**CITY OF TYLER, TEXAS  
POLICE FORFEITURE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fines, forfeitures and penalties	\$ 82,000	\$ 113,746	\$ 31,746
Revenues from use of money and property	-	839	839
Total revenues	<u>82,000</u>	<u>114,585</u>	<u>32,585</u>
<b>EXPENDITURES</b>			
Public safety:			
Supplies and services	15,700	6,859	8,841
Capital outlay	252,903	121,583	131,320
Debt Service:			
Interest	-	109	(109)
Total expenditures	<u>268,603</u>	<u>128,551</u>	<u>140,052</u>
Excess of revenues under expenditures - GAAP basis	<u>\$ (186,603)</u>	(13,966)	<u>\$ 172,637</u>
Fund balance - beginning of year		<u>250,070</u>	
Fund balance - end of year		<u>\$ 236,104</u>	

**CITY OF TYLER, TEXAS  
COURT SPECIAL FEE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fines, forfeitures and penalties	\$ 666,780	\$ 695,917	\$ 29,137
Revenues from use of money and property	1,769	1,403	(366)
Total revenues	<u>668,549</u>	<u>698,705</u>	<u>30,156</u>
<b>EXPENDITURES</b>			
Public safety:			
Salaries and benefits	290,876	217,591	73,285
Supplies and services	333,000	289,886	43,114
Maintenance	84,700	55,663	29,037
Capital outlay	-	143,870	(143,870)
Total expenditures	<u>708,576</u>	<u>707,010</u>	<u>1,566</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Lease Proceeds	-	71,610	71,610
Total other financing sources (uses)	<u>-</u>	<u>71,610</u>	<u>71,610</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	<u>\$ (40,027)</u>	63,305	<u>\$ 103,332</u>
Fund balance - beginning of year		<u>266,856</u>	
Fund balance - end of year		<u>\$ 330,161</u>	

**CITY OF TYLER, TEXAS**  
**HOTEL-MOTEL OCCUPANCY TAX FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes	\$ 3,003,510	\$ 3,352,444	\$ 348,934
Revenue from use of money and property	4,174	7,759	3,585
Miscellaneous	32,437	30,030	(2,407)
Total revenues	<u>3,040,121</u>	<u>3,390,233</u>	<u>350,112</u>
<b>EXPENDITURES</b>			
Hotel-motel administration:			
Texas Rose Festival	9,000	9,000	-
Conference promotions	7,000	-	7,000
Discovery Place	32,400	32,400	-
Arts Innovation Institute	50,000	12,000	38,000
East Texas Symphony	25,000	25,000	-
Historical Museum	13,500	13,500	-
Smith County Historical Society	13,500	13,500	-
Visitors and Convention Bureau	675,000	675,000	-
McClendon House	4,500	4,500	-
Tournament expenses	25,000	13,773	11,227
Sports Tyler Award	25,000	18,109	6,891
Goodnight Tyler Jr. Jeague	5,000	5,000	-
Sister Cities	2,500	-	2,500
Credit card service costs	-	2,044	(2,044)
Supplies and services	273,795	40,748	233,047
Contingency	120,000	-	120,000
Capital outlay	-	50,656	(50,656)
Total expenditures	<u>1,281,195</u>	<u>915,230</u>	<u>365,965</u>
Excess of revenues over expenditures	<u>1,758,926</u>	<u>2,475,003</u>	<u>716,077</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(1,725,000)	(1,725,000)	-
Total other financing sources (uses)	<u>(1,725,000)</u>	<u>(1,725,000)</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	<u>\$ 33,926</u>	750,003	<u>\$ 716,077</u>
Fund balance - beginning of year		<u>2,383,129</u>	
Fund balance - end of year		<u>\$ 3,133,132</u>	

**CITY OF TYLER, TEXAS**  
**PASSENGER FACILITY CHARGE FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenue from use of money and property	\$ 300	\$ 695	\$ 395
Charges for services	<u>288,000</u>	<u>350,378</u>	<u>62,378</u>
Total revenues	<u>288,300</u>	<u>351,073</u>	<u>62,773</u>
<b>EXPENDITURES</b>			
Public services:			
Supplies and services	-	-	-
Maintenance	<u>45,300</u>	<u>-</u>	<u>45,300</u>
Total expenditures	<u>45,300</u>	<u>-</u>	<u>45,300</u>
Excess of revenues over expenditures	<u>243,000</u>	<u>351,073</u>	<u>108,073</u>
<b>OTHER FINANCING (USES)</b>			
Transfers out	<u>(328,000)</u>	<u>(353,102)</u>	<u>(25,102)</u>
Total other financing (uses)	<u>(328,000)</u>	<u>(353,102)</u>	<u>(25,102)</u>
Excess of revenues (under) expenditures and other financing uses - GAAP basis	<u>\$ (85,000)</u>	<u>(2,029)</u>	<u>\$ 82,971</u>
Fund balance - beginning of year		<u>117,400</u>	
Fund balance - end of year		<u>\$ 115,371</u>	

**CITY OF TYLER, TEXAS**  
**PEG FEE FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Franchise fees	\$ 258,313	\$ 273,541	\$ 15,228
Interest earnings	1,640	823	(817)
Total revenues	<u>259,953</u>	<u>274,364</u>	<u>14,411</u>
<b>EXPENDITURES</b>			
Public services:			
Supplies and services	47,719	8,711	39,008
Contingency	100,000	-	100,000
Capital outlay	<u>80,000</u>	<u>51,984</u>	<u>28,016</u>
Total expenditures	<u>227,719</u>	<u>60,695</u>	<u>167,024</u>
Excess of revenues over expenditures - GAAP basis	<u>\$ 32,234</u>	213,669	<u>\$ 181,435</u>
Fund balance - beginning of year		<u>197,141</u>	
Fund balance - end of year		<u>\$ 410,810</u>	

**CITY OF TYLER, TEXAS**  
**HOMEOWNERSHIP AND HOUSING FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenue from use of money and property	\$ 325	\$ 180	\$ (145)
Total revenues	<u>325</u>	<u>180</u>	<u>(145)</u>
<b>EXPENDITURES</b>			
Public services:			
Services	<u>56,224</u>	<u>-</u>	<u>56,224</u>
Total expenditures	<u>56,224</u>	<u>-</u>	<u>56,224</u>
Excess of revenues over expenditures - GAAP basis	<u>\$ (55,899)</u>	180	<u>\$ 56,079</u>
Fund balance - beginning of year		<u>55,775</u>	
Fund balance - end of year		<u>\$ 55,955</u>	

**CITY OF TYLER, TEXAS  
CDBG FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,332,728	\$ 1,191,203	\$ (141,525)
Miscellaneous	3,000	10,195	7,195
Total revenues	<u>1,335,728</u>	<u>1,201,398</u>	<u>(134,330)</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	272,170	226,737	45,433
Supplies and services	589,394	494,382	95,012
Utilities	7,600	9,821	(2,221)
Maintenance	3,175	4,002	(827)
Capital outlay	<u>463,359</u>	<u>463,357</u>	<u>2</u>
Total expenditures	<u>1,335,698</u>	<u>1,198,299</u>	<u>137,399</u>
Excess of revenues over expenditures - GAAP basis	<u>\$ 30</u>	3,099	<u>\$ 3,069</u>
Fund balance - beginning of year		<u>38,204</u>	
Fund balance - end of year		<u>\$ 41,303</u>	

**CITY OF TYLER, TEXAS  
HOME GRANT FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,574,090	\$ 567,082	\$ (1,007,008)
Miscellaneous	196,000	64,603	(131,397)
Total revenues	<u>1,770,090</u>	<u>631,685</u>	<u>(1,138,405)</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	31,497	40,351	(8,854)
Supplies and services	1,738,593	658,347	1,080,246
Total expenditures	<u>1,770,090</u>	<u>698,698</u>	<u>1,071,392</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ -</u>	(67,013)	<u>\$ (67,013)</u>
Fund balance - beginning of year		<u>106,419</u>	
Fund balance - end of year		<u>\$ 39,406</u>	

**CITY OF TYLER, TEXAS  
HOUSING ASSISTANCE FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 6,855,204	\$ 7,283,985	\$ 428,781
Revenue from use of money and property	1,800	1,285	(515)
Miscellaneous	10,000	22,085	12,085
Total revenues	<u>6,867,004</u>	<u>7,307,355</u>	<u>440,351</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	476,231	373,954	102,277
Supplies and services	6,397,502	6,563,111	(165,609)
Utilities	6,620	14,702	(8,082)
Maintenance	1,000	15,954	(14,954)
Capital outlay	-	-	-
Total expenditures	<u>6,881,353</u>	<u>6,967,721</u>	<u>(86,368)</u>
Excess of revenues over (under) expenditures - GAAP basis	<u>\$ (14,349)</u>	339,634	<u>\$ 353,983</u>
Fund balance - beginning of year		<u>243,904</u>	
Fund balance - end of year		<u>\$ 583,538</u>	

**CITY OF TYLER, TEXAS  
TRANSIT SYSTEM FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Grants	\$ 1,604,845	\$ 1,369,706	\$ (235,139)
Charges for services	203,000	137,228	(65,772)
Miscellaneous	100	29,164	29,064
Total revenues	<u>1,807,945</u>	<u>1,536,098</u>	<u>(271,847)</u>
<b>EXPENDITURES</b>			
Public services:			
Salaries and benefits	829,311	1,130,314	(301,003)
Supplies and services	909,943	543,295	366,648
Utilities	14,510	14,821	(311)
Maintenance	600,097	431,405	168,692
Capital outlay	47,600	2,028	45,572
Total expenditures	<u>2,401,461</u>	<u>2,121,863</u>	<u>279,598</u>
Excess of revenues over expenditures	<u>(593,516)</u>	<u>(585,765)</u>	<u>7,751</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>560,477</u>	<u>581,183</u>	<u>20,706</u>
Total other financing sources	<u>560,477</u>	<u>581,183</u>	<u>20,706</u>
Excess of revenues and other financing sources (under) expenditures - GAAP basis	<u>\$ (33,039)</u>	<u>(4,582)</u>	<u>\$ 28,457</u>
Fund balance - beginning of year		<u>115,043</u>	
Fund balance - end of year		<u>\$ 110,461</u>	

**CITY OF TYLER, TEXAS  
TIF/TIRZ #3 FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes	\$ 50,000	\$ 49,427	\$ (573)
Revenues from use of money and property	-	218	218
<b>Total revenues</b>	<u>50,000</u>	<u>49,645</u>	<u>(355)</u>
<b>EXPENDITURES</b>			
Special Services	<u>10,000</u>	<u>4,056</u>	<u>5,944</u>
<b>Total expenditures</b>	<u>10,000</u>	<u>4,056</u>	<u>5,944</u>
Excess of revenues over expenditures - GAAP basis	<u>\$ 40,000</u>	45,589	<u>\$ (6,299)</u>
Fund balance - beginning of year		<u>32,716</u>	
Fund balance - end of year		<u>\$ 78,305</u>	

**CITY OF TYLER, TEXAS  
CAPITAL PROJECTS FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenue from use of money and property	\$ 5,000	\$ 1,846	\$ (3,154)
Miscellaneous	<u>75,000</u>	<u>102,428</u>	<u>27,428</u>
Total revenues	<u>80,000</u>	<u>104,274</u>	<u>24,274</u>
<b>EXPENDITURES</b>			
General government services	84,419	24,879	59,540
Capital outlay	878,952	719,209	159,743
Public Safety:			
Services	327,583	-	327,583
Debt Service:			
Principal	-	313,756	(313,756)
Interest and fiscal charges	<u>-</u>	<u>13,827</u>	<u>(13,827)</u>
Total expenditures	<u>1,290,954</u>	<u>1,071,671</u>	<u>219,283</u>
Deficiency of revenues under expenditures	<u>(1,210,954)</u>	<u>(967,397)</u>	<u>243,557</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	1,824,000	1,824,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>1,824,000</u>	<u>1,824,000</u>	<u>-</u>
Excess of revenues over expenditures - GAAP basis	<u>\$ 613,046</u>	856,603	<u>\$ 243,557</u>
Fund balance - beginning of year		<u>950,643</u>	
Fund balance - end of year		<u>\$ 1,807,246</u>	

**CITY OF TYLER, TEXAS  
CEMETERIES FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Trust Fund:			
Revenues from use of money and property	\$ 12,500	\$ 8,770	\$ (3,730)
Mausoleum and lot sales	75,000	69,744	(5,256)
Operations:			
Revenues from use of money and property	150	238	88
Licenses and permits	5,000	5,925	925
Mausoleum and lot sales	52,000	60,181	8,181
Total revenues	<u>144,650</u>	<u>144,858</u>	<u>208</u>
<b>EXPENDITURES</b>			
Operations:			
Salaries and benefits	165,328	170,923	(5,595)
Supplies and services	50,451	47,029	3,422
Utilities	38,810	47,855	(9,045)
Maintenance	17,761	13,749	4,012
Capital outlay	9,000	-	9,000
Total expenditures	<u>281,350</u>	<u>279,556</u>	<u>1,794</u>
Deficiency of revenues under expenditures	<u>(136,700)</u>	<u>(134,698)</u>	<u>2,002</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>181,230</u>	<u>180,008</u>	<u>(1,222)</u>
Total other financing sources (uses)	<u>181,230</u>	<u>181,230</u>	<u>-</u>
Excess of revenues over expenditures - GAAP basis	<u>\$ 44,530</u>	46,532	<u>\$ 2,002</u>
Fund balance - beginning of year		<u>2,734,665</u>	
Fund balance - end of year		<u>\$ 2,781,197</u>	

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## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

**CITY OF TYLER, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
<b>ASSETS</b>								
Current assets:								
Equity in pooled cash and investments	\$ 410,295	\$ 6,838,459	\$ 1,026,795	\$ 808,148	\$ 252,529	\$ 515,268	\$ 607,517	\$ 10,459,011
Prepaid expenses	-	-	-	-	60,676	-	6,933	67,609
Accounts receivable (net)	356	3,837	25,436	661,777	130	186	199,923	891,645
Inventories - at average cost	-	224,366	-	-	-	-	-	224,366
Total current assets	<u>410,651</u>	<u>7,066,662</u>	<u>1,052,231</u>	<u>1,469,925</u>	<u>313,335</u>	<u>515,454</u>	<u>814,373</u>	<u>11,642,631</u>
Noncurrent assets:								
Other post employment benefits asset	1,023	9,271	2,132	1,929	-	1,564	8,584	24,503
Capital assets:								
Land	-	65,000	-	-	-	-	-	65,000
Buildings	-	370,967	-	-	-	875,239	3,267	1,249,473
Improvements other than buildings	-	566,483	-	-	-	431,240	-	997,723
Machinery and equipment	-	27,742,166	-	-	-	15,450	8,580,567	36,338,183
Construction in progress	-	-	-	-	-	669,774	-	669,774
Less accumulated depreciation	-	(16,043,906)	-	-	-	(417,919)	(5,314,168)	(21,775,993)
Total Capital assets (net of accumulated depreciation)	<u>-</u>	<u>12,700,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,573,784</u>	<u>3,269,666</u>	<u>17,544,160</u>
Total assets	<u>411,674</u>	<u>19,776,643</u>	<u>1,054,363</u>	<u>1,471,854</u>	<u>313,335</u>	<u>2,090,802</u>	<u>4,092,623</u>	<u>29,211,294</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts and contracts payable	28,122	273,895	30,488	17,374	6,406	107,118	425,600	889,003
Insurance claims payable	-	-	363,648	761,979	116,316	-	-	1,241,943
Accrued interest payable	-	21,703	-	-	-	-	18,212	39,915
Current portion of compensated absences payable	346	1,328	133	-	-	1,026	2,488	5,321
Current portion of capital lease	-	514,585	-	-	-	-	490,752	1,005,337
Total current liabilities	<u>28,468</u>	<u>811,511</u>	<u>394,269</u>	<u>779,353</u>	<u>122,722</u>	<u>108,144</u>	<u>937,052</u>	<u>3,181,519</u>
Noncurrent liabilities:								
Compensated absences payable	11,179	42,951	4,288	-	-	33,162	80,444	172,024
Net pension obligation	28,668	86,779	20,687	5,609	-	13,332	104,727	259,802
Capital lease payable	-	1,590,894	-	-	-	-	2,276,668	3,867,562
Total noncurrent liabilities	<u>39,847</u>	<u>1,720,624</u>	<u>24,975</u>	<u>5,609</u>	<u>-</u>	<u>46,494</u>	<u>2,461,839</u>	<u>4,299,388</u>
Total liabilities	<u>68,315</u>	<u>2,532,135</u>	<u>419,244</u>	<u>784,962</u>	<u>122,722</u>	<u>154,638</u>	<u>3,398,891</u>	<u>7,480,907</u>
<b>NET POSITION</b>								
Net investment in capital assets	-	10,595,231	-	-	-	1,573,784	502,246	12,671,261
Unrestricted	343,359	6,649,277	635,119	686,892	190,613	362,380	191,486	9,059,126
Total net position	<u>\$ 343,359</u>	<u>\$ 17,244,508</u>	<u>\$ 635,119</u>	<u>\$ 686,892</u>	<u>\$ 190,613</u>	<u>\$ 1,936,164</u>	<u>\$ 693,732</u>	<u>\$ 21,730,387</u>

**CITY OF TYLER, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
<b>OPERATING REVENUES</b>								
Charges for services	\$ 950,000	\$ 9,154,349	\$ 1,465,770	\$ 5,382	\$ -	\$ 333,859	\$ 3,779,556	\$ 15,688,916
Contributions	-	-	-	7,582,030	2,967,048	-	-	10,549,078
Miscellaneous	-	17,806	-	1,224,487	158,414	-	129,080	1,529,787
Total operating revenues	950,000	9,172,155	1,465,770	8,811,899	3,125,462	333,859	3,908,636	27,767,781
<b>OPERATING EXPENSES</b>								
Garage operations	-	5,711,753	-	-	-	-	-	5,711,753
Depreciation	-	2,442,565	-	-	-	70,174	1,231,572	3,744,311
Insurance claims	-	-	1,506,783	8,510,069	1,727,892	-	-	11,744,744
Administrative	357,126	-	139,998	799,146	1,718,617	310,648	2,926,880	6,252,415
Special services	1,038,176	-	-	45,115	17,209	-	-	1,100,500
Maintenance	-	-	-	-	-	222,994	-	222,994
Total operating expenses	1,395,302	8,154,318	1,646,781	9,354,330	3,463,718	603,816	4,158,452	28,776,717
Operating income (loss)	(445,302)	1,017,837	(181,011)	(542,431)	(338,256)	(269,957)	(249,816)	(1,008,936)
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Revenues from use of money and property	4,449	28,235	3,328	2,045	4,499	21,322	30,630	94,508
Gain (loss) on sale of assets	-	392,998	-	-	-	4,273	-	397,271
Interest expense	-	-	-	-	-	-	(53,852)	(53,852)
Total non-operating revenues (expenses)	4,449	421,233	3,328	2,045	4,499	25,595	(23,222)	437,927
Income (loss) before transfers	(440,853)	1,439,070	(177,683)	(540,386)	(333,757)	(244,362)	(273,038)	(571,009)
Capital contributions	-	38,946	-	-	-	-	-	38,946
Transfers in	-	-	-	-	-	259,727	-	259,727
Transfers out	-	-	-	-	-	-	-	-
Change in net position	(440,853)	1,478,016	(177,683)	(540,386)	(333,757)	15,365	(273,038)	(272,336)
Net position - beginning of year	784,212	15,766,492	812,802	1,227,278	524,370	1,920,799	966,770	22,002,723
Net position - end of year	\$ 343,359	\$ 17,244,508	\$ 635,119	\$ 686,892	\$ 190,613	\$ 1,936,164	\$ 693,732	\$ 21,730,387

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	PRODUCTIVITY IMPROVEMENT	FLEET MAINTENANCE AND REPLACEMENT	PROPERTY AND LIABILITY INSURANCE	EMPLOYEE BENEFITS	RETIREE BENEFITS	PROPERTY AND FACILITY MANAGEMENT	TECHNOLOGY	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from customers and users	\$ 949,941	\$ 9,158,411	\$ 1,467,258	\$ 8,429,121	\$ 3,125,610	\$ 333,881	\$ 3,708,889	\$ 27,173,111
Cash paid to suppliers for goods and services	(1,040,729)	(5,029,951)	(14,254)	(776,899)	(1,719,538)	(264,080)	(1,766,832)	(10,612,283)
Cash paid to employees for services	(341,448)	(831,608)	(134,445)	(39,208)	-	(171,821)	(928,957)	(2,447,487)
Insurance claims paid	-	-	(1,310,264)	(8,122,315)	(1,709,166)	-	-	(11,141,745)
Net cash provided by (used in) operating activities	(432,236)	3,296,852	8,295	(509,301)	(303,094)	(102,020)	1,013,100	2,971,596
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>								
Transfers in from other funds	-	-	-	-	-	259,727	-	259,727
Transfers out to other funds	-	-	-	-	-	-	-	-
Net cash provided by (used in) non-capital financing activities	-	-	-	-	-	259,727	-	259,727
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition, construction, and retirement of capital assets	-	(6,205,451)	-	-	-	(612,155)	(823,264)	(7,640,870)
Proceeds from grants for capital purposes	-	38,946	-	-	-	-	-	38,946
Interest paid	-	-	-	-	-	-	(53,852)	(53,852)
Payment of capital lease obligations	-	(493,597)	-	-	-	-	(494,479)	(988,076)
Proceeds from sale of assets	-	392,998	-	-	-	4,273	-	397,271
Net cash provided by (used in) capital and related financing activities	-	(6,267,104)	-	-	-	(607,882)	(1,371,595)	(8,246,581)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest and dividends on investments	4,449	28,235	3,328	2,045	4,499	21,322	30,630	94,508
Net cash provided by investing activities	4,449	28,235	3,328	2,045	4,499	21,322	30,630	94,508
Net increase (decrease) in cash and cash equivalents	(427,787)	(2,942,017)	11,623	(507,256)	(298,595)	(428,853)	(327,865)	(4,920,750)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	838,082	9,780,476	1,015,172	1,315,404	551,124	944,121	935,382	15,379,761
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 410,295</u>	<u>\$ 6,838,459</u>	<u>\$ 1,026,795</u>	<u>\$ 808,148</u>	<u>\$ 252,529</u>	<u>\$ 515,268</u>	<u>\$ 607,517</u>	<u>\$ 10,459,011</u>

(Continued)

**CITY OF TYLER, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**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)	\$ (445,302)	\$ 1,017,837	\$ (181,011)	\$ (542,431)	\$ (338,256)	\$ (269,957)	\$ (249,816)	\$ (1,008,936)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	-	2,442,565	-	-	-	70,174	1,231,572	3,744,311
(Increase) decrease in accounts receivable	(59)	3,606	1,488	(382,778)	148	22	(199,747)	(577,320)
(Increase) decrease in prepaid expenses	-	104	578	41,852	9,882	-	(6,933)	45,483
(Increase) decrease in inventories	-	(17,350)	-	-	-	-	-	(17,350)
(Increase) decrease in other post employment benefits asset	1,983	4,926	937	205	-	1,090	6,220	15,361
Increase (decrease) in accounts payable	6,533	(145,283)	(11,658)	(13,903)	6,406	84,914	226,400	153,409
Increase (decrease) in claims payable	-	-	196,519	387,754	18,726	-	-	602,999
Increase (decrease) in accrued interest payable	-	-	-	-	-	-	(1,010)	(1,010)
Increase (decrease) in compensated absences payable	4,611	(9,547)	1,443	-	-	11,738	6,421	14,666
Increase (decrease) in net pension obligation	(2)	(6)	(1)	-	-	(1)	(7)	(17)
Total adjustments	13,066	2,279,015	189,306	33,130	35,162	167,937	1,262,916	3,980,532
Net cash provided by (used in) operating activities	<u>\$ (432,236)</u>	<u>\$ 3,296,852</u>	<u>\$ 8,295</u>	<u>\$ (509,301)</u>	<u>\$ (303,094)</u>	<u>\$ (102,020)</u>	<u>\$ 1,013,100</u>	<u>\$ 2,971,596</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>								
Borrowing under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,122,354</u>	<u>\$ 1,122,354</u>
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,122,354</u>	<u>\$ 1,122,354</u>

**CITY OF TYLER, TEXAS**  
**PRODUCTIVITY IMPROVEMENT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 4,800	\$ 4,449	\$ (351)
Charges for services	950,000	950,000	-
Miscellaneous income	50,200	-	(50,200)
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<b>\$ 1,005,000</b>	<b>\$ 954,449</b>	<b>\$ (50,551)</b>
<b>EXPENSES</b>			
Salaries and benefits	\$ 317,097	\$ 334,856	\$ (17,759)
Supplies and services	24,546	22,270	2,276
Special services	1,050,145	1,038,176	11,969
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<b>\$ 1,391,788</b>	<b>\$ 1,395,302</b>	<b>\$ (3,514)</b>

**CITY OF TYLER, TEXAS**  
**FLEET MAINTENANCE AND REPLACEMENT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 40,000	\$ 28,235	\$ (11,765)
Current service charges	9,450,062	9,167,529	(282,533)
Miscellaneous	1,000	4,626	3,626
Capital contributions	-	38,946	38,946
Sale of assets	415,000	424,953	9,953
<b>Total Revenues</b>	<b>9,906,062</b>	<b>9,664,289</b>	<b>(241,773)</b>
Transfers in	-	-	-
<b>TOTAL REVENUES - BUDGET BASIS</b>	<b><u>\$ 9,906,062</u></b>	<b>9,664,289</b>	<b><u>\$ (241,773)</u></b>
Financial statement adjustments:			
Retirement of assets sold		(31,955)	
<b>TOTAL REVENUES - GAAP BASIS</b>		<b><u>\$ 9,632,334</u></b>	
<b>EXPENSES</b>			
Garage administration and operations:			
Salaries and benefits	\$ 849,829	\$ 836,235	\$ 13,594
Supplies and services	4,688,022	4,661,192	26,830
Utilities	69,775	70,081	(306)
Maintenance	147,962	144,245	3,717
Capital outlay	4,322,984	6,237,405	(1,914,421)
<b>Total garage administration</b>	<b>10,078,572</b>	<b>11,949,158</b>	<b>(1,870,586)</b>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b><u>\$ 10,078,572</u></b>	<b>11,949,158</b>	<b><u>\$ (1,870,586)</u></b>
Financial statement adjustments:			
Capital outlay items not expensed		(6,237,405)	
Depreciation expense		2,442,565	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b><u>\$ 8,154,318</u></b>	

**CITY OF TYLER, TEXAS**  
**PROPERTY AND LIABILITY INSURANCE FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 6,000	\$ 3,328	\$ (2,672)
Charges for services	<u>1,443,096</u>	<u>1,465,770</u>	<u>22,674</u>
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u>\$ 1,449,096</u>	<u>\$ 1,469,098</u>	<u>\$ 20,002</u>
<b>EXPENSES</b>			
Claims and premiums	\$ 1,443,557	\$ 1,506,783	\$ (63,226)
Administrative	<u>131,834</u>	<u>139,998</u>	<u>(8,164)</u>
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u>\$ 1,575,391</u>	<u>\$ 1,646,781</u>	<u>\$ (71,390)</u>

**CITY OF TYLER, TEXAS**  
**EMPLOYEE BENEFITS FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 13,000	\$ 2,045	\$ (10,955)
Charges for services	4,220	5,382	1,162
Contributions from City of Tyler	5,991,280	5,950,498	(40,782)
Contributions from employees	1,826,383	1,631,532	(194,851)
Miscellaneous	789,385	1,224,487	435,102
Total revenues	<u>8,624,268</u>	<u>8,813,944</u>	<u>189,676</u>
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u><u>\$ 8,624,268</u></u>	<u><u>\$ 8,813,944</u></u>	<u><u>\$ 189,676</u></u>
<b>EXPENSES</b>			
Employee insurance fund administration:			
Special services	\$ 48,000	\$ 45,115	\$ 2,885
Claims	7,810,019	8,510,060	(700,041)
Administrative fees	828,539	799,146	29,393
Life insurance	42	9	33
Total employee insurance fund administration	<u>8,686,600</u>	<u>9,354,330</u>	<u>(667,730)</u>
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u><u>\$ 8,686,600</u></u>	<u><u>\$ 9,354,330</u></u>	<u><u>\$ (667,730)</u></u>

**CITY OF TYLER, TEXAS  
RETIREE BENEFITS FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 14,380	\$ 4,499	\$ (9,881)
Contributions from City of Tyler	2,032,159	2,032,159	-
Contributions from employees	895,597	934,889	39,292
Miscellaneous	154,037	158,414	4,377
Total revenues	<u>3,096,173</u>	<u>3,129,961</u>	<u>33,788</u>
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u><u>\$ 3,096,173</u></u>	<u><u>\$ 3,129,961</u></u>	<u><u>\$ 33,788</u></u>
<b>EXPENSES</b>			
Employee insurance fund administration:			
Special services	\$ 11,400	\$ 17,209	\$ (5,809)
Claims	1,746,507	1,727,877	18,630
Administrative fees	1,780,232	1,718,617	61,615
Life insurance	15	15	-
Total employee insurance fund administration	<u>3,538,154</u>	<u>3,463,718</u>	<u>74,436</u>
<b>TOTAL EXPENSES - BUDGET AND GAAP BASIS</b>	<u><u>\$ 3,538,154</u></u>	<u><u>\$ 3,463,718</u></u>	<u><u>\$ 74,436</u></u>

**CITY OF TYLER, TEXAS**  
**PROPERTY AND FACILITY MANAGEMENT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 22,000	\$ 21,322	\$ (678)
Charges for services	366,268	333,859	(32,409)
Sale of assets	5,000	4,273	(727)
Total revenues	393,268	359,454	(33,814)
Transfer in	259,727	259,727	-
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<b>\$ 652,995</b>	<b>\$ 619,181</b>	<b>\$ (33,814)</b>
<b>EXPENSES</b>			
Property and facility administration:			
Salaries and benefits	\$ 127,532	\$ 158,994	\$ (31,462)
Supplies and services	136,023	124,435	11,588
Utilities	-	66	(66)
Maintenance	297,402	250,147	47,255
Capital Outlay	728,455	612,154	116,301
Total property and facility administration	1,289,412	1,145,796	143,616
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b>\$ 1,289,412</b>	<b>1,145,796</b>	<b>\$ 143,616</b>
Financial statement adjustments:			
Capital outlay items not expensed		(612,154)	
Depreciation expense		70,174	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b>\$ 603,816</b>	

**CITY OF TYLER, TEXAS  
TECHNOLOGY FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Revenues from use of money and property	\$ 21,235	\$ 30,630	\$ 9,395
Charges for services	3,791,469	3,779,556	(11,913)
Miscellaneous	129,080	129,080	-
Total revenues	3,941,784	3,939,266	(2,518)
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<b>\$ 3,941,784</b>	<b>\$ 3,939,266</b>	<b>\$ (2,518)</b>
<b>EXPENSES</b>			
Office technology fund administration:			
Salaries and benefits	\$ 889,873	\$ 916,323	\$ (26,450)
Supplies and services	65,351	23,589	41,762
Utilities	300	737	(437)
Maintenance	7,551	7,318	233
Total office technology fund administration	963,075	947,967	15,108
Office technology services:			
Supplies and services	1,475,975	806,943	669,032
Utilities	279,530	187,876	91,654
Maintenance	1,465,369	984,094	481,275
Capital outlay	50,000	823,261	(773,261)
Total office technology services	3,270,874	2,802,174	468,700
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b>\$ 4,233,949</b>	3,750,141	<b>\$ 483,808</b>
Financial statement adjustments:			
Capital outlay items not expensed		(823,261)	
Interest		53,852	
Depreciation		1,231,572	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b>\$ 4,212,304</b>	

## **FIDUCIARY FUNDS**

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

### **Employee Benefit Trust Funds**

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

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

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

### **Private Purpose Trust Funds**

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

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

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	EMPLOYEE BENEFIT TRUST (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
<b>ASSETS</b>				
Equity in pooled cash	\$ 203,381	\$ 156,510	\$ 2,358,942	\$ 2,718,833
Investments, at fair value				
Equities	-	-	12,452,527	12,452,527
Mutual funds	-	6,208,918	48,361,057	54,569,975
Total investments	-	6,208,918	60,813,584	67,022,502
Receivables				
Accounts receivable	6,104	-	-	6,104
Contributions receivable	-	-	173,089	173,089
Interest receivable	-	-	10,462	10,462
Total receivables	6,104	-	183,551	189,655
Total assets	209,485	6,365,428	63,356,077	69,930,990
<b>LIABILITIES</b>				
Accounts payable	25,829	-	-	25,829
Total liabilities	25,829	-	-	25,829
<b>NET POSITION</b>				
Held in trust for OPEB benefits	-	6,365,428	-	6,365,428
Held in trust for pension benefits	-	-	63,356,077	63,356,077
Held in trust for other purposes	183,656	-	-	183,656
Total net position	\$ 183,656	\$ 6,365,428	\$ 63,356,077	\$ 69,905,161

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	EMPLOYEE BENEFIT TRUST (SECTION 125 PLAN)	OPEB TRUST	TYLER FIRE DEPARTMENT RELIEF AND RETIREMENT FUND	TOTAL
<b>ADDITIONS</b>				
Contributions:				
Employees	\$ 145,241	\$ -	\$ 1,494,933	\$ 1,640,174
Employer	2,400	-	2,350,532	2,352,932
Total contributions	<u>147,641</u>	<u>-</u>	<u>3,845,465</u>	<u>3,993,106</u>
Investment income				
Interest and dividend income	-	-	953,919	953,919
Net appreciation in fair value of investments	-	502,665	4,073,670	4,576,335
Less investment expense	-	(33,447)	(163,846)	(197,293)
Total investment income	<u>-</u>	<u>469,218</u>	<u>4,863,743</u>	<u>5,332,961</u>
Other income	-	-	20,698	20,698
Total additions	<u>147,641</u>	<u>469,218</u>	<u>8,729,906</u>	<u>9,346,765</u>
<b>DEDUCTIONS</b>				
Benefits	<u>133,560</u>	<u>-</u>	<u>3,407,660</u>	<u>3,541,220</u>
Total deductions	<u>133,560</u>	<u>-</u>	<u>3,407,660</u>	<u>3,541,220</u>
Change in net position	14,081	469,218	5,322,246	5,805,545
Net position - beginning of year	<u>169,575</u>	<u>5,896,210</u>	<u>58,033,831</u>	<u>64,099,616</u>
Net position - end of year	<u>\$ 183,656</u>	<u>\$ 6,365,428</u>	<u>\$ 63,356,077</u>	<u>\$ 69,905,161</u>

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
<b>ASSETS</b>			
Equity in pooled cash	\$ 2,419,775	\$ -	\$ 2,419,775
Investments, at fair value			
Equities	-	72,325	72,325
Total investments	-	72,325	72,325
Receivables			
Interest receivable	786	-	786
Total receivables	786	-	786
Total assets	2,420,561	72,325	2,492,886
<b>LIABILITIES</b>			
Total liabilities	-	-	-
<b>NET POSITION</b>			
Held in trust for other purposes	\$ 2,420,561	\$ 72,325	\$ 2,492,886

**CITY OF TYLER, TEXAS  
FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	GREENWOOD LANDFILL PRIVATE-PURPOSE TRUST	LINDSEY TRUST PRIVATE-PURPOSE TRUST	TOTAL
<b>ADDITIONS</b>			
Contributions	\$ 36,000	\$ -	\$ 36,000
Investment income			
Interest and dividend income	7,751	1,708	9,459
Net appreciation in fair value of investments	-	4,376	4,376
Less investment expense	-	(1,249)	(1,249)
Total investment income	7,751	4,835	12,586
Total additions	43,751	4,835	48,586
<b>DEDUCTIONS</b>			
Benefits	-	-	-
Total deductions	-	-	-
Change in net position	43,751	4,835	48,586
Net position - beginning of year	2,376,810	67,490	2,444,300
Net position - end of year	<u>\$ 2,420,561</u>	<u>\$ 72,325</u>	<u>\$ 2,492,886</u>

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## **DETAILED BUDGETARY COMPARISONS**

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

CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>PROPERTY TAX COLLECTIONS</b>			
Current taxes	\$ 15,202,651	\$ 15,087,100	\$ (115,551)
Delinquent taxes	194,650	135,221	(59,429)
Penalty and interest	132,700	125,422	(7,278)
Tax collection fee	49,800	40,985	(8,815)
Total property tax collections	15,579,801	15,388,728	(191,073)
<b>FRANCHISE FEES</b>			
Franchise - light and power	4,600,000	4,460,960	(139,040)
Franchise - natural gas	840,000	1,103,669	263,669
Franchise - telephone	865,000	865,934	934
Franchise - cable television	1,450,000	1,370,700	(79,300)
Franchise - street use fee	635,000	696,812	61,812
Franchise - water and sewer	1,725,140	1,663,068	(62,072)
Total franchise fees	10,115,140	10,161,143	46,003
<b>SALES AND USE TAXES</b>			
General sales tax	25,055,198	26,520,873	1,465,675
Mixed drink tax	285,000	387,533	102,533
Bingo tax	58,000	55,758	(2,242)
Total sales and use taxes	25,398,198	26,964,164	1,565,966
<b>LICENSES AND PERMITS</b>			
Parking meter	100,000	92,034	(7,966)
Taxicab and limousine	50	135	85
Burglar alarm	173,000	205,895	32,895
Building	450,000	783,541	333,541
Electrical	160,000	190,151	30,151
Plumbing	120,000	120,848	848
Zoning	40,000	68,425	28,425
Mechanical	60,000	104,249	44,249
Cert. of occupancy	26,000	24,100	(1,900)
TABC fee	600	3,082	2,482
Billboard registration	51,200	8,400	(42,800)
Sign	20,000	24,910	4,910
Contractor license	40,000	43,600	3,600
Total licenses and permits	1,240,850	1,669,370	428,520
<b>FINES, FORFEITURES AND PENALTIES</b>			
Moving violation fines	3,800,000	4,036,814	236,814
Tax service fees on fines	235,000	226,502	(8,498)
Arrest fee fines	175,000	175,994	994
Municipal court administrative fees	200,000	209,274	9,274
Warrant fees	755,000	602,114	(152,886)
Child safety fees	190,000	184,105	(5,895)
Teen court fees	-	30	30
Miscellaneous municipal court fines	27,573	28,650	1,077
Special court fees	850,000	920,752	70,752
Collection firm fee	260,000	180,267	(79,733)
Court fee - clearing	9,000	5,175	(3,825)
Parking fees	226,440	197,224	(29,216)
Scofflaw	-	44,687	44,687
Omnibase program	75,000	63,577	(11,423)
Total fines, forfeitures and penalties	6,803,013	6,875,165	72,152

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES FROM USE OF MONEY OR PROPERTY</b>			
Rent - miscellaneous	\$ 825,117	\$ 691,365	\$ (133,752)
Distributed interest	52,543	33,312	(19,231)
Total revenues from use of money or property	<u>877,660</u>	<u>724,677</u>	<u>(152,983)</u>
<b>CHARGES FOR CURRENT SERVICES</b>			
Swimming pool admissions	500	1,220	720
Fire inspection fees	25,000	43,935	18,935
Lot mowing	33,500	58,401	24,901
Glass membership fees	108,500	44,035	(64,465)
Copying fees	21,100	19,516	(1,584)
Utility cut fees	132,000	142,366	10,366
Open records	35,000	30,333	(4,667)
Participant fees	176,000	136,054	(39,946)
Field rental	15,000	12,310	(2,690)
Sports field maintenance	23,000	29,000	6,000
Recreation classes and events	35,000	42,403	7,403
Reimbursement of overhead from tourism and convention fund	43,095	43,095	-
One-Half cent administration costs	175,000	175,000	-
Reimbursement of overhead from water and sewer operating fund	995,529	995,529	-
Reimbursement of overhead from sanitation fund	197,760	197,760	-
Maps, plans and specs fee	250	472	222
Platting	30,000	41,026	11,026
HOT membership	40,000	40,000	-
Main street festivals	70,000	37,500	(32,500)
Liberty hall tickets sales	84,500	75,879	(8,621)
Faulkner Tennis Center	20,000	15,697	(4,303)
Library	73,110	50,395	(22,715)
Total charges for current services	<u>2,333,844</u>	<u>2,231,926</u>	<u>(101,918)</u>
<b>REVENUES FROM OTHER AGENCIES</b>			
State government	20,000	6,868	(13,132)
County hazardous material service	5,000	5,000	-
Prior year restitution income	400	71	(329)
Auto theft task force grant	103,000	100,230	(2,770)
Bullet proof vest grant	13,005	10,187	(2,818)
Safe and Sober grant	50,000	82,267	32,267
Click it or ticket grant	-	4,776	4,776
School crossing guards	223,829	223,829	-
US Marshal grant	-	6,357	6,357
Historic commission grant	-	5,858	5,858
COPS 2010	242,446	245,841	3,395
Justice assistance	93,504	94,459	955
Total revenues from other agencies	<u>751,184</u>	<u>785,743</u>	<u>34,559</u>

(Continued)

CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>MISCELLANEOUS</b>			
Oil and lease royalties	\$ 108,000	\$ 215,155	\$ 107,155
Miscellaneous charges	190,800	200,601	9,801
Unclaimed property revenue	15,000	25,204	10,204
Returned check fees	2,000	1,236	(764)
Funeral escorts	20,000	21,200	1,200
Contractor testing fees	30,000	70,689	40,689
Merchandise sales	5,000	5,211	211
Sale of equipment	52,000	30,974	(21,026)
Junked vehicle	1,200	100	(1,100)
Total miscellaneous	424,000	570,370	146,370
Total revenues before other financing sources	63,523,690	65,371,286	1,847,596
<b>OTHER FINANCING SOURCES</b>			
Transfer from special revenue	1,700,000	1,700,000	-
Transfer from enterprise	75,000	75,000	-
Total other financing sources	1,775,000	1,775,000	-
<b>TOTAL REVENUES</b>	<b>\$ 65,298,690</b>	<b>\$ 67,146,286</b>	<b>\$ 1,847,596</b>

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>GENERAL GOVERNMENT</b>			
<b>GENERAL GOVERNMENT SERVICES:</b>			
Salaries and benefits	\$ 2,461,455	\$ 2,590,524	\$ (129,069)
Supplies and services	2,761,497	2,623,990	137,507
Utilities	156,000	180,356	(24,356)
Maintenance	58,479	55,135	3,344
<b>Total general government services</b>	<b>5,437,431</b>	<b>5,450,005</b>	<b>(12,574)</b>
<b>COMMUNICATIONS:</b>			
Salaries and benefits	301,983	282,445	19,538
Supplies and services	83,021	80,449	2,572
Utilities	360	513	(153)
<b>Total communications</b>	<b>385,364</b>	<b>363,407</b>	<b>21,957</b>
<b>FINANCE:</b>			
Salaries and benefits	532,642	540,703	(8,061)
Supplies and services	486,795	478,674	8,121
Utilities	-	880	(880)
Maintenance	-	1,332	(1,332)
<b>Total finance</b>	<b>1,019,437</b>	<b>1,021,589</b>	<b>(2,152)</b>
<b>HUMAN RESOURCES:</b>			
Salaries and benefits	344,535	274,132	70,403
Supplies and services	54,692	82,975	(28,283)
<b>Total human resources</b>	<b>399,227</b>	<b>357,107</b>	<b>42,120</b>
<b>LEGAL:</b>			
Salaries and benefits	698,634	728,488	(29,854)
Supplies and services	187,452	125,935	61,517
Utilities	163	259	(96)
Maintenance	839	221	618
<b>Total legal</b>	<b>887,088</b>	<b>854,903</b>	<b>32,185</b>
<b>PARKING GARAGE:</b>			
Supplies and services	20,500	2,239	18,261
Utilities	11,890	3,252	8,638
Maintenance	11,890	916	10,974
<b>Total parking garage</b>	<b>44,280</b>	<b>6,407</b>	<b>37,873</b>
<b>Total general government</b>	<b>8,172,827</b>	<b>8,053,418</b>	<b>119,409</b>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>PUBLIC SAFETY</b>			
<b>POLICE:</b>			
Salaries and benefits	\$ 21,185,204	\$ 21,284,423	\$ (99,219)
Supplies and services	1,855,327	1,769,043	86,284
Utilities	169,010	140,042	28,968
Maintenance	1,303,123	1,312,523	(9,400)
<b>Total police</b>	<b>24,512,664</b>	<b>24,506,031</b>	<b>6,633</b>
<b>FIRE:</b>			
Salaries and benefits	14,363,774	14,454,101	(90,327)
Supplies and services	913,911	814,769	99,142
Utilities	152,625	140,824	11,801
Maintenance	287,804	292,643	(4,839)
<b>Total fire</b>	<b>15,718,114</b>	<b>15,702,337</b>	<b>15,777</b>
<b>MUNICIPAL COURT:</b>			
Salaries and benefits	734,131	670,073	64,058
Supplies and services	838,896	758,965	79,931
Utilities	12,016	12,490	(474)
Maintenance	37,970	38,166	(196)
<b>Total municipal court</b>	<b>1,623,013</b>	<b>1,479,694</b>	<b>143,319</b>
<b>Total public safety</b>	<b>41,853,791</b>	<b>41,688,062</b>	<b>165,729</b>
<b>PUBLIC SERVICES</b>			
<b>PLANNING:</b>			
Salaries and benefits	304,951	266,663	38,288
Supplies and services	61,997	85,528	(23,531)
Utilities	250	272	(22)
<b>Total planning</b>	<b>367,198</b>	<b>352,463</b>	<b>14,735</b>
<b>DEVELOPMENT SERVICES:</b>			
Salaries and benefits	706,347	677,669	28,678
Supplies and services	112,386	127,706	(15,320)
Utilities	200	473	(273)
Maintenance	21,730	23,166	(1,436)
<b>Total development services</b>	<b>840,663</b>	<b>829,014</b>	<b>11,649</b>
<b>ANIMAL CONTROL:</b>			
Supplies and services	-	380	(380)
<b>Total animal control</b>	<b>-</b>	<b>380</b>	<b>(380)</b>
<b>Total public services</b>	<b>1,207,861</b>	<b>1,181,857</b>	<b>26,004</b>

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>HIGHWAYS AND STREETS</b>			
ENGINEERING:			
Salaries and benefits	\$ 367,864	\$ 384,778	\$ (16,914)
Supplies and services	92,580	62,462	30,118
Utilities	150	473	(323)
Maintenance	14,757	12,936	1,821
Total engineering	475,351	460,649	14,702
STREET ADMINISTRATION:			
Salaries and benefits	1,194,176	859,269	334,907
Supplies and services	286,071	463,192	(177,121)
Utilities	11,200	9,788	1,412
Maintenance	810,880	790,482	20,398
Total street administration	2,302,327	2,122,731	179,596
TRAFFIC OPERATIONS:			
Salaries and benefits	877,386	819,591	57,795
Supplies and services	116,744	121,012	(4,268)
Utilities	1,330,090	1,318,075	12,015
Maintenance	199,595	198,893	702
Total traffic operations	2,523,815	2,457,571	66,244
Total highways and streets	5,301,493	5,040,951	260,542
<b>CULTURE AND RECREATION</b>			
LIBRARY:			
Salaries and benefits	964,074	960,122	3,952
Supplies and services	196,342	216,286	(19,944)
Utilities	74,550	58,033	16,517
Maintenance	50,437	51,466	(1,029)
Total library	1,285,403	1,285,907	(504)
PARKS ADMINISTRATION:			
Salaries and benefits	766,373	679,198	87,175
Supplies and services	470,984	517,722	(46,738)
Utilities	707,850	617,027	90,823
Maintenance	551,499	519,026	32,473
Total parks administration	2,496,706	2,332,973	163,733

(Continued)

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>CULTURE AND RECREATION (cont'd)</b>			
<b>INDOOR RECREATION:</b>			
Salaries and benefits	\$ 396,713	\$ 372,796	\$ 23,917
Supplies and services	98,096	93,640	4,456
Utilities	200	461	(261)
Maintenance	31,951	31,467	484
Total indoor recreation	<u>526,960</u>	<u>498,364</u>	<u>28,596</u>
<b>OUTDOOR RECREATION:</b>			
Salaries and benefits	165,330	122,832	42,498
Supplies and services	244,522	222,397	22,125
Maintenance	1,000	800	200
Total outdoor recreation	<u>410,852</u>	<u>346,029</u>	<u>64,823</u>
<b>MEDIAN MAINTENANCE AND ARBORIST:</b>			
Salaries and benefits	189,948	154,867	35,081
Supplies and services	187,071	183,516	3,555
Maintenance	50,224	59,512	(9,288)
Total median maintenance and arborist	<u>427,243</u>	<u>397,895</u>	<u>29,348</u>
<b>ROSE GARDEN CENTER:</b>			
Salaries and benefits	110,552	116,496	(5,944)
Supplies and services	42,952	33,368	9,584
Utilities	77,250	51,919	25,331
Maintenance	40,729	22,914	17,815
Total rose garden center	<u>271,483</u>	<u>224,697</u>	<u>46,786</u>
<b>ROSE GARDEN MAINTENANCE:</b>			
Salaries and benefits	292,181	178,621	113,560
Supplies and services	96,424	129,835	(33,411)
Utilities	43,925	26,028	17,897
Maintenance	82,790	75,177	7,613
Total rose garden maintenance	<u>515,320</u>	<u>409,661</u>	<u>105,659</u>
<b>VISITOR FACILITIES:</b>			
Salaries and benefits	375,838	354,996	20,842
Supplies and services	143,740	161,152	(17,412)
Utilities	134,984	136,639	(1,655)
Maintenance	53,453	52,633	820
Total visitor facilities	<u>708,015</u>	<u>705,420</u>	<u>2,595</u>
<b>TOURISM CONTINGENCY:</b>			
Salaries and benefits	66,854	69,273	(2,419)
Supplies and services	138,254	126,377	11,877
Utilities	17,500	16,641	859
Maintenance	7,696	7,412	284
Total tourism contingency	<u>230,304</u>	<u>219,703</u>	<u>10,601</u>

**CITY OF TYLER, TEXAS  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>CULTURE AND RECREATION (cont'd)</b>			
<b>MAIN STREET:</b>			
Salaries and benefits	\$ 120,758	\$ 119,677	\$ 1,081
Supplies and services	118,103	100,437	17,666
Utilities	6,500	7,172	(672)
<b>Total main street</b>	<b>247,188</b>	<b>229,113</b>	<b>18,075</b>
<b>CONTINGENCIES:</b>			
Salaries and benefits	19,400	19,400	-
<b>Total contingencies</b>	<b>19,400</b>	<b>19,400</b>	<b>-</b>
<b>Total culture and recreation</b>	<b>7,138,874</b>	<b>6,669,162</b>	<b>469,712</b>
<b>OTHER FINANCING USES</b>			
Transfer to transit system	448,678	574,678	(126,000)
Transfer to capital projects	1,824,000	1,824,000	-
Transfer to property and facility	101,305	101,305	-
Transfer to permanent	181,230	181,230	-
Transfer to special revenue	111,799	7,805	103,994
Transfer to state and federal grants	-	650	(650)
<b>Total other financing uses</b>	<b>2,667,012</b>	<b>2,689,668</b>	<b>(22,656)</b>
<b>CAPITAL OUTLAY</b>	<b>2,520,865</b>	<b>2,355,709</b>	<b>165,156</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 68,862,723</b>	<b>\$ 67,678,827</b>	<b>\$ 1,183,896</b>

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF REVENUES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Revenues from use of money or property	\$ 134,628	\$ 126,294	\$ (8,334)
Charges for current services	34,680,374	33,557,782	(1,122,592)
Miscellaneous income	<u>141,000</u>	<u>207,327</u>	<u>66,327</u>
Total revenues	34,956,002	33,891,403	(1,064,599)
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<u><u>\$ 34,956,002</u></u>	<u><u>\$ 33,891,403</u></u>	<u><u>\$ (1,064,599)</u></u>

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>WATER ADMINISTRATION AND SUNDRY</b>			
Salaries and benefits	\$ 1,037,048	\$ 1,082,542	\$ (45,494)
Supplies and services	6,987,528	4,339,037	2,648,491
Utilities	14,080	12,908	1,172
Maintenance	39,711	33,147	6,564
Total water administration and sundry	<u>8,078,367</u>	<u>5,467,634</u>	<u>2,610,733</u>
<b>WATER OFFICE</b>			
Salaries and benefits	865,770	872,099	(6,329)
Supplies and services	624,735	602,732	22,003
Utilities	275	448	(173)
Maintenance	51,320	41,103	10,217
Total water office	<u>1,542,100</u>	<u>1,516,382</u>	<u>25,718</u>
<b>WATER DISTRIBUTION</b>			
Salaries and benefits	1,046,546	1,041,952	4,594
Supplies and services	195,946	270,472	(74,526)
Utilities	13,990	13,300	690
Maintenance	513,060	459,517	53,543
Total water distribution	<u>1,769,542</u>	<u>1,785,241</u>	<u>(15,699)</u>
<b>WATER PLANT</b>			
Salaries and benefits	1,122,923	1,185,173	(62,250)
Supplies and services	1,396,733	1,320,936	75,797
Utilities	2,019,236	2,002,138	17,098
Maintenance	442,200	216,557	225,643
Total water plant	<u>4,981,092</u>	<u>4,724,804</u>	<u>256,288</u>
<b>WASTE COLLECTION</b>			
Salaries and benefits	919,638	847,923	71,715
Supplies and services	160,223	276,727	(116,504)
Utilities	585	125	460
Maintenance	661,449	654,532	6,917
Total waste collection	<u>1,741,895</u>	<u>1,779,307</u>	<u>(37,412)</u>
<b>WASTE TREATMENT PLANT</b>			
Salaries and benefits	1,316,016	1,238,968	77,048
Supplies and services	2,085,121	1,654,085	431,036
Utilities	804,628	773,045	31,583
Maintenance	276,910	174,322	102,588
Total waste treatment plant	<u>4,482,675</u>	<u>3,840,420</u>	<u>642,255</u>

(Continued)

**CITY OF TYLER, TEXAS  
UTILITIES FUND  
DETAILED SCHEDULE OF EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>LAKE TYLER</b>			
Salaries and benefits	\$ 438,647	\$ 379,886	\$ 58,761
Supplies and services	539,544	170,435	369,109
Utilities	15,902	12,933	2,969
Maintenance	424,853	112,267	312,586
Total Lake Tyler	<u>1,418,946</u>	<u>675,521</u>	<u>743,425</u>
<b>STORM WATER MANAGEMENT</b>			
Salaries and benefits	636,034	458,637	177,397
Supplies and services	86,381	214,226	(127,845)
Maintenance	466,599	420,083	46,516
Total Storm Water Management	<u>1,189,014</u>	<u>1,092,946</u>	<u>96,068</u>
<b>GEOGRAPHICAL INFORMATION SYSTEMS</b>			
Salaries and benefits	307,576	314,955	(7,379)
Supplies and services	160,131	155,387	4,744
Total Geographical Information Systems	<u>467,707</u>	<u>470,342</u>	<u>(2,635)</u>
<b>SLUDGE HAULING</b>			
Salaries and benefits	92,793	65,796	26,997
Supplies and services	257,738	276,979	(19,241)
Maintenance	103,189	63,547	39,642
Total Sludge Hauling	<u>459,720</u>	<u>406,322</u>	<u>53,398</u>
<b>PURCHASING</b>			
Salaries and benefits	136,793	134,460	2,333
Supplies and services	14,857	8,184	6,673
Maintenance	20,717	14,479	6,238
Utilities	50	126	(76)
Total purchasing	<u>172,417</u>	<u>157,249</u>	<u>15,168</u>
<b>CAPITAL OUTLAY</b>	<u>17,260,092</u>	<u>9,544,373</u>	<u>7,715,719</u>
<b>PRINCIPAL PAYMENTS ON BONDS</b>	<u>2,480,000</u>	<u>2,480,000</u>	<u>-</u>
<b>INTEREST EXPENSE</b>	<u>2,854,971</u>	<u>2,854,971</u>	<u>-</u>
<b>TRANSFERS OUT</b>	<u>116,711</u>	<u>566,711</u>	<u>(450,000)</u>
<b>TOTAL EXPENSES BUDGET BASIS</b>	<u>\$ 49,015,249</u>	<u>37,362,223</u>	<u>\$ 11,653,026</u>
Financial statement adjustments:			
Capital outlay items not expensed		(9,544,373)	
Principal payments on bonds		(2,480,000)	
Amortization expense		62,505	
Depreciation expense		6,246,488	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<u>\$ 31,646,843</u>	

**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Franchise fees	\$ 450,000	\$ 478,491	\$ 28,491
Revenue from use of money or property	55,000	97,707	42,707
Charges for current services	10,225,000	10,823,421	598,421
Miscellaneous revenues	40,000	32,666	(7,334)
Sale of assets	-	620,028	620,028
	<hr/>	<hr/>	<hr/>
Total revenues	10,770,000	12,052,313	1,282,313
<b>TOTAL REVENUES - BUDGET BASIS</b>	<b><u>\$ 10,770,000</u></b>	<b>12,052,313</b>	<b><u>\$ 1,282,313</u></b>
Financial statement adjustments:			
Retirement of assets sold		(295,064)	
<b>TOTAL REVENUES - GAAP BASIS</b>		<b><u>\$ 11,757,249</u></b>	
<b>EXPENSES</b>			
Solid waste administration:			
Salaries and benefits	\$ 583,036	\$ 633,121	\$ (50,085)
Supplies and services	935,940	915,860	20,080
Utilities	300	872	(572)
Maintenance	3,696	1,034	2,662
	<hr/>	<hr/>	<hr/>
Total solid waste administration	1,522,972	1,550,887	(27,915)
Residential collections:			
Salaries and benefits	1,327,909	1,369,432	(41,523)
Supplies and services	2,097,061	2,123,578	(26,517)
Utilities	2,715	2,744	(29)
Maintenance	2,173,826	2,119,667	54,159
	<hr/>	<hr/>	<hr/>
Total residential collections	5,601,511	5,615,421	(13,910)
Commercial collections:			
Salaries and benefits	714,168	707,947	6,221
Supplies and services	1,675,067	1,776,114	(101,047)
Utilities	5,100	3,405	1,695
Maintenance	493,366	419,981	73,385
	<hr/>	<hr/>	<hr/>
Total commercial collections	2,887,701	2,907,447	(19,746)
Litter control:			
Salaries and benefits	54,398	55,824	(1,426)
Supplies and services	220,750	157,770	62,980
Utilities	1,300	431	869
	<hr/>	<hr/>	<hr/>
Total litter control	276,448	214,025	62,423

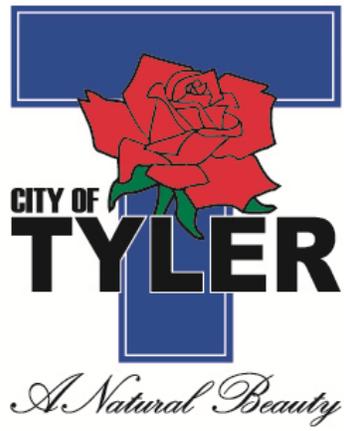
**CITY OF TYLER, TEXAS  
SANITATION FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Code enforcement:			
Salaries and benefits	\$ 340,073	\$ 346,381	\$ (6,308)
Supplies and services	81,845	73,263	8,582
Utilities	100	185	(85)
Maintenance	<u>54,657</u>	<u>51,266</u>	<u>3,391</u>
 Total residential collections	 476,675	 471,095	 5,580
 Capital outlay	 859,312	 1,341,723	 (482,411)
 Transfers out	 <u>91,711</u>	 <u>91,711</u>	 <u>-</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b><u>\$ 11,716,330</u></b>	<b>12,192,309</b>	<b><u>\$ (475,979)</u></b>
 Financial statement adjustments:			
Capital outlay items not expensed		(1,341,723)	
Depreciation expense		<u>715,132</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b><u>\$ 11,565,718</u></b>	

**CITY OF TYLER, TEXAS**  
**AIRPORT FUND**  
**DETAILED SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Airport services	\$ 1,382,933	\$ 1,579,741	\$ 196,808
Revenue from use of money or property	40,500	18,516	(21,984)
Capital contributions	4,887,927	2,310,974	(2,576,953)
Miscellaneous revenues	15,436	31,607	16,171
Total revenues	6,326,796	3,940,838	(2,385,958)
Transfers in	146,000	333,022	187,022
<b>TOTAL REVENUES - BUDGET AND GAAP BASIS</b>	<b>\$ 6,472,796</b>	<b>\$ 4,273,860</b>	<b>\$ (2,198,936)</b>
<b>EXPENSES</b>			
Municipal airport operations:			
Salaries and benefits	\$ 540,259	\$ 542,153	\$ (1,894)
Supplies and services	2,766,379	457,737	2,308,642
Utilities	236,700	236,256	444
Maintenance	163,136	156,500	6,636
Total municipal airport operations	3,706,474	1,392,646	2,313,828
Interest expense	44,180	44,180	-
Principal payments on bonds	60,000	60,000	-
Capital outlay	3,113,504	2,834,055	279,449
<b>TOTAL EXPENSES BUDGET BASIS</b>	<b>\$ 6,924,158</b>	<b>4,330,881</b>	<b>\$ 2,593,277</b>
Financial statement adjustments:			
Principal payments on bonds		(60,000)	
Capital outlay items not expensed		(2,834,055)	
Amortization expense		2,885	
Depreciation expense		1,400,172	
<b>TOTAL EXPENSES - GAAP BASIS</b>		<b>\$ 2,839,883</b>	

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**STATISTICAL SECTION (UNAUDITED)**

**CITY OF TYLER, TEXAS  
STATISTICAL SECTION**

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

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

TABLE 1

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 208,396,601	\$ 207,182,671	\$ 210,591,077	\$ 227,755,201	\$ 239,906,695	\$ 239,107,580	\$ 239,531,725	\$ 235,722,589	\$ 226,678,557	\$ 243,391,685
Restricted	26,062,078	33,345,752	33,847,339	20,472,939	9,219,851	11,517,178	17,671,823	18,144,679	25,006,305	22,022,830
Unrestricted	20,124,780	23,641,384	24,690,983	25,250,120	22,863,133	19,492,047	15,660,827	23,997,766	24,904,041	21,104,444
<b>Total governmental activities net position</b>	<b><u>\$ 254,583,459</u></b>	<b><u>\$ 264,169,807</u></b>	<b><u>\$ 269,129,399</u></b>	<b><u>\$ 273,478,260</u></b>	<b><u>\$ 271,989,679</u></b>	<b><u>\$ 270,116,805</u></b>	<b><u>\$ 272,864,375</u></b>	<b><u>\$ 277,865,034</u></b>	<b><u>\$ 276,588,903</u></b>	<b><u>\$ 286,518,959</u></b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 130,848,615	\$ 132,481,137	\$ 136,990,101	\$ 145,115,746	\$ 146,154,811	\$ 133,928,119	\$ 139,645,933	\$ 146,342,227	\$ 155,451,446	\$ 161,933,656
Restricted	6,277,841	5,553,965	10,383,523	7,300,006	9,194,730	20,885,481	15,567,963	14,296,705	21,543,386	19,104,927
Unrestricted	26,279,373	27,994,475	20,912,997	12,746,703	10,186,615	10,328,726	13,559,374	14,488,578	6,834,476	6,150,703
<b>Total business-type activities net position</b>	<b><u>\$ 163,405,829</u></b>	<b><u>\$ 166,029,577</u></b>	<b><u>\$ 168,286,621</u></b>	<b><u>\$ 165,162,455</u></b>	<b><u>\$ 165,536,156</u></b>	<b><u>\$ 165,142,326</u></b>	<b><u>\$ 168,773,270</u></b>	<b><u>\$ 175,127,510</u></b>	<b><u>\$ 183,829,308</u></b>	<b><u>\$ 187,189,286</u></b>
<b>Primary government</b>										
Net investment in capital assets	\$ 339,245,216	\$ 339,663,808	\$ 347,581,178	\$ 372,870,947	\$ 386,061,506	\$ 373,035,699	\$ 379,177,658	\$ 382,064,816	\$ 382,130,003	\$ 405,325,341
Restricted	32,339,919	38,899,717	44,230,862	27,772,945	18,414,581	32,402,659	33,239,786	32,441,384	46,549,691	41,127,757
Unrestricted	46,404,153	51,635,859	45,603,980	37,996,823	33,049,748	29,820,773	29,220,201	38,486,344	31,738,517	27,255,147
<b>Total primary government net position</b>	<b><u>\$ 417,989,288</u></b>	<b><u>\$ 430,199,384</u></b>	<b><u>\$ 437,416,020</u></b>	<b><u>\$ 438,640,715</u></b>	<b><u>\$ 437,525,835</u></b>	<b><u>\$ 435,259,131</u></b>	<b><u>\$ 441,637,645</u></b>	<b><u>\$ 452,992,544</u></b>	<b><u>\$ 460,418,211</u></b>	<b><u>\$ 473,708,245</u></b>

Source: Government-wide Statement of Net Position

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,457,535	\$ 5,573,690	\$ 6,426,203	\$ 7,454,087	\$ 10,320,209	\$ 7,809,290	\$ 9,389,003	\$ 7,699,118	\$ 8,814,941	\$ 10,788,232
Public safety	31,757,773	33,029,011	34,702,549	37,491,453	38,280,137	38,769,464	41,169,622	42,534,178	43,594,916	43,241,597
Highways and streets	6,097,617	11,006,417	17,047,887	6,548,649	6,319,359	16,527,248	15,033,649	16,221,560	16,197,280	13,828,933
Public services	18,796,772	16,343,022	13,951,231	25,829,353	27,916,561	14,695,196	14,814,548	13,961,677	14,395,725	14,207,356
Cultures and recreation	5,880,907	5,751,590	5,818,106	6,842,821	6,775,264	8,002,574	8,497,285	8,470,638	8,314,970	7,737,071
Interest on long term debt	295,946	252,779	260,027	161,066	85,952	102,507	117,564	106,407	74,423	67,788
Total governmental activities expenses	<u>70,286,550</u>	<u>71,956,509</u>	<u>78,206,003</u>	<u>84,327,429</u>	<u>89,697,482</u>	<u>85,906,279</u>	<u>89,021,671</u>	<u>88,993,578</u>	<u>91,392,255</u>	<u>89,870,977</u>
Business-type activities:										
Water and sewer	23,933,574	27,076,159	27,457,606	29,223,154	29,488,289	30,851,493	30,449,882	31,109,582	32,097,630	31,080,132
Sanitation	7,349,545	8,162,384	9,371,472	10,645,321	11,254,980	11,023,910	11,324,625	11,327,917	11,202,044	11,474,007
Airport	1,744,009	1,887,221	1,902,590	2,104,355	2,111,713	2,242,547	2,632,814	2,522,166	2,722,446	2,839,883
Total business-type activities expenses	<u>33,027,128</u>	<u>37,125,764</u>	<u>38,731,668</u>	<u>41,972,830</u>	<u>42,854,982</u>	<u>44,117,950</u>	<u>44,407,321</u>	<u>44,959,665</u>	<u>46,022,120</u>	<u>45,394,022</u>
Total primary government expenses	<u>\$ 103,313,678</u>	<u>\$ 109,082,273</u>	<u>\$ 116,937,671</u>	<u>\$ 126,300,259</u>	<u>\$ 132,552,464</u>	<u>\$ 130,024,229</u>	<u>\$ 133,428,992</u>	<u>\$ 133,953,243</u>	<u>\$ 137,414,375</u>	<u>\$ 135,264,999</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 6,029,023	\$ 2,196,871	\$ 1,367,849	\$ 1,016,572	\$ 1,040,889	\$ 1,661,810	\$ 1,857,150	\$ 2,262,331	\$ 2,242,946	\$ 2,451,394
Public safety	4,789,289	5,256,407	5,869,061	6,373,097	6,749,859	6,969,674	7,081,718	8,427,569	7,943,419	7,910,583
Highways and streets	122,430	108,977	108,658	105,590	103,749	101,961	99,130	95,913	94,981	92,034
Public services	923,159	2,219,649	1,849,755	1,805,204	1,494,735	1,646,938	1,735,565	2,083,303	1,962,945	2,449,877
Cultures and recreation	848,073	1,755,189	1,670,000	1,756,442	2,064,127	1,967,468	2,007,504	1,149,328	1,027,908	1,206,025
Operating grants and contributions	10,732,572	10,100,985	11,667,106	11,770,402	12,741,193	11,821,887	11,483,945	10,569,298	11,033,709	11,870,746
Capital grants and contributions	1,025,441	1,038,003	664,756	1,464,546	1,905,580	2,004,617	2,033,980	329,091	774,752	393,979
Total governmental activities program revenues	<u>24,469,987</u>	<u>22,676,081</u>	<u>23,197,185</u>	<u>24,291,853</u>	<u>26,100,132</u>	<u>26,174,355</u>	<u>26,298,992</u>	<u>24,916,833</u>	<u>25,080,660</u>	<u>26,374,638</u>
Business-type activities:										
Charges for services:										
Water and sewer	23,474,563	27,510,442	24,220,110	25,251,490	27,177,264	28,988,948	35,349,773	32,493,375	34,680,614	33,520,628
Sanitation	8,784,501	9,196,133	9,478,869	10,208,139	10,191,306	10,396,140	10,231,984	11,250,663	11,502,821	11,508,277
Airport	1,282,408	1,048,121	1,093,674	1,096,372	1,007,417	1,067,734	952,105	1,174,841	1,433,089	1,559,769
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,834,325	1,171,731	4,395,723	1,296,949	4,702,692	3,503,343	1,861,673	5,449,727	5,998,483	2,310,974
Total business-type activities program revenues	<u>35,375,797</u>	<u>38,926,427</u>	<u>39,188,376</u>	<u>37,852,950</u>	<u>43,078,679</u>	<u>43,956,165</u>	<u>48,395,535</u>	<u>50,368,606</u>	<u>53,615,007</u>	<u>48,899,648</u>
Total primary government program revenues	<u>\$ 59,845,784</u>	<u>\$ 61,602,508</u>	<u>\$ 62,385,561</u>	<u>\$ 62,144,803</u>	<u>\$ 69,178,811</u>	<u>\$ 70,130,520</u>	<u>\$ 74,694,527</u>	<u>\$ 75,285,439</u>	<u>\$ 78,695,667</u>	<u>\$ 75,274,286</u>
Net (expense)/revenue										
Governmental activities	\$ (45,816,563)	\$ (49,280,428)	\$ (55,008,818)	\$ (60,035,576)	\$ (63,597,350)	\$ (59,731,924)	\$ (62,722,679)	\$ (64,076,745)	\$ (66,311,595)	\$ (63,496,339)
Business-type activities	2,348,669	1,800,663	456,708	(4,119,880)	223,697	(161,785)	3,988,214	5,408,941	7,592,887	3,505,626
Total primary government net expense	<u>\$ (43,467,894)</u>	<u>\$ (47,479,765)</u>	<u>\$ (54,552,110)</u>	<u>\$ (64,155,456)</u>	<u>\$ (63,373,653)</u>	<u>\$ (59,893,709)</u>	<u>\$ (58,734,465)</u>	<u>\$ (58,667,804)</u>	<u>\$ (58,718,708)</u>	<u>\$ (59,990,713)</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 12,011,517	\$ 12,314,640	\$ 12,622,887	\$ 12,460,794	\$ 13,525,006	\$ 13,798,294	\$ 14,037,311	\$ 14,155,402	\$ 14,333,678	\$ 15,458,985
Franchise taxes	6,928,917	8,676,103	8,283,477	9,202,397	9,121,057	9,215,625	10,010,620	9,882,588	10,186,300	10,434,684
Sales and use taxes	32,235,770	35,094,518	36,972,343	39,718,617	37,618,275	35,831,538	36,902,058	38,362,310	40,582,134	43,577,045
Unrestricted investment earnings and use of money and property	1,181,976	2,540,255	3,218,698	2,182,350	793,536	292,013	249,064	226,322	191,907	205,478
Gain (loss) on sale of assets	216,729	51,294	(389,284)	560,303	556,151	(2,010,976)	244,895	550,466	224,224	385,327
Miscellaneous	-	-	-	580,227	328,047	181,771	3,352,240	328,963	148,120	294,476
Donations	-	-	-	-	-	-	-	-	26,704	2,745,000
Equity in earnings of joint venture	-	66,000	-	(3,000)	-	-	-	-	-	-
Transfers	23,103	123,963	(739,711)	(317,251)	166,697	550,785	674,061	(679,152)	(657,603)	325,400
Total governmental activities	52,598,012	58,866,773	59,968,410	64,384,437	62,108,769	57,859,050	65,470,249	62,826,899	65,035,464	73,426,395
Business-type activities:										
Unrestricted investment earnings and use of money and property	564,244	816,200	1,000,842	660,160	307,280	311,351	305,330	266,145	197,626	242,517
Gain (loss) on sale of assets	19,013	130,848	59,783	18,303	9,421	7,389	11,461	-	253,682	324,964
Transfers	(23,103)	(123,963)	739,711	317,251	(166,697)	(550,785)	(674,061)	679,152	657,603	(325,400)
Total business-type activities	560,154	823,085	1,800,336	995,714	150,004	(232,045)	(357,270)	945,297	1,108,911	242,081
Total primary government	\$ 53,158,166	\$ 59,689,858	\$ 61,768,746	\$ 65,380,151	\$ 62,258,773	\$ 57,627,005	\$ 65,112,979	\$ 63,772,196	\$ 66,144,375	\$ 73,668,476
<b>Change in Net Position</b>										
Governmental activities	\$ 6,781,449	\$ 9,586,345	\$ (67,166)	\$ 4,348,861	\$ (1,488,581)	\$ (1,872,874)	\$ 2,747,570	\$ (1,249,846)	\$ (1,276,131)	\$ 9,930,056
Business-type activities	2,908,823	2,623,748	(2,319,544)	(3,124,166)	373,701	(393,830)	3,630,944	6,354,238	8,701,798	3,747,707
Total primary government	\$ 9,690,272	\$ 12,210,093	\$ 7,216,636	\$ 1,224,695	\$ (1,114,880)	\$ (2,266,704)	\$ 6,378,514	\$ 5,104,392	\$ 7,425,667	\$ 13,677,763

Source: Government-wide Statement of Activities

**TABLE 3**

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Sales and Use Tax (1)</u>	<u>Total</u>
2005	\$ 12,011,517	\$ 8,008,660	\$ 32,235,770	\$ 52,255,947
2006	12,314,640	8,676,103	35,094,518	56,085,261
2007	12,622,887	8,283,477	36,972,343	57,878,707
2008	12,460,794	9,202,397	39,718,617	61,381,808
2009	13,525,006	9,121,057	37,618,275	60,264,338
2010	13,798,294	9,215,625	35,831,538	58,845,457
2011	14,037,311	10,010,620	36,902,058	60,949,989
2012	14,155,402	9,882,588	38,362,310	62,400,300
2013	14,333,678	10,186,300	40,582,134	65,102,112
2014	15,458,985	10,434,684	43,577,045	69,470,714

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Fund</b>										
Reserved For:										
Reserved	\$ 495,052	\$ 630,941	\$ 970,985	\$ 710,167	\$ 841,201	\$ 61,493	\$ -	\$ -	\$ -	\$ -
Unreserved	10,236,849	9,367,769	9,781,276	10,395,564	9,293,115	8,712,233	-	-	-	-
Nonspendable	-	-	-	-	-	-	111,596	49,767	48,565	48,318
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	361,785	365,140	1,208,611
Unassigned	-	-	-	-	-	-	12,121,180	11,856,089	12,198,776	10,823,011
<b>Total General Fund</b>	<u>\$ 10,731,901</u>	<u>\$ 9,998,710</u>	<u>\$ 10,752,261</u>	<u>\$ 11,105,731</u>	<u>\$ 10,134,316</u>	<u>\$ 8,773,726</u>	<u>\$ 12,232,776</u>	<u>\$ 12,267,641</u>	<u>\$ 12,612,481</u>	<u>\$ 12,079,940</u>
<b>One-Half Cent Sales Tax fund</b>										
Reserved	\$ 18,375,571	\$ 23,194,704	\$ 23,263,920	\$ 14,205,050	\$ 3,909,296	\$ 5,649,324	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	8,151,725	10,760,784	17,534,474	13,183,589
<b>Total One-Half Cent Sales Tax fund</b>	<u>\$ 18,375,571</u>	<u>\$ 23,194,704</u>	<u>\$ 23,263,920</u>	<u>\$ 14,205,050</u>	<u>\$ 3,909,296</u>	<u>\$ 5,649,324</u>	<u>\$ 8,151,725</u>	<u>\$ 10,760,784</u>	<u>\$ 17,534,474</u>	<u>\$ 13,183,589</u>
<b>All Other Governmental Funds</b>										
Reserved For:										
Reserved	\$ 7,602,721	\$ 10,360,927	\$ 10,819,001	\$ 6,132,548	\$ 5,246,366	\$ 5,973,754	\$ -	\$ -	\$ -	\$ -
Unreserved	4,070,662	5,782,970	6,281,827	5,288,898	4,902,631	5,138,817	-	-	-	-
Nonspendable	-	-	-	-	-	-	2,537,012	2,618,800	2,681,379	2,751,496
Restricted	-	-	-	-	-	-	6,989,485	4,769,545	4,795,421	6,092,195
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	2,304,944	1,008,898	1,807,246
Unassigned	-	-	-	-	-	-	(2,626)	-	-	34,151
<b>Total All Other Governmental Funds</b>	<u>\$ 11,673,383</u>	<u>\$ 16,143,897</u>	<u>\$ 17,100,828</u>	<u>\$ 11,421,446</u>	<u>\$ 10,148,997</u>	<u>\$ 11,112,571</u>	<u>\$ 9,523,871</u>	<u>\$ 9,693,289</u>	<u>\$ 8,485,698</u>	<u>\$ 10,685,088</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 51,246,422	\$ 56,049,187	\$ 57,895,447	\$ 61,346,899	\$ 60,296,164	\$ 58,821,522	\$ 60,950,034	\$ 62,458,006	\$ 65,100,567	\$ 69,452,558
Licenses and permits	805,151	876,289	1,277,127	1,313,566	1,069,993	942,228	1,134,112	986,939	1,251,436	1,675,295
Fines, forfeitures, and penalties	4,789,289	5,256,407	5,869,061	6,353,098	6,749,859	6,969,674	7,081,718	7,213,751	6,747,247	7,684,828
Revenues from use of money or property	1,225,894	2,238,479	2,716,977	1,881,323	825,692	505,666	769,565	890,955	790,478	802,335
Charges for current services	2,494,849	2,499,369	2,588,688	2,691,910	3,014,543	3,034,416	3,360,649	2,669,475	2,630,074	2,849,107
Revenues from other agencies	11,020,639	11,357,757	11,083,735	12,440,981	13,623,265	12,232,230	13,041,163	10,608,019	11,190,288	11,816,379
Donations	184,723	229,307	731,232	413,144	403,659	847,951	312,271	181,932	402,064	352,948
Miscellaneous	1,999,614	2,110,524	1,258,817	1,086,713	1,304,380	1,547,892	1,097,574	1,229,190	714,585	836,490
Total revenues	<u>73,766,581</u>	<u>80,617,319</u>	<u>83,421,084</u>	<u>87,527,634</u>	<u>87,287,555</u>	<u>84,901,579</u>	<u>87,747,086</u>	<u>86,238,267</u>	<u>88,826,739</u>	<u>95,469,940</u>
<b>Expenditures</b>										
General government	6,529,834	7,126,409	6,911,903	6,733,947	7,429,667	6,704,650	7,070,867	6,887,278	7,249,762	8,323,657
Public safety	28,590,020	30,165,850	31,814,585	34,456,024	36,927,994	37,193,941	37,976,171	39,724,861	41,169,936	42,316,320
Public services	11,533,500	13,552,815	15,221,282	16,468,571	15,948,148	13,830,744	13,507,358	12,652,458	12,850,038	12,926,496
Highways and streets	5,863,568	5,197,445	4,774,083	5,683,413	5,436,862	5,464,426	3,667,305	4,813,390	4,914,648	5,090,951
Culture and recreation	5,123,588	4,836,104	4,812,659	5,101,737	6,329,960	6,328,027	6,692,554	6,902,974	7,021,610	7,105,539
Capital outlay	8,283,861	9,756,670	16,283,239	29,400,401	28,292,242	14,281,326	14,011,314	12,358,611	8,196,820	22,200,604
Debt service										
Principal	960,000	1,000,000	1,030,000	3,310,000	-	-	-	97,331	316,927	313,756
Interest	301,466	258,030	211,733	91,805	277	1,091	1,045	13,363	10,718	13,936
Total expenditures	<u>67,185,837</u>	<u>71,893,323</u>	<u>81,059,484</u>	<u>101,245,898</u>	<u>100,365,150</u>	<u>83,804,205</u>	<u>82,926,614</u>	<u>83,450,266</u>	<u>81,730,459</u>	<u>98,291,259</u>
Excess of revenues over (under) expenditures	6,580,744	8,723,996	2,361,600	(13,718,264)	(13,077,595)	1,097,374	4,820,472	2,788,001	7,096,280	(2,821,319)
<b>Other financing sources (uses)</b>										
Refunding bond proceeds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	1,029,095	-	71,610
Transfers in	3,038,989	3,915,226	2,571,195	3,236,749	2,624,512	3,523,779	2,820,585	2,690,528	2,233,311	5,028,638
Transfers out	(3,009,013)	(4,086,833)	(3,161,071)	(3,893,979)	(2,616,280)	(3,355,876)	(3,269,959)	(3,694,280)	(3,418,652)	(4,962,965)
Sale of capital assets	4,106	4,067	7,975	10,712	348,691	77,738	1,652	-	-	-
Total other financing sources (uses)	<u>34,082</u>	<u>(167,540)</u>	<u>(581,901)</u>	<u>(646,518)</u>	<u>356,923</u>	<u>245,641</u>	<u>(447,722)</u>	<u>25,343</u>	<u>(1,185,341)</u>	<u>137,283</u>
Net Change in fund balances	<u>\$ 6,614,826</u>	<u>\$ 8,556,456</u>	<u>\$ 1,779,699</u>	<u>\$ (14,364,782)</u>	<u>\$ (12,720,672)</u>	<u>\$ 1,343,015</u>	<u>\$ 4,372,750</u>	<u>\$ 2,813,344</u>	<u>\$ 5,910,939</u>	<u>\$ (2,684,036)</u>
Debt service as a percentage of noncapital expenditures	2.14%	2.00%	1.92%	4.73%	0.0004%	0.0016%	0.0015%	0.1557%	0.4456%	0.4307%

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

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

**TABLE 6**

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Sales and Use Tax (1)</u>	<u>Total</u>
2005	\$ 12,081,735	\$ 8,008,660	\$ 32,235,770	\$ 52,326,165
2006	12,278,566	8,676,103	35,094,518	56,049,187
2007	12,639,627	8,283,477	36,972,343	57,895,447
2008	12,425,885	9,202,397	39,718,617	61,346,899
2009	13,556,832	9,121,057	37,618,275	60,296,164
2010	13,774,359	9,215,625	35,831,538	58,821,522
2011	14,037,356	10,010,620	36,902,058	60,950,034
2012	14,213,108	9,882,588	38,362,310	62,458,006
2013	14,332,133	10,186,300	40,582,134	65,100,567
2014	15,440,829	10,434,684	43,577,045	69,452,558

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

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

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

Fiscal Year Ended September 30	Retail Sales Tax Revenue (Fiscal Year) <sup>1</sup>		
	General Fund	Capital Projects	Total
	Revenue - 1.0%	Special Revenue - 0.5%	Revenue <sup>2</sup>
2005	\$ 20,263,478	\$ 10,131,739	\$ 30,395,217
2006	22,006,576	11,003,288	33,009,864
2007	23,154,848	11,577,424	34,732,272
2008	24,858,943	12,429,471	37,288,414
2009	23,471,623	11,737,812	35,209,435
2010	22,314,720	11,157,410	33,472,130
2011	22,849,738	11,424,869	34,274,608
2012	23,390,802	11,695,401	35,086,203
2013	24,708,985	12,354,493	37,063,478
2014	26,520,873	13,260,437	39,781,310

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

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

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

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

**TABLE 8**

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

Fiscal Year Ended September 30	Real Property		Personal Property	Mineral Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property					
2005	\$ 3,870,045,626	N/A	\$ 887,192,373	N/A	N/A	\$ 4,757,237,999	0.248855
2006	4,175,143,416	N/A	913,370,752	N/A	N/A	5,088,514,168	0.238375
2007	4,605,458,224	N/A	964,343,105	N/A	N/A	5,569,801,329	0.223657
2008	5,112,258,513	N/A	1,030,050,513	N/A	N/A	6,142,309,026	0.199000
2009	5,472,282,059	N/A	1,102,590,358	N/A	N/A	6,574,872,417	0.204000
2010	5,691,854,590	N/A	1,009,462,843	N/A	N/A	6,701,317,433	0.204000
2011	5,759,889,140	N/A	970,691,666	N/A	N/A	6,730,580,806	0.208865
2012	5,859,969,154	N/A	984,818,840	N/A	N/A	6,844,787,994	0.207708
2013	6,005,291,458	N/A	995,470,019	N/A	N/A	7,000,761,477	0.207710
2014	6,186,217,088	N/A	1,004,310,191	N/A	N/A	7,190,527,279	0.220000

Source: Smith County Appraisal District

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

N/A - Not available

**TABLE 9**

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

Fiscal Year Ended	City of Tyler			Overlapping Rates					Total Direct and Overlapping Rates
	Operating	Debt Service	Total**	Smith County Total	Tyler ISD Total	Tyler Junior College Total	Chapel Hill ISD Total	Whitehouse ISD Total	
2005	0.221394	0.027461	0.248855	0.25447	1.46000	0.12720	1.59000	1.50300	5.18353
2006	0.210131	0.028244	0.238375	0.25450	1.54020	0.12720	1.59000	1.52800	5.27828
2007	0.198080	0.025577	0.223657	0.28890	1.48800	0.12720	1.24000	1.20000	4.56776
2008	0.196684	0.002316	0.199000	0.28894	1.21500	0.12717	1.24000	1.19800	4.26811
2009	0.204000	-	0.204000	0.28894	1.21000	0.12717	1.26500	1.19300	4.28811
2010	0.204000	-	0.204000	0.31394	1.37500	0.13695	1.27000	1.19300	4.49289
2011	0.208865	-	0.208865	0.32390	1.37500	0.18218	1.26000	1.19300	4.54294
2012	0.207708	-	0.207708	0.32356	1.37500	0.19993	1.24500	1.19300	4.54420
2013	0.220000	-	0.220000	0.32356	1.37500	0.19993	1.25300	1.19300	4.56449
2014	0.220000	-	0.220000	0.32356	1.37500	0.19993	1.24500	1.19300	4.55649

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

Note:

\* Rates are per \$100 valuation.

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

TABLE 10

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

Taxpayer	2014			2005		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value *	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value <sup>b</sup>
	Value			Value		
Delek Refining (La Gloria)	\$ 302,021,202	1	4.20%	\$ 46,301,243	7	0.97%
Brookshire Grocery Company	128,078,997	2	1.78%	87,392,227	2	1.84%
Trane / American Standard	90,742,318	3	1.26%	119,986,682	1	2.52%
Genecov Investment	83,033,150	4	1.15%	33,505,500	9	0.70%
Walmart / Sam's East Inc	69,459,475	5	0.97%	55,722,450	3	1.17%
Oncor Electric	61,368,512	6	0.85%	41,996,746	5	0.88%
Simon Property Group	42,815,000	7	0.60%	42,951,370	4	0.90%
Texas SJH Holdings LTD	36,455,925	8	0.51%			
Cebridge Acquisitions LP	34,991,295	9	0.49%			
BRE MF Cascades 1 LLC	24,256,185	10	0.34%			
Carrier / United Technologies				41,727,254	6	0.88%
AT&T / South Western Bell				34,589,420	8	0.73%
Cox Communications				21,007,971	10	0.44%
<b>Total</b>	<b>\$ 873,222,059</b>		<b>12.14%</b>	<b>\$ 525,180,863</b>		<b>11.04%</b>

Source: Smith County Appraisal District

Note:

\* Total taxable value including real and personal property for tax year 2013 (fiscal year 2014) is--

\$ 7,190,527,279

<sup>b</sup> Total taxable value including real and personal property for tax year 2004 (fiscal year 2005) is --

4,757,237,999

**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
2005	\$ 11,838,625	\$ 11,698,410	98.8%	\$ 124,974	\$ 11,823,384	99.9%
2006	12,126,834	11,909,913	98.2%	196,906	12,106,819	99.8%
2007	12,461,722	12,228,627	98.1%	233,095	12,461,722	100.0%
2008	12,091,624	11,876,112	98.2%	193,365	12,069,477	99.8%
2009	13,369,180	13,177,721	98.6%	165,180	13,342,901	99.8%
2010	13,617,164	13,377,811	98.2%	152,510	13,530,321	99.4%
2011	13,848,376	13,629,528	98.4%	147,505	13,777,033	99.5%
2012	13,989,361	13,799,246	98.6%	64,710	13,863,956	99.1%
2013	14,159,255	13,990,275	98.8%	-	13,990,275	98.8%
2014	15,308,284	15,114,733	98.7%	-	15,114,733	98.7%

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***			
2005	\$ 5,340,000	\$ -	\$ 58,113,500	\$ -	\$ 63,453,500	2.85%	\$ 622
2006	4,340,000	-	56,415,000	-	60,755,000	2.65%	574
2007	3,310,000	-	53,975,000	-	57,285,000	2.43%	531
2008	-	-	53,859,932	-	53,859,932	2.22%	495
2009	-	-	53,903,881	-	53,903,881	2.15%	493
2010	-	-	72,849,825	-	72,849,825	2.82%	664
2011	-	-	70,270,000	-	70,270,000	2.57%	675
2012	-	-	68,125,000	-	68,125,000	2.56%	603
2013	-	5,372,972	65,556,743	-	70,929,715	2.52%	679
2014	-	5,265,104	62,983,762	-	68,248,866	2.35%	656

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

\* See Table 17 for personal income and population data

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

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

**TABLE 13**

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Debt Service Fund Balance	Total		
2005	\$ 5,340,000	\$ (2,612,169)	\$ 2,727,831	0.06%	\$ 27
2006	4,340,000	(2,937,710)	1,402,290	0.03%	13
2007	3,310,000	(3,311,936)	(1,936)	n/a	-
2008	-	-	-	n/a	-
2009	-	-	-	n/a	-
2010	-	-	-	n/a	-
2011	-	-	-	n/a	-
2012	-	-	-	n/a	-
2013	-	-	-	n/a	-
2014	-	-	-	n/a	-

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

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

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

TABLE 14

**CITY OF TYLER, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Smith County	\$ 30,280,000	50.08%	\$ 15,164,224
Tyler Independent School District	311,693,000	71.04%	221,426,707
Tyler Junior College	122,868,000	65.00%	79,864,200
Chapel Hill Independent School District	21,977,000	19.15%	4,208,596
Whitehouse Independent School District	30,326,781	27.37%	8,300,440
Subtotal, overlapping debt			<u>328,964,167</u>
<b>City of Tyler (direct debt)**</b>	5,265,104	100%	5,265,104
<b>Total direct and overlapping debt</b>			<u><u>\$ 334,229,271</u></u>

Source: Debt outstanding data provided by each governmental unit.

Note:

\* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 475,723,700	\$ 508,729,254	\$ 556,980,133	\$ 614,230,903	\$ 657,487,241	\$ 670,131,743	\$ 673,058,081	\$ 684,478,799	\$ 700,076,148	\$ 7,190,527,279
Total net debt applicable to limit	2,727,831	1,402,290	(1,936)	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 472,995,869</u>	<u>\$ 507,326,964</u>	<u>\$ 556,982,069</u>	<u>\$ 614,230,903</u>	<u>\$ 657,487,241</u>	<u>\$ 670,131,743</u>	<u>\$ 673,058,081</u>	<u>\$ 684,478,799</u>	<u>\$ 700,076,148</u>	<u>\$ 7,190,527,279</u>
Total net debt applicable to limit as a percentage of debt limit	0.57%	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 7,190,527,279
Add back: exempt real property	-
Total assessed value	<u>\$ 7,190,527,279</u>
Debt limit (10% of total assessed value)	<u>\$ 719,052,728</u>
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation bond	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 719,052,728</u>

Note: The City of Tyler Charter limits the bonded debt to ten percent of assessed value. By law the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

TABLE 16

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

Water and Sewer Revenue Bonds & Customer Facility Charge Taxable Bonds					
Fiscal Year	Total Revenues <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue	Annual Debt Service Requirement	Times Coverage
2005	\$ 23,558,778	\$ 15,617,537	\$ 7,941,241	\$ 5,065,000	1.568
2006	27,662,494	18,536,218	9,126,276	4,339,199	2.103
2007	24,697,562	18,140,470	6,557,092	5,054,550	1.297
2008	25,731,875	18,831,282	6,900,593	5,059,786	1.364
2009	25,322,636	18,729,094	6,593,542	5,375,972	1.226
2010	29,256,165	20,380,883	8,875,282	6,189,701	1.434
2011	35,659,701	20,253,413	15,406,288	6,167,128	2.498
2012	32,316,843	21,214,236	11,102,607	6,158,805	1.803
2013	34,657,192	22,038,340	12,618,852	5,439,152	2.320
2014	35,376,457	22,742,103	12,634,354	5,416,208	2.333

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

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

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

Source: Comprehensive Annual Financial Report

TABLE 17

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

Fiscal Year	Estimated Population <sup>1</sup>	Estimated Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age <sup>2</sup>	Education Level in Years of Formal Schooling <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>2</sup>
2005	102,001	\$ 2,224,725	\$ 21,811	34.1	n/a	17,489	5.1%
2006	105,873	2,291,467	21,643	34.1	13.6	17,548	5.0%
2007	107,802	2,360,211	21,894	34.1	13.6	18,040	4.7%
2008	108,909	2,431,017	22,322	34.1	13.6	18,015	4.2%
2009	109,427	2,503,948	22,882	34.1	13.6	18,090	4.7%
2010	109,748	2,579,066	23,500	34.1	13.6	18,344	7.2%
2011	112,986	2,656,438	23,511	34.1	13.6	18,480	7.7%
2012	104,083	2,736,131	26,288	34.1	13.6	18,336	7.8%
2013	104,426	2,818,215	26,988	32.8	13.6	18,403	6.9%
2014	104,083	2,902,762	27,889	33.5	13.6	18,029	5.8%

Data sources:

<sup>1</sup>Bureau of Census/Population Study

<sup>2</sup>Tyler Economic Development Council

<sup>3</sup>Tyler Independent School District

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

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

Unemployment rate information is an adjusted yearly average.

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

n/a - Data not available.

TABLE 18

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
Trinity Mother Frances *	4,030	1	8.4%	3,384	1	7.3%
East Texas Medical Center *	3,092	2	6.4%	3,214	2	6.9%
Tyler Independent School District	2,359	3	4.9%	2,228	4	4.8%
Brookshire Grocery Company *	1,762	4	3.7%	2,576	3	5.6%
SuddenLink*	1,600	5	3.3%			0.0%
The University of Texas at Tyler	1,557	6	3.2%			0.0%
Trane Company *	1,500	7	3.1%	2,000	5	4.3%
Wal-Mart	1,296	8	2.7%			0.0%
UT Health Center At Tyler	1,050	9	2.2%	1,247	6	2.7%
Tyler Junior College	935	10	1.9%			0.0%
City of Tyler	803	11	1.7%			0.0%
Smith County	784	12	1.6%			0.0%
Target Distribution Center	670	13	1.4%	929	7	2.0%
Southside Bank*	560	14	1.2%	565	8	1.2%
<b>Total</b>	<b>21,998</b>		<b>45.9%</b>	<b>16,143</b>		<b>34.8%</b>

Source: Tyler Economic Development Council

\* Headquarters located in Tyler.

(1) total city employment of 47,975

(2) total city employment of 46,334

**TABLE 19**

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

Function	Full-time Equivalent Employees as of September 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	68	69	63	62	67	55	55	60	63	60
Public safety	392	395	373	375	387	431	434	436	437	436
Highways and streets	68	61	73	76	61	54	54	53	52	53
Public Services	24	27	55	54	30	40	42	37	33	37
Culture and Recreation	79	86	83	82	79	73	72	66	75	66
Water & sewer	89	96	88	90	89	89	102	101	106	101
Sanitation	40	41	36	33	40	39	38	39	41	39
Airport	10	9	10	10	10	10	9	10	9	10
All Others						33	31	29	30	29
<b>Total</b>	<b>770</b>	<b>784</b>	<b>781</b>	<b>782</b>	<b>763</b>	<b>824</b>	<b>837</b>	<b>831</b>	<b>846</b>	<b>831</b>

Source: City of Tyler Finance Department

TABLE 20

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

Function/Program	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
<b>General government</b>											
Accounting											
Dollar value of accounts payable	\$ 61,345,219	\$ 64,263,337	\$ 73,895,738	\$ 85,585,415	\$ 95,605,330	\$ 84,632,623	\$ 72,211,330	\$ 77,395,157	\$ 76,966,097	\$ 88,038,170	
Legal											
Number of ordinances prepared and adopted	80	103	130	155	127	126	110	104	121	112	
Number of resolutions prepared and adopted	26	31	36	29	38	32	29	34	31	30	
<b>Public Safety</b>											
Police											
Number of sworn officers	182	182	182	187	187	185	191	191	193	194	
Fire											
Number of structure fires	185	171	180	160	125	157	135	114	105	107	
<b>Highways and Streets</b>											
Streets											
Percentage of city streets graded A condition	59.5%	61.3%	61.0%	60.8%	61.0%	61.9%	72.3%	78.0%	**	**	
Traffic											
Number of traffic signals maintained	130	133	133	133	135	138	145	147	153	152	
<b>Public Services</b>											
Planning											
Number of historic building designations awarded	4	7	5	2	1	1	6	17	95	102	
<b>Culture and Recreation</b>											
Parks											
Amount of park acreage (maintained from 2008)	1113.4	1113.4	1113.4	856.35	856.35	856.35	856.35	757.99	757.99	1216	
Number of rose bushes planted	1500	1765	1829	1500	2077	1776	1056	536	2563	600	
Library *											
Total number of volumes owned	201,822	n/a	233,966	241,164	250,137	229,610	200,257	188,856	175,402	183,154	
<b>Water &amp; sewer</b>											
Average volume of wastewater treated daily (gallons)	12.5 million	11.7 million	14.2 million	11.4 million	11.3 million	12.8 million	14.03 million	14.03 million	14.27 million	15.67 million	
Average monthly volume of water production (gallons)	732.3 million	771.8 million	585.5 million	692.2 million	650.98 million	725.48 million	844.70 million	768.76 million	746.22 million	719.54 million	
Water production capability ( gallons per day)	70 million	74.7 million	74.7 million	74.7 million	74.7 million	74.7 million					
Average monthly revenue billed	\$ 1,929,895	\$ 2,226,541	\$ 1,977,370	\$ 2,030,821	\$ 2,169,007	\$ 2,325,159	\$ 2,926,751	\$ 2,701,842	\$ 2,844,007	\$ 2,749,198	
<b>Sanitation</b>											
Number of residential customers	26,783	27,351	27,658	27,881	28,467	28,151	28,441	28,743	27,399	27,778	
Number of curbside garbage carts in use	10,592	14,773	23,572	27,280	27,924	27,699	28,357	29,067	28,374	30,516	
<b>Airport</b>											
Annual gallons of fuel flowage	1,053,211	1,000,090	1,056,595	1,004,469	921,634	984,181	978,831	1,029,059	1,370,092	1,480,379	
Number of annual enplanements	85,681	78,971	78,416	77,942	73,989	73,114	72,509	73,343	85,069	85,069	

Source: City Departments

n/a - Data not available.

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

\*\* 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	Fiscal Year									
	2005	2006	2007*	2008	2009	2010	2011	2012	2013	2014
<b>Public Safety</b>										
Police Stations	3	3	4	2	2	2	2	2	2	2
Police Patrol Units	44	51	61	63	60	62	62	61	80	56
Police Motorcycle Units	11	11	11	11	16	16	16	16	17	16
Fire Stations	9	9	9	10	10	10	10	10	10	10
<b>Highways and Streets</b>										
City Maintained Paved Streets- (miles)***	452	462	468	474	474	476	476	570	1120	1120
Annual Street Overlays- (miles)***	5	4	2	5	5	10	45	16	27	28
<b>Public Services</b>										
Transit Buses	15	15	17	17	17	17	20	20	14	13
<b>Culture and Recreation</b>										
Parks (acres)	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4	1113.4	1207.4	1207.4	1216.4
Playgrounds	17	23	21	21	21	21	22	22	22	23
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	3	3	2	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Public Library	1	1	1	1	1	1	1	1	1	1
<b>Water &amp; Sewer</b>										
Water mains (miles)	582	582	590	595	625	654	660	693	693	727
Fire Hydrants	2403	2403	3450	3545	3596	3703	3868	4220	4219	4118
Water Plants	2	2	2	2	2	2	2	2	2	2
Sanitary Sewers (miles)	508	508	519	567	590	597	608	621	631	658
<b>Sanitation</b>										
Garbage Trucks	39	39	40	43	40	41	41	45	36	29
<b>Airport</b>										
Airport Terminal	1	1	1	1	1	2	2	1**	1**	1**
Airport Runways	3	3	3	3	3	3	3	3	3	3

Source: City Departments

\* In FY 2007

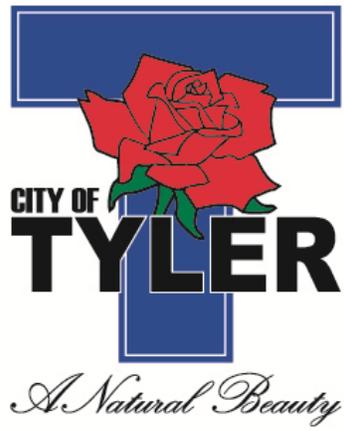
A complete inventory of fire hydrants was completed in Fiscal Year 2007 for mapping updates to the GIS system.

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

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

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

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**GOVERNMENTAL COMPLIANCE SECTION**

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

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

The Honorable City Council and Audit Committee  
Tyler, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tyler, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Tyler, Texas' basic financial statements and have issued our report thereon dated March 16, 2015.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of City of Tyler, Texas, in a separate letter dated March 16, 2015.

**Purpose of this Report**

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

Henry + Peters, P.C.

Tyler, Texas  
March 16, 2015

HENRY & PETERS, PC  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

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

We have audited the City of Tyler, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Tyler, Texas' major federal programs for the year ended September 30, 2014. The City of Tyler, Texas' 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 laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Tyler, Texas' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Tyler, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Tyler, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

**Report on Internal Control Over Compliance**

Management of the City of Tyler, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Tyler, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Tyler, Texas' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Henry + Peters, P.C.

Tyler, Texas  
March 16, 2015

CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<u>CDBG - Entitlement Grants Cluster</u>			
Community Development Block Grant Entitlement Grants	14.218		\$ 1,198,299 +
HOME Investment Partnerships Program	14.239		698,698 +
<u>Housing Voucher Cluster</u>			
Section 8 Housing Choice Voucher Program	14.871		6,917,382
Family Self Sufficiency Coordinator Grant	14.871		50,338
Total Housing Voucher Program			<u>6,967,720</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><u>8,864,717</u></u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Bulletproof Vest Partnership	16.607		20,375
COPS Hiring Program Grant	16.710		245,841
Passed through Smith County:			
<u>JAG Program Cluster</u>			
Edward Bryne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-1118	30,504
Passed through East Texas Council of Governments:			
<u>JAG Program Cluster</u>			
Edward Bryne Memorial Justice Assistance Grant	16.738	2725402	63,956
<b>Total U.S. Department of Justice</b>			<u><u>360,676</u></u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed Through Federal Aviation Administration:			
Airport Improvement Program	20.106	3(48-0215-32)11	307,488
Airport Improvement Program	20.106	3(48-0215-33)12	1,192,987
Airport Improvement Program	20.106	3(48-0215-34)13	457,389
Airport Improvement Program	20.106	3(48-0215-35)14	555,759
Total Airport Improvement Program			<u>2,513,623</u>
Passed Through Texas Department of Transportation:			
Comprehensive Traffic Enforcement Grant Program	20.205	0910-16-124	42,990
Section 104F Grant MPO	20.505	50-XXXF0016	230,183
<b>Total Texas Department of Transportation</b>			<u><u>273,173</u></u>

CITY OF TYLER, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>- CONTINUED</b>			
Passed Through Federal Transit Administration:			
<u>Federal Transit Cluster</u>			
Federal Transit Capital and Operating Assistance Formula	20.507	TX90995	\$ 435,715
Federal Transit Capital and Operating Assistance Formula	20.507	TX90997	1,500
Federal Transit Capital and Operating Assistance Formula	20.507	TX90041	1,603,415
Federal Transit Capital and Operating Assistance Formula	ARRA - 20.507	TX960025	2,028
Total Federal Transit Cluster:			<u>2,042,658 +</u>
<u>Transit Services Programs Cluster</u>			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51510F7140	79,055
<u>Highway Safety Cluster</u>			
Selective Traffic Enforcement Program	20.600	584EGF6315	4,776
Selective Traffic Enforcement Program	20.600	584EGF6133	103,803
Total Selective Traffic Enforcement Program			<u>108,579</u>
<b>Total U.S. Department of Transportation</b>			<u>5,017,088</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed through State Energy Conservation Office:			
State Energy Program Grant	81.041	CM1374	38,946
<b>Total U.S. Department of Energy</b>			<u>38,946</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Texas Department of Transportation:			
State Homeland Security Program 2013	97.067	13-SR-74144-01	100,925
State Homeland Security Program 2012	97.067	12-SR-74144-02	78,533
Law Enforcement Terrorism Prevention Activities	97.067	12-SR-74144-01	122,467
Passed Through Transportation Security Administration:			
Law Enforcement Officer Reimbursement Agreement	97.090	HSTS02-13-H-SLR721	52,340
<b>Total U.S. Department of Homeland Security</b>			<u>354,265</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u>\$ 14,635,692</u>

+ Denotes Major Program

**CITY OF TYLER, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**NOTE A – BASIS OF ACCOUNTING**

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

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

The City of Tyler did not receive any non-cash assistance through federal awards during the year ended September 30, 2014. 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	\$ 265,410,877
Inland Marine (EDP/Hardware)	5,999,482
General Liability	2,000,000
Law Enforcement Liability	2,000,000
Management Liability	2,000,000
Employment Practices Liability	4,000,000
Automobile Liability	1,000,000
Crime	500,000
Airport Liability	5,000,000
Pollution Liability	2,000,000

**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**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 statements noted?	No

**Federal Awards**

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

Identification of major programs:

**FEDERAL**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 439,071</u>
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City of Tyler was classified as a low-risk auditee in accordance with OMB Circular A-133.

**CITY OF TYLER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Section II – Financial Statement Findings**

None.

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

None.

**CITY OF TYLER, TEXAS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2014**

None.