

CITY OF TYLER, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2001**

**Daniel Crawford, Chief Financial Officer
Finance Department
City Hall
Tyler, Texas**

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March 11, 2002

The Honorable Mayor and Members of the City Council
City of Tyler
Tyler, Texas

The finance department and the City Manager's office are pleased to submit the Comprehensive Annual Financial Report for the City of Tyler, Texas (City) for the fiscal year ended September 30, 2001.

This report is published to provide the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of the City as measured by the financial activity of its various funds and account groups. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

GENERAL INFORMATION

The Report

This report is divided into the following four major sections:

1. **Introductory Section** – As the title indicates, this section introduces the reader to the report and includes the Table of Contents, this transmittal letter, an award for achievement, the City Organization Blueprint, and a listing of principal officials.
2. **Financial Section** – This section includes the general purpose financial statements; the combining and individual fund, and account group statements and schedules, as well as the auditors' report on the financial statements and schedules.
3. **Statistical Section** – Although this section contains substantial financial information, these tables differ from financial statements in that they present certain non-accounting data, cover multiple fiscal years, or are designed to reflect social and economic data, financial trends, and the fiscal capability of the City.

Location

The City of Tyler, Texas, the county seat of Smith County, is an important East Texas commercial and industrial center located on U. S. Highway 69 just south of Interstate 20. The City is equal distance (approximately 100 miles) between the cities of Dallas, Texas and Shreveport, Louisiana. The City, encompassing approximately 52 square miles, had a 2000 census population of 83,650 which is a 9% increase from the 1990 census population of 76,440. Currently, the City's population is estimated to be 84,400. The City is commonly referred to as the City of Roses,

primarily for its large municipal rose garden and the numerous rose and other garden festivals held annually. Economic activity within the City is diverse, consisting of medical, educational, manufacturing, oil and gas, agricultural, tourism, and general trade activities.

Services Provided

The City provides to its citizens those services which have proven to be necessary and meaningful and which can be provided by the City at the least cost. Major services provided include police and fire protection, water and sewer service, sanitation service, park and recreational facilities, library services, street maintenance and improvement, and airport facilities.

Economic Condition and Outlook

Tyler has a diversified industrial base with over 250 manufacturers, distributors, and processors.

Three institutions of higher education are located here. They are The University of Texas at Tyler, Tyler Junior College, and Texas College.

Tyler is also the medical center of east Texas with six hospitals and clinics. Including nursing homes and retirement centers, there are more than 2,000 beds available in health care facilities. There are more than 350 medical doctors, and 95 dentists.

The area became involved in the oil and gas industry in 1931 when the East Texas oil field was discovered. The City still has several oil-related service and manufacturing companies located within the City limits.

The City actively works with the Tyler Economic Development Corporation and local industries to encourage expansions and relations to our community. Land is available for development and the area has an abundant water supply. Incentives are also available to facilitate business expansions or relocations.

The outlook is encouraging with industrial, commercial, and residential development expected to continue. The potential for sustained development is present, and many people are working to promote positive economic growth.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Significant Changes

During this fiscal year, the following two significant initiatives occurred.

A. Blueprint for the Future

During this fiscal year the City of Tyler, Texas completed the fourth year of a multi-year commitment to create a streamlined, responsive, and productive government operating on good business principles in a 21st Century technology environment. Emphasis was placed on analyzing every service and support unit within each operating unit. Services and activities were analyzed to determine total costs. The decisions were made concerning steps that could be taken to lower costs while maintaining desired service levels. Services that the City could provide competitively were retained, while other services were contracted out. The complete review and competitive process for all services will be continuing for several more years.

A new more competitive corporate culture has emerged, and it is expected that continual improvements will be established.

B. Technology

The Mayor's Computer Task Force, combined with an intense effort by the City Staff, led to the development of an Eight-Point Technology Plan. The City of Tyler, Texas has replaced all of its existing computer equipment, software, telephones, radio system, and other technology with state-of-the-art systems

that will supply our blueprint targets. The core systems were selected, buildings re-wired, all of the existing equipment replaced, and a training center established. Applications were standardized and contracts signed to connect most of the office buildings used by the City with fiber optic cable. These improvements are being reviewed and optimized for effectiveness.

Fund Accounting

The City's accounting system is organized and operated on a "fund basis". Each fund (or account group) is a distinct, self-balancing accounting entity. Various funds and account groups utilized by the City of Tyler, Texas are fully explained in Note 1 of "Notes to the Financial Statements."

Basis of Accounting

The City's accounting records for the Governmental Fund-Types, as well as Expendable Trust and Agency Fund revenues and expenditures, are maintained on the modified accrual basis.

1. Revenues are recognized in the accounting period in which they are measurable and available.
2. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which are recognized when due, and liabilities for accrued compensated absences, which are recognized when payable from current available financial resources.

Proprietary Fund-Type revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period in which they are incurred and become measurable.

Internal Controls

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. 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 and maintaining accountability for assets. 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 accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

The City annually adopts a formal operating budget of estimated revenues and expenditures or expenses for all General Funds, certain Special Revenues, Debt Service, all Enterprise Funds, all Internal Service Funds, and certain Trust and Agency Funds. The City Manager is authorized to transfer budgeted amounts between departments within any fund. Revisions that alter the fund total expenditures or expenses must be approved by the City Council.

The Reporting Entity and Its Services

The funds and activities related to the City of Tyler, Texas included in the comprehensive annual financial report are controlled by or dependent on the City. Determination of "controlled by or dependent on" is based on criteria developed by the Governmental Accounting Standards Board. The criteria deal with the scope of public service and existence of special financial relationships. Based on these criteria, the various funds and account groups being all the fund and account groups of the City shown in the Table of Contents are included in this report.

The City provides the full range of municipal services contemplated by statute or charter. This includes public safety (police and fire), highways and streets, public health, libraries, parks and recreation, public enterprises, planning and zoning, and general administrative services.

FINANCIAL INFORMATION

General Governmental Functions

Revenues for general governmental functions, which are recorded in the General Fund, totaled \$40,885,678 in 2001, an increase of \$2,931,476, or 7.7% over FY 2000. Property taxes produced 22.0% of general revenues compared to 22.2% last year. The amount of revenues from various sources and the increase or decreases over last year are shown in the following tabulation:

<u>REVENUE SOURCES</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) FROM 2000</u>
Sales and use taxes	\$16,869,650	41.3	\$ 210,498
Property taxes	9,004,754	22.0	570,022
Gross receipts taxes	7,316,802	17.9	1,456,132
Licenses and permits	602,246	1.5	(40,106)
Fines, forfeitures, and penalties	3,496,928	8.5	188,676
Revenues from use of money or property	655,642	1.6	17,051
Charges for current service	193,139	.5	87,295
Intergovernmental revenues	1,639,933	4.0	(4,350)
Revenues from other agencies	766,990	1.9	345,083
Miscellaneous revenues	339,594	.8	101,175
TOTAL	\$40,885,678	100.0	\$2,931,476

Assessed valuations of \$3,721,050,798 represented an increase of 10.11% over the preceding year \$3,379,374,390 valuations. The increase in assessed valuation is a reflection of an increase in assessed valuations and new construction.

Current tax collections were 97.98% of the tax levy, up .18% from last year. The ratio of total collections (current and delinquent) to the current tax levy was 100.04%, an increase of .21% from last year. Allocations of property tax levy by purpose for 2001 and the preceding four fiscal years are as follows (amounts per \$100/assessed value):

<u>PURPOSE</u>	2001	2000	1999	1998	1997
General Fund	0.237461	0.243011	0.25389	0.25389	0.28389
General Obligation Debt	0.042349	0.052359	0.05752	0.13975	0.15328
TOTAL TAX RATE	0.27981	0.295370	0.31141	0.39364	0.43717

Expenditures for general governmental purposes totaled \$39,615,188, an increase of \$3,050,857 or 8.34% more than FY 2000. Changes in levels of expenditures for major functions of the City over the preceding year are shown in the following tabulation:

<u>FUNCTION</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) FROM 2000</u>
General government	\$4,933,949	12.5	\$ 143,387
Police	14,036,367	35.4	873,388
Fire	7,863,799	19.8	584,121
Public services	7,960,979	20.1	1,640,346
Parks and recreation	1,890,340	4.8	(461,752)
Library	1,142,793	2.9	69,055
Planning and inspection	714,632	1.8	161,183
Municipal court	1,072,329	2.7	41,129
TOTAL	\$39,615,188	100.0	\$3,050,857

General government expenditures decreased from 13.1% to 12.5% of expenditures. Public safety expenditures represented 55.2% of total governmental expenditures in the current year, down .7% from the preceding year. Expenditures for public services increased from 17.3% of total governmental expenditures in the preceding year to 20.1% in the current year.

RISK MANAGEMENT

The City has sought to reduce its risk in the areas of property, casualty insurance coverage, health benefits, and maintenance. Under the health plans, the City is fully insured. The City has adopted self-insurance programs for all insurance coverage.

DEBT ADMINISTRATION

The ratio of net bonded debt to assessed value and the amount of bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. This data for the City at the end of the 2000 fiscal year was as follows:

	<u>AMOUNT</u>	<u>RATIO OF DEBT TO ASSESSED VALUE</u>	<u>PER CAPITA</u>
Net direct bonded debt	\$7,097,222	.19%	\$84

Outstanding general obligation bonds at September 30, 2001 are shown in the following tabulation:

<u>NAME OF ISSUE</u>	<u>OUTSTANDING AT SEPTEMBER 30, 2001</u>
General Obligation Bonds, Series 1992	\$ 580,000
General Obligation Bonds, Series 1994	3,425,000
General Obligation Bonds, Series 1997	8,280,000
TOTAL	\$12,285,000

The Debt Service Fund, which accounts for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs of the City's general long-term debt, had revenues in the amount of \$1,594,143 from property taxes, and \$309,065 from interest earned, for a total of \$1,903,208 as compared to \$2,199,946 the preceding year.

The City's Series 1997 General Obligation Bond Refunding Series is rated "Aaa" by Moody's Investors Service, Inc. and "AAA" by Standard & Poor's with a bond insurance policy issued by the Financial Guaranty Insurance Company. In addition, the G. O. Bonds were rated "A1" by Moody's and "AA" by Standard & Poor's before the purchase of bond insurance.

The City's Series 1999 Revenue Bond Refunding Series is rated "Aaa" by Moody's Investors Service, Inc. and "AAA" by Standard & Poor's with a bond insurance policy issued by the MBIA Insurance Corporation. In addition, the revenue bonds were rated "A2" by Moody's and "A+" by Standard & Poor's before the purchase of bond insurance.

The City's Series 2000 Water and Sewer System Revenue Bond Series is rated "Aaa" by Moody's Investor Services, Inc. and "AAA" by Standard & Poor's with a bond insurance policy issued by the Financial Guaranty Insurance Company. In addition, the revenue bonds were rated "A1" by Moody's and "AA-" by Standard & Poor's before the purchase of bond insurance.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in TexPool and Agency Issues. The amount of interest received in the General Fund was \$655,642. This was \$17,051 more than interest on temporary investments in fiscal year 2000.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits at year-end, excluding certain deposits in the Firefighter's Relief and Retirement

Fund, were entirely covered by Federal depository insurance or by collateral held by the City's agent in the City's name. The Firefighter's Relief and Retirement Fund had deposits and cash equivalents that were held in a trust account at Chase Bank.

CAPITAL PROJECTS FUNDS

Proceeds of general obligation bond issues are accounted for in Capital Projects Funds until improvement projects are completed. Completed projects and uncompleted construction-in-progress at year-end are capitalized in the General Fixed Assets Account Group and Proprietary Funds, as appropriate. During 2001, projects costing \$16,143,996 were completed.

GENERAL FIXED ASSETS

The general fixed assets of the City are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of Enterprise and Internal Service Funds. As of September 30, 2001, the general fixed assets of the City amounted to \$122,625,556. This amount represents the original cost, estimated historical cost, or donated value of the assets and is considerably less than their present value. Depreciation of general fixed assets is not recognized in the City's accounting system.

WATER AND SEWER SYSTEM OPERATIONS

The City's water and sewer system remained relatively stable in operating revenues, number of customers, net income, and debt service coverage. Comparative data for the past two fiscal years are presented in the following tabulation:

	2001	2000
Gross Revenues, including interest earned	\$20,060,607	\$20,228,822
Operating Expense, excluding depreciation and operating transfers out	\$11,647,677	\$10,968,621
Water Supply payments to Upper Neches River Authority	\$248,100	\$496,200
Income Available for Debt Service	\$8,164,830	\$8,764,001
Annual Debt Service	\$3,207,297	\$1,749,000
Debt Service Coverage (income available divided by debt service)	2.55	3.21

PENSION TRUST FUND OPERATIONS

The operations of Firefighter's Relief and Retirement Fund decreased in 2001. Net assets held in trust for pension benefits at September 30, 2001 was \$31,661,403.

INDEPENDENT AUDIT

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Gollob, Morgan, Peddy & Co., P.C. was selected by the City's audit committee to perform the fiscal 2001 audit. 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 auditors' report on the general purpose financial statements and combining and individual fund and account group is in the financial section.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tyler, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2000.

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. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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. We would like to express our appreciation to all members of the City's staff who assisted and contributed to its preparation. We would also like to thank the mayor and city councilmen for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Pinkney L. Butler
City Manager

Daniel Crawford
Chief Financial Officer

CITY OF TYLER, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2001

MAYOR - KEVIN P. ELTIFE

Members of City Council:

Joyce Scurry
Ron Shaffer
Laura Corbett
Larry Snodgrass
Derrick Choice
Joey Seeber

City Manager - Pinkney L. Butler

Chief Financial Officer - Daniel Crawford

City Clerk - Cassandra Brager

**Gollob,
Morgan,
Peddy & Co., P. C.**

Certified Public Accountants

MICHAEL D. GOLLOB, CPA
TONY K. MORGAN, CPA
ROBERT W. PEDDY, CPA
BARBARA R. BASS, CPA
TOMMY J. CHAMBERS, CPA
LISA G. ROBINSON, CPA
SHARON C. FORSYTH, CPA
JOE WYLLIE, CPA

HARVEY W. JACKSON, CPA
KEVIN R. CASHION, CPA
JOHN W. WILLIAMS, CPA
BRENDA G. WATSON, CPA
DIANNE C. JOHNSTON, CPA
JEANNE C. LEWIS, CPA
KRISTEN L. GUSA, CPA
JENNIFER H. KIDD, CPA
PATRICIA L. KINNAIRD, CPA
JENNY D. CLARK, CPA
CYNTHIA R. HALE, CPA
MICHAEL W. STEVENS, CPA

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CERTIFIED PUBLIC ACCOUNTANTS
AND PRIVATE COMPANIES
PRACTICE SECTION

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3620 OLD BULLARD ROAD, SUITE 100
TYLER, TEXAS 75701

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements and the combining and individual Fund and Account Group financial statements of the City of Tyler, Texas as of September 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Tyler, Texas' management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Tyler, Texas as of September 30, 2001, and the results of its operations and cash flows of its Proprietary Fund-Types and Non-expendable Trust Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual Fund and Account Group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual Funds and Account Groups of the City of Tyler, Texas as of September 30, 2001, and the results of operations of such Funds and cash flows of individual Proprietary and Non-expendable Trust Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

Tyler, Texas
March 11, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF TYLER, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001
(With Comparative Totals For September 30, 2000)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS				
Equity in pooled cash and investments	\$ 9,150,947	\$ 3,047,568	\$ 5,187,778	\$ 11,407,579
Cash - demand deposits and on hand	12,295	-	-	-
Cash - custodial account	-	-	-	-
Deposits	-	-	-	-
Investments - at fair value (Note 12)	-	-	-	-
Receivables (net of allowance for doubtful accounts) :				
Taxes - delinquent	915,810	-	-	-
Accounts and grants	439,865	1,416,040	-	-
Accrued interest and dividends	-	-	-	-
Due from other funds	1,216,601	-	-	-
Inventories - at average cost	6,564	-	-	-
Fixed assets (net of accumulated depreciation) (Note 5)	-	-	-	-
Prepaid assets and deferred charges	45,307	-	-	-
Water rights - Lake Palestine (Note 3)	-	-	-	-
Deferred compensation plan	-	-	-	-
Amount available in Debt Service Funds	-	-	-	-
Amount to be provided for:				
Retirement of serial bonds	-	-	-	-
Compensated absences	-	-	-	-
Estimated legal claims	-	-	-	-
Total assets	<u>\$ 11,787,389</u>	<u>\$ 4,463,608</u>	<u>\$ 5,187,778</u>	<u>\$ 11,407,579</u>

EXHIBIT 1
PAGE 1 OF 3

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	2001	2000
\$ 55,211,528	\$ 6,475,597	\$ 3,512,376	\$ -	\$ -	\$ 93,993,373	\$ 68,618,504
1,802	-	-	-	-	14,097	14,195
-	-	1,106,201	-	-	1,106,201	1,451,400
-	70,000	-	-	-	70,000	50,000
-	-	30,312,981	-	-	30,312,981	35,290,977
-	-	-	-	-	915,810	998,885
3,373,820	15,124	-	-	-	5,244,849	5,500,764
-	-	242,221	-	-	242,221	256,654
1,023,621	-	-	-	-	2,240,222	2,343,101
268,529	158,416	-	-	-	433,509	399,870
108,136,331	8,593,728	-	122,625,556	-	239,355,615	210,841,840
536,199	-	-	-	-	581,506	290,525
12,524,200	-	-	-	-	12,524,200	12,524,200
-	-	6,552,074	-	-	6,552,074	7,205,702
-	-	-	-	5,187,778	5,187,778	6,519,457
-	-	-	-	7,097,222	7,097,222	8,305,543
-	-	-	-	5,137,236	5,137,236	4,449,067
-	-	-	-	319,949	319,949	400,000
<u>\$ 181,076,030</u>	<u>\$ 15,312,865</u>	<u>\$ 41,725,853</u>	<u>\$ 122,625,556</u>	<u>\$ 17,742,185</u>	<u>\$ 411,328,843</u>	<u>\$ 365,460,684</u>

(Continued)

CITY OF TYLER, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001
(With Comparative Totals For September 30, 2000)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts and contracts payable	\$ 2,216,039	\$ 1,044,792	\$ -	\$ 723,374
Deposits and other refundable balances	82,790	81,497	-	-
Insurance claims payable	-	-	-	-
Due to other funds	-	1,216,601	-	1,000,000
Bonded debt (Note 6)	-	-	-	-
Water supply and storage contract payable (Note 6)	-	-	-	-
Refundable water and sewer contracts	-	-	-	-
Deferred revenues	1,006,956	1,217	-	-
Utility contract liability	-	-	-	-
Capital lease payable (Note 6)	-	-	-	-
Compensated absences payable (Notes 1 and 6)	-	-	-	-
Estimated legal claims payable (Note 10)	-	-	-	-
Total liabilities	3,305,785	2,344,107	-	1,723,374
Equity and other credits:				
Investment in general fixed assets	-	-	-	-
Contributed capital (Note 14)	-	-	-	-
Fund balances:				
Reserved for inventory	6,564	-	-	-
Reserved for prepaid assets	45,307	-	-	-
Reserved for perpetual care	-	-	-	-
Reserved for court security	69,764	-	-	-
Reserved for court time payments	24,370	-	-	-
Reserved for technology	115,930	-	-	-
Reserved for employees' pension benefits	-	-	-	-

EXHIBIT 1
PAGE 2 OF 3

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	2001	2000
\$ 1,805,997	\$ 321,921	\$ 25,007	\$ -	\$ -	\$ 6,137,130	\$ 3,350,745
-	-	-	-	-	164,287	178,226
-	771,772	-	-	-	771,772	768,000
-	23,621	-	-	-	2,240,222	2,343,101
36,575,000	-	-	-	12,285,000	48,860,000	19,145,000
-	-	-	-	-	-	248,100
4,800	-	-	-	-	4,800	5,400
-	-	-	-	-	1,008,173	965,189
-	93,716	-	-	-	93,716	181,433
-	-	-	-	-	-	102,837
463,674	52,612	-	-	5,137,236	5,653,522	4,996,447
-	-	-	-	319,949	319,949	400,000
38,849,471	1,263,642	25,007	-	17,742,185	65,253,571	32,684,478
-	-	-	122,625,556	-	122,625,556	109,444,825
51,367,670	1,883,060	-	-	-	53,250,730	52,327,294
-	-	-	-	-	6,564	6,114
-	-	-	-	-	45,307	43,597
-	-	1,756,948	-	-	1,756,948	1,684,676
-	-	-	-	-	69,764	110,498
-	-	-	-	-	24,370	28,669
-	-	-	-	-	115,930	58,539
-	-	38,213,477	-	-	38,213,477	44,250,543

(Continued)

CITY OF TYLER, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001
(With Comparative Totals For September 30, 2000)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Equity and other credits: (continued)				
Fund balances: (continued)				
Unreserved:				
Designated for debt service	\$ -	\$ -	\$ 5,187,778	\$ -
Designated for operating reserve	2,000,000	-	-	-
Designated for T.U. rate litigation	500,000	-	-	-
Undesignated	5,719,669	2,119,501	-	9,684,205
Retained earnings:				
Reserved for revenue bonds				
debt service (Note 2)	-	-	-	-
Reserved for Lake Palestine water				
line construction	-	-	-	-
Unreserved	-	-	-	-
Total equity and other credits	<u>8,481,604</u>	<u>2,119,501</u>	<u>5,187,778</u>	<u>9,684,205</u>
Total liabilities, equity, and other credits	<u>\$ 11,787,389</u>	<u>\$ 4,463,608</u>	<u>\$ 5,187,778</u>	<u>\$ 11,407,579</u>

See accompanying notes to financial statements.

**EXHIBIT 1
PAGE 3 OF 3**

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	2001	2000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,187,778	\$ 6,519,457
-	-	-	-	-	2,000,000	1,500,000
-	-	-	-	-	500,000	500,000
-	-	1,730,421	-	-	19,253,796	15,075,171
851,650	-	-	-	-	851,650	2,414,343
15,799,064	-	-	-	-	15,799,064	13,339,924
74,208,175	12,166,163	-	-	-	86,374,338	85,472,555
142,226,559	14,049,223	41,700,846	122,625,556	-	346,075,272	332,776,206
<u>\$ 181,076,030</u>	<u>\$ 15,312,865</u>	<u>\$ 41,725,853</u>	<u>\$ 122,625,556</u>	<u>\$ 17,742,185</u>	<u>\$ 411,328,843</u>	<u>\$ 365,460,684</u>

CITY OF TYLER, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(With Comparative Totals For The Fiscal Year Ended September 30, 2000)

	GOVERNMENTAL FUND TYPES				FIDUCIARY	TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPES EXPENDABLE TRUST	(MEMORANDUM ONLY)	
						2001	2000
REVENUES							
Taxes	\$ 33,191,206	\$ 1,381,482	\$ 1,594,143	\$ 8,325,977	\$ -	\$ 44,492,808	\$ 42,198,077
Grants	-	8,126,466	-	-	-	8,126,466	7,778,129
Licenses and permits	602,246	-	-	-	-	602,246	642,352
Fines, forfeitures, and penalties	3,496,928	54,278	-	-	-	3,551,206	3,370,144
Revenue from use of money or property	655,642	359,770	309,065	523,859	48,023	1,896,359	2,614,494
Charges for current services	193,139	-	-	-	-	193,139	105,844
Intergovernmental revenues	1,639,933	-	-	-	-	1,639,933	1,644,283
Revenues from other agencies	766,990	-	-	-	-	766,990	421,907
Contributions	-	-	-	-	1,138,727	1,138,727	736,885
Miscellaneous	339,594	158,226	-	-	-	497,820	439,362
Total revenues	40,885,678	10,080,222	1,903,208	8,849,836	1,186,750	62,905,694	59,951,477
EXPENDITURES							
Current:							
General government	4,933,949	-	-	-	-	4,933,949	4,804,812
Police	14,036,367	132,099	-	-	-	14,168,466	13,177,643
Fire	7,863,799	-	-	-	-	7,863,799	7,279,678
Public services	7,960,979	1,015,246	-	-	-	8,976,225	6,995,660
Public health	-	-	-	-	-	-	93,800
Libraries	1,142,793	5,816	-	-	-	1,148,609	1,076,660
Parks and recreation	1,890,340	1,055,668	-	-	-	2,946,008	3,507,498
Planning and inspection	714,632	-	-	-	-	714,632	553,449
Municipal Court	1,072,329	-	-	-	-	1,072,329	1,031,200
Public enterprises	-	1,416,795	-	-	-	1,416,795	1,546,997
Miscellaneous	-	4,643,907	-	-	1,376,718	6,020,625	5,227,342
Capital outlay	-	2,071,079	-	9,047,702	-	11,118,781	12,766,799
Debt service:							
Principal retirement	-	-	2,540,000	-	-	2,540,000	1,209,290
Interest, fiscal agent fee, and bond selling fees	-	-	694,887	-	-	694,887	873,752
Total expenditures	39,615,188	10,340,610	3,234,887	9,047,702	1,376,718	63,615,105	60,144,580
Excess (deficiency) of revenues over expenditures	1,270,490	(260,388)	(1,331,679)	(197,866)	(189,968)	(709,411)	(193,103)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	127,992	247,233	-	5,191,467	-	5,566,692	476,686
Operating transfers out	(75,290)	(122,043)	-	(1,915,605)	(43,314)	(2,156,252)	(1,957,358)
Sales of property and equipment	14,548	-	-	-	-	14,548	11,088
Total other financing sources (uses)	67,250	125,190	-	3,275,862	(43,314)	3,424,988	(1,469,584)
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	1,337,740	(135,198)	(1,331,679)	3,077,996	(233,282)	2,715,577	(1,662,687)
Fund balances - October 1, 2000 as originally stated	7,143,864	2,254,699	6,519,457	6,606,209	7,325,586	29,849,815	24,912,371
Cumulative effect of accounting change	-	-	-	-	-	-	6,600,131
Fund balances - October 1, 2000 as restated	7,143,864	2,254,699	6,519,457	6,606,209	7,325,586	29,849,815	31,512,502
FUND BALANCES - SEPTEMBER 30, 2001	\$ 8,481,604	\$ 2,119,501	\$ 5,187,778	\$ 9,684,205	\$ 7,092,304	\$ 32,565,392	\$ 29,849,815

See accompanying notes to financial statements.

CITY OF TYLER, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE, DEBT SERVICE, AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	GENERAL FUND TYPE			SPECIAL REVENUE FUN	
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL
REVENUES					
Taxes	\$ 30,852,034	\$ 33,191,206	\$ 2,339,172	\$ 1,155,200	\$ 1,381,482
Licences and permits	568,200	602,246	34,046	-	-
Fines, forfeitures, and penalties	2,925,200	3,496,928	571,728	40,000	54,278
Revenues from use of money or property	409,000	655,642	246,642	264,800	286,287
Charges for current services	82,300	193,139	110,839	-	-
Intergovernmental revenues	1,635,407	1,639,933	4,526	-	-
Revenues from other agencies	682,159	766,990	84,831	-	-
Miscellaneous	338,500	339,594	1,094	11,641	6,389
Total revenues	<u>37,492,800</u>	<u>40,885,678</u>	<u>3,392,878</u>	<u>1,471,641</u>	<u>1,728,436</u>
EXPENDITURES					
Current:					
General government	5,388,345	4,933,949	454,396	-	-
Police	14,286,455	14,036,367	250,088	163,755	126,707
Fire	7,800,362	7,863,799	(63,437)	-	-
Public services	8,359,109	7,960,979	398,130	-	-
Libraries	1,228,749	1,142,793	85,956	-	-
Parks and recreation	1,880,027	1,890,340	(10,313)	1,078,340	937,058
Planning and inspection	722,787	714,632	8,155	-	-
Municipal Court	1,026,523	1,072,329	(45,806)	-	-
Miscellaneous	-	-	-	654,800	654,800
Debt service:					
Principal retirement	-	-	-	-	-
Interest, fiscal agent fee, and bond selling fees	-	-	-	-	-
Total expenditures	<u>40,692,357</u>	<u>39,615,188</u>	<u>1,077,169</u>	<u>1,896,895</u>	<u>1,718,565</u>
Excess (deficiency) of revenues over expenditures - budget basis	<u>(3,199,557)</u>	<u>1,270,490</u>	<u>4,470,047</u>	<u>(425,254)</u>	<u>9,871</u>

ND TYPE	DEBT SERVICE FUND TYPE			EXPENDABLE TRUST FUND TYPE		
	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL
\$ 226,282	\$ 1,596,500	\$ 1,594,143	\$ (2,357)	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
14,278	-	-	-	-	-	-
21,487	255,900	309,065	53,165	1,000	5,019	4,019
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(5,252)	-	-	-	321,700	309,070	(12,630)
<u>256,795</u>	<u>1,852,400</u>	<u>1,903,208</u>	<u>50,808</u>	<u>322,700</u>	<u>314,089</u>	<u>(8,611)</u>
-	-	-	-	-	-	-
37,048	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
141,282	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	319,700	293,433	26,267
-	2,540,000	2,540,000	-	-	-	-
-	710,100	694,887	15,213	-	-	-
<u>178,330</u>	<u>3,250,100</u>	<u>3,234,887</u>	<u>15,213</u>	<u>319,700</u>	<u>293,433</u>	<u>26,267</u>
<u>435,125</u>	<u>(1,397,700)</u>	<u>(1,331,679)</u>	<u>66,021</u>	<u>3,000</u>	<u>20,656</u>	<u>17,656</u>

(Continued)

CITY OF TYLER, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) -
GENERAL, SPECIAL REVENUE, DEBT SERVICE, AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	GENERAL FUND TYPE			SPECIAL REVENUE FUN	
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL
OTHER FINANCING SOURCES (USES)					
Operating transfers - net	\$ (9,090)	\$ 52,702	\$ 61,792	\$ (15,857)	\$ (15,857)
Sales of property and equipment	500	14,548	14,048	-	-
Total other financing sources (uses)	<u>(8,590)</u>	<u>67,250</u>	<u>75,840</u>	<u>(15,857)</u>	<u>(15,857)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - budget basis	<u>\$ (3,208,147)</u>	1,337,740	<u>\$ 4,545,887</u>	<u>\$ (441,111)</u>	(5,986)
Financial statement adjustments:					
Excess (deficiency) of revenues and other financing sources (uses) over expenditures of funds not officially budgeted		<u>-</u>			<u>(129,212)</u>
Excess (deficiency) of revenues over expenditures - GAAP basis		1,337,740			(135,198)
Fund balances - October 1, 2000		<u>7,143,864</u>			<u>2,254,699</u>
FUND BALANCES - SEPTEMBER 30, 2001		<u>\$ 8,481,604</u>			<u>\$ 2,119,501</u>

See accompany notes to financial statements.

FUND TYPE	DEBT SERVICE FUND TYPE			EXPENDABLE TRUST FUND TYPE			
	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	\$ -	\$ -	\$ -	\$ -	\$ (3,000)	\$ (43,314)	\$ (40,314)
	-	-	-	-	-	-	-
	-	-	-	-	(3,000)	(43,314)	(40,314)
	\$ 435,125	\$ (1,397,700)	(1,331,679)	\$ 66,021	\$ -	(22,658)	\$ (22,658)
			-			(210,624)	
			(1,331,679)			(233,282)	
			6,519,457			7,325,586	
			\$ 5,187,778			\$ 7,092,304	

CITY OF TYLER, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(With Comparative Totals For The Fiscal Year Ended September 30, 2000)

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS	
	ENTERPRISE	INTERNAL SERVICE	FUND TYPES NON-EXPENDABLE TRUST	(MEMORANDUM ONLY)	
				2001	2000
OPERATING REVENUES					
Water and sewer operations	\$ 18,656,427	\$ -	\$ -	\$ 18,656,427	\$ 18,891,127
Trash and garbage	6,027,165	-	-	6,027,165	5,778,360
Airport sales and rentals	256,262	-	-	256,262	893,337
Charges for services	-	3,913,921	102,713	4,016,634	3,714,078
Contributions	-	4,758,883	-	4,758,883	5,028,959
Intergovernmental revenues	-	1,046,494	-	1,046,494	447,877
Miscellaneous	1,562,941	109,617	1,210	1,673,768	1,205,104
Revenue from use of money and property	-	-	141,951	141,951	269,551
Total operating revenues	26,502,795	9,828,915	245,874	36,577,584	36,228,393
OPERATING EXPENSES					
Water and sewer operations	11,650,924	-	-	11,650,924	10,968,621
Sanitation operations	5,914,355	-	-	5,914,355	5,353,469
Municipal Airport operations	769,030	-	-	769,030	676,145
Garage operations	-	734,410	-	734,410	728,325
Depreciation	3,253,705	2,985,005	-	6,238,710	4,557,473
Insurance claims	-	6,653,379	-	6,653,379	5,559,873
Administrative	-	1,021,718	181,343	1,203,061	984,506
Special services	-	161,636	-	161,636	438,940
Maintenance	-	1,315,421	-	1,315,421	247,384
Total operating expenses	21,588,014	12,871,569	181,343	34,640,926	29,514,736
Operating income (loss)	4,914,781	(3,042,654)	64,531	1,936,658	6,713,657
NON-OPERATING REVENUES (EXPENSES)					
Revenues from use of money and property	3,477,736	469,916	-	3,947,652	2,376,098
Grant revenues	-	-	-	-	7,649
Amortization	(65,161)	-	-	(65,161)	(50,131)
Interest expense	(1,330,111)	(23,817)	-	(1,353,928)	(262,221)
Sale of property	43,121	274,968	-	318,089	159,925
Total non-operating revenues (expenses)	2,125,585	721,067	-	2,846,652	2,231,320
Income (loss) before operating transfers	7,040,366	(2,321,587)	64,531	4,783,310	8,944,977
Operating transfers in	1,712,516	68,565	-	1,781,081	1,487,531
Operating transfers out	(2,691,521)	(2,500,000)	-	(5,191,521)	(6,859)
Net transfers	(979,005)	(2,431,435)	-	(3,410,440)	1,480,672
Net income (loss)	6,061,361	(4,753,022)	64,531	1,372,870	10,425,649
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	489,891	-	-	489,891	489,891
Increase (decrease) in retained earnings	6,551,252	(4,753,022)	64,531	1,862,761	10,915,540
Retained earnings or fund balances - October 1, 2000	84,307,637	16,919,185	2,882,608	104,109,430	93,193,890
RETAINED EARNINGS OR FUND BALANCES - SEPTEMBER 30, 2001	\$ 90,858,889	\$ 12,166,163	\$ 2,947,139	\$ 105,972,191	\$ 104,109,430

EXHIBIT 5

**CITY OF TYLER, TEXAS
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>PENSION TRUST FUND</u>
ADDITIONS	
Contributions:	
Employees	\$ 602,142
Employer	626,719
Total contributions	<u>1,228,861</u>
Investment income:	
Net appreciation in fair value of investments	(6,630,009)
Interest	934,412
Dividends	256,466
Gain on sale of investments	951,488
Net investment income	<u>(4,487,643)</u>
 Total additions	 <u>(3,258,782)</u>
DEDUCTIONS	
Retirement benefits paid	1,888,463
Administrative expenses	236,193
 Total deductions	 <u>2,124,656</u>
Net increase (decrease)	<u>(5,383,438)</u>
 Net assets held in trust for pension benefits, September 30, 2000	 <u>37,044,841</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, SEPTEMBER 30, 2001	 <u><u>\$ 31,661,403</u></u>

CITY OF TYLER, TEXAS
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(With Comparative Totals For The Year Ended September 30, 2000)

Increase (Decrease) In Cash and Cash Equivalents

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS	
	ENTERPRISE	INTERNAL	NON-EXPENDABLE	(MEMORANDUM ONLY)	
		SERVICE	TRUST	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 26,089,408	\$ 9,813,791	\$ 103,923	\$ 36,007,122	\$ 34,966,995
Cash paid to suppliers for goods and services	(13,004,929)	(2,158,239)	(88,617)	(15,251,785)	(14,156,469)
Payments on water supply contract	(248,100)	-	-	(248,100)	(496,200)
Cash paid to employees for services	(5,249,864)	(812,140)	(76,575)	(6,138,579)	(6,229,716)
Insurance claims paid	-	(6,636,964)	-	(6,636,964)	(4,731,403)
Other operating revenues	780,790	-	-	780,790	644,532
Net cash provided by (used in) operating activities	8,367,305	206,448	(61,269)	8,512,484	9,997,739
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating transfers-out to other funds	(2,691,521)	(2,500,000)	-	(5,191,521)	(6,859)
Operating transfers-in from other funds	1,712,516	68,565	-	1,781,081	1,487,531
Net cash (used in) provided by non-capital financing activities	(979,005)	(2,431,435)	-	(3,410,440)	1,480,672
CASH FLOWS FROM CAPITAL AND RELATED FINANCING					
Acquisition and construction of capital assets	(17,005,678)	(2,195,473)	-	(19,201,151)	(11,080,082)
Proceeds from sale of fixed assets	43,740	325,727	-	369,467	260,015
Bond issuance costs	(450,898)	-	-	(450,898)	(200,523)
Bond proceeds	33,795,000	-	-	33,795,000	5,820,000
Payments on bonded debt	(1,540,000)	-	-	(1,540,000)	(8,502,093)
Interest paid	(1,330,111)	(23,817)	-	(1,353,928)	(303,793)
Principal payments on long-term debt	-	(190,554)	-	(190,554)	(293,032)
Capital contributed from other funds	-	-	-	-	1,157
Net cash provided by (used in) capital and related financing activities	13,512,053	(2,084,117)	-	11,427,936	(14,298,351)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	3,477,736	469,916	141,951	4,089,603	3,306,806
Loans to other funds	476,379	-	-	476,379	500,000
Net cash (used in) provided by investing activities	3,954,115	469,916	141,951	4,565,982	3,806,806
Net increase (decrease) in cash and cash equivalents	24,854,468	(3,839,188)	80,682	21,095,962	986,866
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	30,358,862	10,384,785	2,885,257	43,628,904	42,634,389
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 55,213,330	\$ 6,545,597	\$ 2,965,939	\$ 64,724,866	\$ 43,621,255

(Continued)

**CITY OF TYLER, TEXAS
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(With Comparative Totals For The Year Ended September 30, 2000)**

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS	
	ENTERPRISE	INTERNAL	FUND TYPES	(MEMORANDUM ONLY)	
		SERVICE	NON-EXPENDABLE	2001	2000
		TRUST			
Operating income (loss)	\$ 4,914,781	\$ (3,042,654)	\$ 64,531	\$ 1,936,658	\$ 6,713,657
Adjustments to reconcile operating income to net cash					
Provided by (used in) operating activities:					
Depreciation expense	3,253,705	2,985,005	-	6,238,710	4,557,473
(Decrease) in water supply contract payable	(248,100)	-	-	(248,100)	(496,200)
Interest and dividends on investments	-	-	(141,951)	(141,951)	(269,551)
Decrease (increase) in accounts receivable	367,403	-	-	367,403	(336,441)
Decrease (increase) in prepaid expenses	(68)	96,535	-	96,467	42,218
(Increase) decrease in inventory	13,024	(46,213)	-	(33,189)	(41,999)
Increase (decrease) in accounts payable	92,911	183,954	16,189	293,054	(688,303)
(Decrease) in claims payable	-	3,772	-	3,772	513,092
Increase (decrease) in compensated absences payable	(26,351)	26,049	(38)	(340)	14,668
(Decrease) in refundable water and sewer contracts payable	-	-	-	-	(10,875)
Total adjustments	3,452,524	3,249,102	(125,800)	6,575,826	3,284,082
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 8,367,305	\$ 206,448	\$ (61,269)	\$ 8,512,484	\$ 9,997,739

Non-cash Investing, Capital and Financing Activities:

The Municipal Airport Funds received contributed assets aggregating \$1,718,899 from the Special Revenue Funds.

Reconciliation of Cash and Cash Equivalents for Fiduciary Fund Types to Combined Balance Sheet Amount on Exhibit 1.

Non-expendable Trust Fund (Exhibit 6)	\$ 2,965,939
Expendable Trust Fund (Schedule G-1)	540,230
Agency Funds (Schedule G-1)	<u>6,207</u>
Total cash and cash equivalents per combined balance sheet (Exhibit 1)	<u>\$ 3,512,376</u>

**CITY OF TYLER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The City complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary Funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Blended Component Unit

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 and 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 intends to use the proceeds of the one-half cent sales tax to pay for infrastructure needs, thereby removing the need for debt financing of such improvements which will result in the elimination of the current general obligation indebtedness, which would then enable the City to reduce its property tax rate.

B. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of Funds and Account Groups, each of which is considered a separate accounting entity. The operations of each Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the financial statements. The following Fund-Types and Account Groups are used by the City:

GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's Governmental Fund-Types:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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

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

Capital Projects Funds - Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

PROPRIETARY FUND TYPES

Proprietary Funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following are the City's Proprietary Fund-Types:

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

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.

FIDUCIARY FUND TYPES

Trust and Agency Funds - Trust Funds are used to account for assets held by the City in a trustee capacity. Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

These Fund-Types include Expendable Trust, Non-Expendable Trust, Pension Trust, and Agency Funds. Non-Expendable Trust Funds and Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds, since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

ACCOUNT GROUPS

Account Groups are used to establish accounting control and accountability for the City's General Fixed Assets and General Long-Term Debt. The following are the City's Account Groups:

General Fixed Assets Account Group - This self-balancing account group is used to account for all fixed assets of the City, which are not accounted for in the Proprietary Funds and Trust Funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term obligations of the City except those that are accounted for in the Proprietary Funds and Trust Funds.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the Fixed Assets and long-term liabilities associated with a fund is determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed Assets used in Governmental Fund-Type operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. Public domain ("infrastructure") General Fixed Assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized along with other General Fixed Assets. No depreciation has been provided on General Fixed Assets. No interest has been capitalized on self-constructed assets because noncapitalization does not have a material effect on the City's financial statements.

All Fixed Assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated Fixed Assets are valued at their estimated fair value on the date donated. Assets capitalized have an original cost of \$3,000 or more and a minimum life of three years.

Long-term liabilities expected to be financed from Governmental Funds are accounted for in the General Long-Term Debt Account Group, not in the Governmental Funds.

The two Account Groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Noncurrent portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of Governmental Fund-Type revenues represented by noncurrent receivables is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for Governmental Fund-Types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund-Type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All Proprietary Funds, Non-Expendable Trust, and Pension Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund-Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible Fixed Assets used by Proprietary Funds is charged as an expense against their operations. Depreciation applicable to assets acquired with contributions is charged to contributed capital rather than retained earnings. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-50 Years
Improvements	10-100 Years
Machinery and equipment	5-10 Years
Motor Vehicles	5 Years
Computer equipment and software	5 Years

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds, Expendable Trust Funds, and Agency Funds are accounted for using the modified accrual basis of accounting wherein revenues are recognized when they become both "measurable" and "available." "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on General Long-Term Debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, and interest revenue.

Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Intergovernmental revenues received as reimbursements for specific purposes or projects are recognized based upon the expenditures recorded.

All Proprietary and Non-Expendable Trust and Pension Trust Funds are accounted for using the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when incurred. Additionally, tap fees in excess of connection costs are recorded in the Water and Sewer Fund as an addition to contributed capital.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when Grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

In accordance with the budgetary policy of the City, encumbrances have been included as expenditures in the budget to actual comparisons; however, encumbrances have not been included as expenditures in any other statements of any City fund.

E. Budgets and Budgetary Accounting

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. 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 (Hotel-Motel Occupancy Tax Fund, Police Department Judgment of Forfeiture Fund, and Tyler Tourism and Convention Facility Fund), Debt Service Fund, all Enterprise Funds, all Internal Service Funds, and certain Trust and Agency Funds (Rose Hill Cemetery Fund).

Budgets for the General Fund, certain Special Revenue Funds (Hotel-Motel Occupancy Tax Fund, Police Department Judgment of Forfeiture Fund and Tyler Tourism and Convention Facility Fund) and the Debt Service Fund are adopted by the Council and presented in this report on a basis consistent with generally accepted accounting principles (GAAP) (modified accrual basis). Budgeted expenditures for the General Fund's current fiscal year as adopted in the original budget and amendments thereto were \$40,692,357. Appropriations which are not expended or encumbered at year-end must be rebudgeted in the succeeding year.

6. Comparison of budgeted and actual amounts as shown in Exhibit 3 in the accompanying financial report include the General Fund, those Special Revenue Funds which are included in the annual operating budget (Hotel-Motel Occupancy Tax Fund, Police Department Judgment of Forfeiture Fund, and Tyler Tourism and Convention Facility Fund), the Debt Service Fund, and those Expendable Trust Funds which are included in the annual operating budget.

The budget ordinances encompassing various Federal and State programs are cumulative as opposed to annual budgets; therefore, budget and actual comparisons are not reported in the accompanying financial report for these funds.

7. Budgets for Proprietary Fund-Types 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 Fund-Types are on this non-GAAP budgetary basis.

F. 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 and Expendable Trust Funds. Encumbrances outstanding at year-end are reported as reservations of Fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2001.

In accordance with the budgetary policies of the City, encumbrance accounting is also employed by Proprietary Fund-Types for management control purposes. Encumbrances outstanding at year-end are not reported as reservations of retained earnings nor have they been included as expenses or liabilities of Proprietary Fund-Types.

G. Equity in Pooled Cash and Investments

Effective October 1, 1994, the City reclassified certain of its cash, investments, due to, and due from accounts into "equity in pooled cash and investments." Each fund participates on a daily transaction basis and income for all assets included in "pooled cash and investments" is allocated to individual funds based on their respective balance in "equity in pooled cash and investments."

A summary of assets included in "equity in pooled cash and investments" is included in Note 13. All assets in "equity in pooled cash and investments" have been considered as cash equivalents for purposes of the statement of cash flows as further explained in Note 1.T.

Additionally, deposits and investments continue to be held separately by several of the City's funds and the Pension Trust Fund. Income on these assets is recorded in the respective fund holding the deposits and investments.

H. Investments

Accounting pronouncement Governmental Accounting Standards Board Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, generally applies to investments in external

investment pools, investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities need 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 for material amounts. The City's investment custodian provides market values on each investment instrument on a monthly basis for material amounts. 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". For the year ended September 30, 2001, there were no material unrealized gains or losses.

TexPool

The City holds an investment in the Texas Local Government Investment Pool (TexPool). 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.

TexPool carries its investments at amortized cost, which approximates fair value. Investments are priced daily and compared to TexPool's 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, TexPool will sell investment securities, as required, to maintain the ratio at a point between .995 and 1.005.

TexPool adopted the provisions of Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, effective October 1, 1997. Statement No. 31 established accounting and financial reporting standards for all investments held by governmental external investment pools. There was no impact on TexPool's financial statements upon adoption of Statement No. 31.

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 U.S. Treasury.

Investments are stated at cost or amortized cost.

I. Inventories

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

J. Due from Other Funds

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

K. Compensated Absences

Non-Civil Service Employees

Full-time, permanent, non-civil employees earn paid time off (PTO), which may be used as vacation, sick time or personal time. The PTO is accrued in hourly increments on the first day of each month. 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 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 employees hired after January 1, 1999 were enrolled into the PTO program and may only carryover 30 days of PTO per year. Any amount accrued above the 30 days carryover is lost as of December 31 of that year. Unused PTO up to 30 days will be paid to the employee upon termination at employee's current pay rate.

Civil Service Employees

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

Civil and Non-Civil Service Employees

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the Governmental Fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of Proprietary Funds is recorded as an expense and a liability of those funds as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting For Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of cumulative sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

L. Allowance for Doubtful Accounts

The City provides an allowance for doubtful accounts based upon the anticipated collectibility of each specific account, as determined by experience.

M. Fund Equity

Reserves of fund balance or retained earnings are used to indicate that a portion of fund equity is not available for expenditure or is legally segregated for a specific future use.

Designated fund balances represent tentative plans for future use of financial resources.

In the past, undesignated fund balance for the General Fund operating account has been reported as designated for operating reserve. This balance is intended for operating expenditures which are not required to be accounted for in another fund.

N. Delinquent Taxes Receivable

All delinquent taxes receivable are assets of the General Fund. Transfers to the Debt Service Fund are based on the entire current tax levy rather than amounts collected.

O. Risk Management

Property and Liability Plans

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. A comprehensive Self-Insurance plan for property and casualty, airport liability, and general liability coverage has been established. Third-party administrators handle property and casualty claims review and processing. The administrators also coordinate excess coverage claims with insurance companies that provide individual stop-loss for property claims at \$25,000, aggregate stop-loss at \$1,000,000, and a blanket limit of insurance at \$53,596,667; and individual stop-loss for liability claims at \$50,000 with an aggregate stop-loss at \$3,000,000 and a blanket limit of insurance at \$10,000,000, and individual stop-loss and an aggregate stop-loss on airport liability claims of \$5,000,000. All claims and maximums are calculated for a plan year ending each September 30. The amount of settlements has not exceeded insurance coverage for the last three fiscal years.

Worker's Compensation Plan

The City is exposed to risk of loss due to injuries incurred by employees while performing work-related duties. The City has established and maintains a comprehensive self-insurance worker's compensation plan. Third party administrators also co-ordinate excess coverage claims with insurance companies that provide individual stop-loss for worker's compensation claims at \$300,000 and aggregate protection at \$1,000,000. The City tracks worker's compensation premiums and claim payments in the Employee Benefits Fund.

Health, Dental, and Life Plans

The City implemented a self-insured health plan for employees, their dependents and retirees under the age of 65. The employees can choose between a traditional health plan or a PPO-type plan. The employee pays a portion of the insurance premiums and the City pays the remainder. The City maintains an Employee Benefit Fund to track premiums and claim payments. The City has retained an insurance policy for specific and aggregate stop-loss coverage. There is an individual stop-loss of \$100,000 per illness. A Medicare Risk Plan is also in place for retirees and dependents over the age of 65. Health claims and payments are administered by a third-party administrator.

The Dental Plan is also self-insured with a portion of the premiums paid by employees and retirees. Employees and retirees may elect to provide dental coverage for their dependents and are required to pay a portion of these premiums as well. Dental Plan claims are administered by a third-party administrator.

The City's Employee Benefit Fund pays the premium on an insured life insurance plan for which coverage amounts are: \$10,000 for participants under 70 years of age and \$5,000 for participants over 70 years of age. Active employees may insure dependents or take additional or optional life insurance by paying the additional coverage premiums.

Other Self-Insurance Plans

In addition, the City met 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 Note 10.

P. Deferred Bond Issue Costs

Deferred bond issue costs are amortized on the effective interest method over the remaining life of the bond.

Q. 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.

R. Total Columns on Combining Financial Statements

Total columns on the Combining Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

S. Comparative Total Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by Fund-Type) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

T. Cash and Cash Equivalents

The City began maintaining certain of its cash and investments in a "pooled account" effective October 1, 1994, as more fully described in Note 1.G above. Accordingly, the amount of investments with a maturity of three months or less can no longer be determined on an individual fund basis. For the purpose of the statements of cash flows for the Proprietary and Non-Expendable Trust Funds, the City considers all assets included in "Equity in Pooled Cash and Investments" to be "Cash and Cash Equivalents."

U. Capitalized Interest

The City has capitalized interest costs on construction projects when material.

V. Estimates

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

NOTE 2: REVENUE BOND REQUIREMENTS

Required Prior Lien Reserves

The ordinance authorizing the issuance of the 1983 Water and Sewer Prior Lien Revenue Bonds, as amended by the ordinance issuing the 1989-B Revenue Refunding Bonds and later amended by the ordinance issuing the 1999 Revenue Refunding Bonds, also created Debt Service and Reserve Funds and pledged the net revenues of the waterworks and sanitary sewer system in excess of the requirements of the 1982 bonds to the payment of the 1983 bonds. The Reserve Fund established by this ordinance requires that a balance equal to the average annual debt service requirements of the outstanding bonds be maintained. The issuance of the Series 2000 Revenue Bonds amended the reserve requirements mentioned above. As of September 30, 2001, the amended reserve requirement of \$2,545,789 has been satisfied through a reserve insurance policy and a surety bond taken out by the City. The reserve insurance policy would pay the annual debt service requirements in the event the City could not meet its debt service obligations, thus eliminating the need for the Debt Reserve Fund.

NOTE 3: WATER SUPPLY AND STORAGE CONTRACT

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. As consideration for this right, the City agreed to pay the following amounts:

Payment Period		Amount	
From	Through	Month	Total
January 1966	July 1973	\$ 2,000	\$ 182,000
August 1973	July 1981	30,500	2,928,000
August 1981	July 1988	37,250	3,129,000
August 1988	March 2001	41,350	6,285,200
			<u>\$12,524,200</u>

The payments under this contract have priority over any obligations for interest and principal on all revenue bonds of the waterworks system and are not to be paid from revenues raised by taxation. As of September 30, 2001, the contract had been paid in full and the City had not received any water from Lake Palestine.

NOTE 4: PROPERTY TAXES

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

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, 2001, was \$.27981 per \$100, which means that the City has a tax margin of \$1.47019 per \$100 and could raise up to \$54,706,517 additional taxes a year from the present valuation of \$3,721,050,798 before the limit is reached.

NOTE 5: FIXED ASSETS

A summary of changes in General Fixed Assets account group follows:

	Balance September 30, 2000	Additions	Deletions	Balance September 30, 2001
Land and buildings	\$ 16,065,068	\$11,742,310	\$ -	\$ 27,807,378
Improvements other than buildings	73,334,597	4,608,798	-	77,943,395
Equipment and vehicles	7,542,093	4,721,599	117,476	12,146,216
Investment in Joint Venture	259,210	-	-	259,210
Construction-in-progress:				
Half Cent Tax Fund	11,399,470	9,047,702	16,143,996	4,303,176
State and Federal Grants	430,170	-	430,170	-
Operating	414,217	-	248,036	166,181
Total Construction-in-Progress	<u>12,243,857</u>	<u>9,047,702</u>	<u>16,822,202</u>	<u>4,469,357</u>
Total General Fixed Assets	<u>\$109,444,825</u>	<u>\$30,120,409</u>	<u>\$16,939,678</u>	<u>\$122,625,556</u>

A summary of Proprietary Fund-Type Fixed Assets at September 30, 2001, follows:

	Enterprise	Internal Service
Land	\$ 5,440,738	\$ 65,000
Buildings	4,436,880	1,130,840
Improvements other than buildings	122,574,232	261,200
Machinery and equipment	3,769,557	17,817,212

Construction-in-Progress	<u>20,836,474</u>	<u>-</u>
Totals	157,057,881	19,274,252
Less accumulated depreciation	<u>(48,921,550)</u>	<u>(10,680,524)</u>
Net	<u>\$108,136,331</u>	<u>\$ 8,593,728</u>

NOTE 6: CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended September 30, 2001:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds payable at October 1, 2000	\$14,825,000	\$ 4,320,000	\$19,145,000
Plus: Bonds Issued	-	33,795,000	33,795,000
Less: Bonds Retired (Defeased)	(2,540,000)	(1,540,000)	(4,080,000)
Accretion on capital appreciation serial bonds	<u>-</u>	<u>-</u>	<u>-</u>
Bonds payable at September 30, 2001	<u>\$12,285,000</u>	<u>\$36,575,00</u>	<u>\$48,860,000</u>

The City authorized the early redemption of the Series 1991-A General Obligation Bonds, resulting in a principal payment of \$1,495,000 and an interest payment of \$62,280. The remaining balance at September 30, 2001 is \$-0-.

In December 2000, the City issued the Series 2000 Revenue Bonds in the amount of \$33,795,000 to fund the Lake Palestine Water Treatment Plant and raw water pipe construction. The City will issue additional revenue bonds in the year 2002 to fund remaining unfunded project costs.

Bonds payable at September 30, 2001, are comprised of the following individual issues:

General Obligation Bonds:

\$4,995,000 Series 1992 General Obligation Bonds, maturing serially in varying amounts through 8/15/2010; interest rates from 5.90% to 8.75%	\$ 580,000
\$5,149,000 Series 1994 General Obligation Bonds, maturing serially in varying amounts through 8/15/2011; interest rates from 4.20% to 7.00%	3,425,000
\$8,935,000 Series 1997 General Obligation Bonds, maturing serially in varying amounts through 9/30/2010; interest rates from 3.85% to 4.90%	<u>8,280,000</u>
Total General Obligation Bonds	<u>\$12,285,000</u>

Revenue Bonds:

\$5,820,000 Series 1999-A Revenue Refunding Bonds; maturing serially in varying amounts through September 30, 2003; interest rates from 4.20% to 4.40%.	\$ 2,780,000
\$33,795,000 Series 2000 Revenue Bonds; maturing serially in varying amounts through September 1, 2030; interest rates from 5.00% to 5.7%.	<u>33,795,000</u>
Total Revenue Bonds	<u>\$36,575,000</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2001, including interest, are as follows (in thousands):

Year Ending September 30,	General Obligation		Revenue		Totals
	Principal	Interest	Principal	Interest	
2002	\$ 1,090	\$ 575	\$ 1,600	\$ 1,986	\$ 5,251
2003	1,135	523	1,725	1,907	5,290
2004	1,175	469	575	1,838	4,057
2005	1,270	416	605	1,809	4,100
2006	1,330	357	635	1,779	4,101
2007-2030	<u>6,285</u>	<u>798</u>	<u>31,435</u>	<u>26,492</u>	<u>65,010</u>
Totals	<u>\$12,285</u>	<u>\$3,138</u>	<u>\$36,575</u>	<u>\$35,811</u>	<u>\$87,809</u>

At September 30, 2001, the Debt Service Fund has \$5,187,778 available to service the General Obligation Bonds and \$851,650 is reserved in the Enterprise Funds for debt service of the revenue bonds.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

The following is a summary of changes in other long-term liabilities for the year ended September 30, 2001:

	Compensated Absences Payable *	Estimated Legal Claims Payable	Utility Contract Payable	Computer Equipment Lease-Purchase Agreement
Balance October 1, 2000	\$4,449,067	\$400,000	\$181,433	\$102,837
Increases	688,169	-	-	-
Decreases	-	(80,051)	(87,717)	(102,837)
Balance September 30, 2001	<u>\$5,137,236</u>	<u>\$319,949</u>	<u>\$ 93,716</u>	<u>\$ -</u>

*See Note 1.K for further explanation of compensated absences payable.

CAPITAL LEASES

Utility Contract Payable:

On September 14, 1994, the City of Tyler, Texas entered into a lease-purchase contract with Johnson Controls for \$601,625 in various energy and operational efficiency improvements. The areas included in the contract included street lighting, City Hall, Harvey Hall, Caldwell Gym, Tyler Development Center, Police Station, Carnegie Museum, Airport, Health Department, Municipal Court, and Library. The effective rate is 6.734% with eight (8) annual payments of \$100,125 beginning July 1, 1995. As of September 30, 2001, the remaining payments are due as follows:

<u>July 1,</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2002	\$100,125	\$93,716	\$6,409
Less: Current Portion		<u>93,716</u>	
Long-Term Portion		<u>\$ -</u>	

On December 7, 1994, the City Council created the Property and Facility Management Fund, an Internal Service Fund, to provide a means of monitoring the actual energy costs as compared to the savings projected by Johnson Controls. Departments which receive energy saving improvements contribute to the Fund an amount estimated to equal the costs without the improvements. It is anticipated that energy savings should be adequate to pay the lease cost. The liability for the lease-purchase contract described above is reported in the Property and Facility Management Fund.

Computer Equipment Lease Purchase Agreement:

The City entered into a lease-purchase agreement effective April 14, 1998 that is being accounted for as a capital lease. The leased assets total \$640,288 and along with the related obligations are accounted for in the Technology Fund. The lease purchase agreement was paid in full during the year ended September 30, 2001.

NOTE 7: DEFEASED BONDS OUTSTANDING

In prior years the City defeased certain bonds by placing the proceeds of other bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2001, \$15,105,000 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Water and Sewer System Refunding Bonds, Series 1982	1989	\$ 475,000
Water and Sewer System Revenue Bonds, Series 1983	1989	3,110,000
General Obligation Bonds, Series 1990	1997	2,735,000
General Obligation Bonds, Series 1991	1997	2,550,000
General Obligation Bonds, Series 1992	1997	2,685,000
Water and Sewer System Refunding Bonds, Series 1989	1999	<u>3,550,000</u>
		<u>\$15,105,000</u>

NOTE 8: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Enterprise Funds are comprised of the following:

- 1) Water and Sewer Fund - provide water and sewer services.
- 2) Sanitation Fund - provides trash and garbage collection and disposal services.
- 3) Municipal Airport Fund - operates the City's municipal airport.

Segment information for the year ended September 30, 2001, is as follows (in thousands):

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Municipal Airport Fund</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$19,437	\$6,799	\$266	\$26,502
Depreciation expense	2,222	518	513	3,253
Operating income or (loss)	5,564	366	(1,016)	4,914
Operating Transfers:				
In	-	64	1,648	1,712
Out	-	(2,500)	(192)	(2,692)
Net income or (loss)	6,523	(1,878)	1,079	5,724
Plant, Property, and Equipment:				
Additions	15,558	455	3,382	19,395
Deletions	(92)	(80)	-	(172)
Net working capital	55,553	4,728	1,184	61,465
Total Assets	154,209	8,585	17,944	180,738
Bonds and Other Long-term Liabilities:				
Long-term portion of bonds payable	34,975	-	-	34,975
Other long-term liabilities	322	110	29	461
Total Equity	115,650	8,333	17,906	141,889

NOTE 9: PENSION PLANS

A. Texas Municipal Retirement System Plan

The City provides pension benefits for all of its full-time employees with the exception of firefighters, through a nontraditional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 745 administered by TMRS, an agent multiple-employer public employee retirement system. Firefighters are covered by a separate pension plan (see Note 9.B below); therefore, they are not included in the Texas Municipal Retirement System Plan. All assumptions for valuations at December 31, 2000 are contained in the 2000 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, TX 78714-9153.

TMRS Plan Description:

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 10 or more years of service or with 20 years of service regardless of age. A member is vested after 10 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions Required and Contributions Made:

The contribution rate for the employees is 7%, and the City's matching percent is currently 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period.

When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January 1999. The unit credit actuarial cost method is used for determining the City contribution rate. Contributions are made monthly by both the employees and the City.

Since the City needs to know its contribution rate in advance to budget for it, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2000 valuation is effective for rates beginning January 2002).

The City's contributions were based on an annual covered payroll of \$18,901,793. For the 2001 fiscal year, total contributions of \$2,185,047 were required and were paid into the Fund. There were no related-party transactions. The City's current membership in TMRS is comprised of the following:

<u>Group</u>	December 31, <u>2000</u>
Number of Annuitants	249
Number of Members	788
Number of Contributing Members	572

Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Contribution as a Percentage of Payroll	Net Pension Obligation
09/30/01	\$ 2,184,047	100%	11.56%	\$ 0
09/30/00	\$ 2,102,105	100%	11.27%	\$ 0
09/30/99	\$ 1,767,622	100%	10.14%	\$ 0

**Supplementary Trend Information:
Schedule of Funding Progress:**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Unit Credit Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b - a)/c)
12/31/00	\$41,476,697	\$55,250,165	\$13,773,468	75.1%	\$17,992,751	76.6%
12/31/99	38,299,896	50,277,889	11,977,993	76.2%	17,995,832	66.6%
12/31/98	35,755,791	46,976,347	11,220,556	76.1%	17,439,172	64.3%
12/31/97	33,836,358	43,964,687	10,128,329	77.0%	17,740,970	57.1%
12/31/96	32,169,092	42,685,721	10,516,629	75.4%	18,094,980	58.1%

Notes to Supplementary Trend Information:

The information presented in the required supplementary schedules above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2000
Actuarial cost method	Unit Credit
Amortization method	Level percentage of payroll
Amortization period	Open
Remaining amortization period	25 years
Asset valuation method	Amortized cost
Actuarial assumptions:	
• Investment rate of return	8% per year
• Projected salary increases	None
• Payroll growth rate	None
• Postretirement cost-of-living adjustments	None

B. Tyler Firefighter's Relief and Retirement Fund

Plan Description:

The Board of Trustees of the Tyler Firefighter's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Tyler Firefighter's Relief and Retirement Fund is considered part of the City's financial reporting entity and is included in the City's financial reports as a Pension Trust Fund.

Firefighters in the Tyler Fire Department are covered by the Tyler Firefighter's Relief and Retirement Fund. The table below summarizes the membership of the Fund at December 31, 2000:

<u>Group</u>	<u>December 31, 2000</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	68
Current employees:	
Fully vested	36
Nonvested	<u>91</u>
Total	195

The Tyler Firefighter's Relief and Retirement Fund provides service retirement, death, disability, and withdrawal benefits. These benefits vest after 20 years of credited service. Employees may retire at age 50 with 25 years of service or at age 55 with 20 years of service.

The plan effective November 1, 2000, provides a monthly normal service retirement benefit, payable in a Joint and 100% to Spouse form of annuity, equal to 71.5% of Highest 60-month Average Salary plus an additional \$113.00 per year of service for 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.

The benefit and contribution provisions of this plan are explained in more detail in the plan document that is available for review at the Fire Department Administration Office.

Annual Pension Cost:

For the fiscal year ending September 30, 2001, the City of Tyler, Texas' annual pension cost of \$626,719 for the Tyler Firefighter's Relief and Retirement Fund was equal to the City's required and actual contributions. While the required contributions were not actuarially determined but were a fixed 11.5% of salary, the plan of benefits which was most recently amended effective as of November 1, 1998 has been approved by the Board's actuary as having an adequate financing arrangement. The required contributions were reflected in the December 31, 1999 actuarial valuation, which satisfied the parameters of the Governmental Accounting Standards Board (GASB) Statement No. 27.

The entry age actuarial cost method was used, with the normal cost calculated as a level percentage of payroll. The actuarial value of assets was determined based on the market value with equities smoothed based on the S&P 500 Stock Price Index. The actuarial assumptions included an investment return assumption of 8.25% per year (net of administrative expenses), projected salary increases averaging 6.2% per year, and no postretirement cost-of-living adjustments. An inflation assumption of 4.5% per year is included in the investment return and salary increase assumptions. The amortization period, based on present plan provisions effective November 1, 1998, was determined in the previous actuarial valuation as of December 31, 1997 to be 30 years to amortize the Unfunded Actuarial Accrued Liability (UAAL). Since two years have passed since the previous valuation date, a 28-year amortization period would be expected if all the actuarial assumptions had been met without change. Instead, the plan now has an overfunded actuarial accrued liability and has no applicable amortization period. The following significant changes occurred between the last valuation and the current valuation as of December 31, 1999 and resulted in the elimination of the unfunded actuarial accrued liability and the amortization period:

1. The actuarial value of assets as of December 31, 1999 is significantly larger than expected due to a much greater than expected rate of investment return. The overage annual rate of investment return during the 2-year period is estimated at 15.7% compared to the assumed rate of investment return of 8% for the two-year period.
2. The new assumed rate of investment return of 8.25% adopted for the December 31, 1999 valuation resulted in an increase of approximately \$910,000 in the overfunded actuarial accrued liability and a decrease of 1.03% in the normal cost as a percent of payroll.

Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Contribution as a Percentage of Payroll	Net Pension Obligation
09/30/01	\$626,719	100%	11.50%	\$ 0
09/30/00	\$607,385	100%	11.50%	\$ 0

Contributions Required and Contributions Made:

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

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 financing 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, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method.

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

The funding policy of the Tyler Firefighter's Relief and Retirement Fund requires contributions equal to 11% of pay by the firefighters and 11.5% of payroll by the City of Tyler, Texas.

For the 2001 fiscal year, total contributions of \$1,228,861 were required and were paid into the Fund. Total contributions made for the 2000 and 1999 fiscal year were \$1,190,950 and \$1,128,619, respectively.

**Supplementary Trend Information:
Schedule of Funding Progress:**

Actuarial Valuation Date (3)	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Overfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage Of Covered Payroll ((b - a)/c)
12/31/99(2)	\$33,665,709	\$31,701,020	\$(1,964,689)	106%	\$5,096,747	N/A
12/31/97	\$26,142,708	\$28,606,574	\$ 2,463,866	91.4%	\$4,749,449	51.9%
12/31/95	\$21,085,417	\$20,914,593	\$ (170,864)	100.8%	\$4,274,435	N/A

- (1) The covered payroll is based on estimated annualized salaries used in the valuation.
- (2) Based on the Plan Effective as of November 1, 1998.
- (3) Actuarial valuations are done every other year; therefore, actuarial information will be the same for two years.

Schedule of Employer Contributions:

Plan Year Ended December 31 (1)	Annual Contribution As a Fixed Percentage of Payroll	Annual Required Contribution (2)	Percentage of Required Contribution Contributed
1993	11.5%	403,071	100%
1994	11.5%	428,292	100%
1995	11.5%	476,811	100%
1996	11.5%	475,174	100%
1997 (3)	11.5%	521,696	100%
1998	11.5%	575,595	100%
1999	11.5%	607,385	100%
2000	11.5%	626,719	100%

- (1) Prior to 1997 the Plan Year was from October 1 through September 30.
- (2) The annual required contribution is based on actual covered payroll as reported in the Fund's annual report to the State of Texas Firefighter's Pension Commission.
- (3) The 1997 Plan Year is from October 1, 1996 through December 31, 1997.

Notes to Supplementary Trend Information:

The information presented in the required supplementary schedules above was determined as part of the actuarial valuations at the dates indicated. The required supplementary information has been presented for as many years as it was available. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 1999
Actuarial cost method	Entry Age
Amortization method	Level percentage of projected payroll, open
Remaining amortization period as of the valuation date for the plan in effect on November 1, 1998	28 years
Asset valuation method	Fair value with equities smoothed based on the S&P 500 Stock Price Index
Actuarial assumptions:	
• Investment rate of return, net of expenses, Compounded annually	8.25% per year
• Projected salary increases including Promotion and longevity*	6.2% per year on average for a 30 year career
• Payroll growth rate	4.5% per year
• Postretirement cost-of-living adjustments	None

*Includes inflation assumption of 4.5% per year.

NOTE 10: 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 government. City management and the collective legal counsel have determined that estimated liability for outstanding lawsuit contingencies at September 30, 2001, was \$319,949.

This amount has been recorded in the General Long-Term Debt Account Group as it is expected to be liquidated with future, rather than existing, resources.

The City's self-insurance program is described in Note 1. A reconciliation of the changes in the estimated liabilities for claims for the year ended September 30, 2001 and 2000, is presented below:

<u>Fund</u>	Insurance Claims Payable <u>At 9-30-00</u>	Change in Funds Administering Claims (1) <u>Claims (1)</u>	Current Year Claims and Changes <u>In Estimates</u>	Actual Claim <u>Payments</u>	Insurance Claims Payable <u>At 9-30-01</u>
Employees Benefits Fund	<u>\$768,000</u>	<u>\$ -</u>	<u>\$5,100,057</u>	<u>\$5,096,285</u>	<u>\$771,772</u>
<u>Fund</u>	<u>At 9-30-99</u>	<u>Change in Funds Administering Claims (1)</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Actual Claim Payments</u>	<u>Insurance Claims Payable At 9-30-00</u>
Employees Insurance Fund	\$ 48,160	\$ 268,000	\$4,808,092	\$4,356,252	\$768,000
City Insurance Fund	<u>206,748</u>	<u>(268,000)</u>	<u>-</u>	<u>61,252</u>	<u>-</u>
	<u>\$254,908</u>	<u>\$ -</u>	<u>\$4,808,092</u>	<u>\$4,417,504</u>	<u>\$768,000</u>

Post Employment Benefits:

In addition to providing pension benefits, the City Council adopted a policy whereby the City provides healthcare and life insurance benefits. Benefits are provided to all fire fighters who retire on or after age 55 with at least 20 years of service and to all other employees who retire on or after age 60 with at least 10 years of service or who have at least 20 years of service, regardless of age.

Retirees and their dependents, non-Medicare eligible, will continue with the same health and dental insurance coverage as active employees and their dependents. Retirees are provided only \$5,000 group life insurance and are not allowed to purchase additional life insurance.

Retirees, Medicare-eligible, will receive a City contribution of \$100 per month toward a Medicare supplement of their choice and be able to participate in the group prescription drug benefit. Dental insurance coverage will continue as in prior years. In the event the retiree's spouse becomes Medicare-eligible before the retiree, the City will contribute 50% of the retiree's \$100 Medicare supplement benefit.

	<u>Number of Retirees Participating</u>	<u>Cost of Benefits For YE 9-30-01</u>
Retirees – Life Insurance	242	\$ 3,736
Not Medicare Eligible – Health		
Retiree	66	873,807
Dependent	39	
Medicare Eligible – Health		
Retiree	171	206,250
Spouse	5	
Retirees – Dental Insurance	206	60,591
Retirees – Drug Card	108	91,103

NOTE 11: DEFERRED COMPENSATION PLAN

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 unforeseeable emergency.

The market value and carrying value of deferred compensation plan assets is \$6,552,074 for September 30, 2001.

NOTE 12: DEPOSITS AND INVESTMENTS

At September 30, 2001, the carrying amount of the City's bank deposits was \$1,870,686. Of the bank balance, \$100,000 was covered by federal depository insurance. The remaining balance was covered by collateral held in the pledging financial institutions' trust departments in the City's name.

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 investments and deferred compensation plan assets for the year-ended September 30, 2001, are shown below.

	<u>Carrying Value</u>	<u>Fair Value</u>
<u>Deposits and Investments Included in Equity in Pooled</u>		
<u>Cash and Investments</u>		
U.S. Government Securities	\$39,874,921	\$39,868,230
TexPool Funds	52,261,863	52,261,863
Cash in bank	<u>1,870,686</u>	<u>1,870,686</u>
Total	<u>\$94,007,470</u>	<u>\$94,000,779</u>

The City's investments are categorized as either:

1. Insured or collateralized with securities which are held by the City or its agent in the City's name.
2. Uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

Uncategorized – The City's investments in TexPool are managed public funds investment pools and are not categorized because such investments are not evidenced by securities that exist in physical or book entry form. The fair value of the City's position in these investment pools is the same as the carrying value.

<u>Investments</u>	<u>Category</u>			<u>Uncategorized</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
	1	2	3			
TexPool	\$ -	\$ -	\$ -	\$52,261,863	\$52,261,863	\$52,261,863
U.S. Government Securities	\$ -	\$39,874,921	\$ -	\$ -	\$39,874,921	\$39,868,230

Deferred Compensation Plan Assets:

Variable Annuities	\$ 6,552,074	\$ 6,552,074	\$ 6,552,074
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The fair value of the U.S. Government Securities was \$39,868,230 as of September 30, 2001. The unrealized loss of \$6,691 at September 30, 2001 is not considered material to the financial statements.

NOTE 13: EXPENDITURES OVER APPROPRIATIONS

Following is a summary of expenditures in excess of appropriations for individual Funds.

<u>Individual Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures In Excess of Appropriations</u>
Employee Benefit Fund	\$8,870,798	\$8,283,175	\$587,623

As of September 30, 2001, no individual Fund had a deficit fund balance or retained earnings.

NOTE 14: CHANGES IN CONTRIBUTED CAPITAL

Following is a summary of changes in contributed capital:

<u>Fund Description</u>	<u>Balance October 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance September 30, 2001</u>
<u>Enterprise Funds:</u>				
Water and Sewer Fund:				
Depreciation on Fixed Assets acquired by restricted contribution	\$34,300,981	\$ -	\$267,627	\$34,033,354
Sanitation Fund	3,119,092	-	-	3,119,092
Municipal Airport Fund:				
Contribution from Grant Fund	13,024,161	1,718,899	305,572	14,215,224
Depreciation on Fixed Assets acquired by restricted contribution	-	-	222,264	-
Total Enterprise Funds	<u>50,444,234</u>	<u>1,718,899</u>	<u>795,463</u>	<u>51,367,670</u>
<u>Internal Service Funds:</u>				
Central Garage Fund:				
Contribution of Fixed Assets from government	98,245	-	98,245	-
Vehicle/Equipment Amortization Fund:				
Contribution from Central Garage Fund	534,815	98,245	-	633,060
Technology Fund:				
Contribution from Self-Insurance Fund	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>
Total Internal Service Funds	<u>1,883,060</u>	<u>98,245</u>	<u>98,245</u>	<u>1,883,060</u>
Total contributed capital	<u>\$52,327,294</u>	<u>\$1,817,144</u>	<u>\$893,708</u>	<u>\$53,250,730</u>

NOTE 15: JOINT VENTURE

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

The District was formed effective October 1, 1993 for what was considered a transition year. During this transition year all activity of the District was accounted for by the City or Smith County depending upon the services they provided and was, accordingly, reported on their respective financial statements. The year ended September 30, 2001 is the sixth year of operation of the District as a separate entity from the City and County.

For the year ended September 30, 2001, the City budgeted funding of \$850,000 for the Health District which includes \$250,000 for Animal/Vector Control contractual services to be provided by the District. The City's equity interest in the Health District was \$259,210 at September 30, 2001, and has been reported in the General Fixed Asset Account Group. Financial statements for the Health District may be obtained at the entity's administrative offices.

NOTE 16: INTERFUND BORROWING

Interfund receivable and payables balances at September 30, 2001 consisted of the following:

	<u>Receivable</u>	<u>Payable</u>
Special Revenue Fund:		
State and Federal Grant	\$ -	\$ 718,550
Transit Fund	-	498,051
General Fund	1,216,601	-
Capital Projects	-	1,000,000
Water and Sewer Operating Fund	15,371	-
Vehicle/Equipment Amortization	-	23,621
Solid Waste Fund	<u>1,008,250</u>	<u>-</u>
Totals	<u>\$2,240,222</u>	<u>\$2,240,222</u>

There are no borrowings between funds where a fund would be unable to settle its account with another fund on a timely basis.

NOTE 17: OPERATING LEASES

The City operates under numerous lease agreements classified as operating leases. The leases are annual renewal and include leases for: copy machines, ice machines, uniforms, door mats, navigation equipment, portable sanitation, pagers and postage meters. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2001 were \$196,327.

NOTE 18: COMMITMENTS

The City has several on-going construction projects as of September 30, 2001. Most of these are accounted for within the City's One-Half Cent Sales Tax Fund. The more significant of the City's projects under construction at September 30, 2001 are as follows:

Lake Palestine Project – This project, anticipated to cost approximately \$60,000,000, will enable the City to transport water from Lake Palestine and process it at a new treatment plant. Upon completion, the City anticipates being able to satisfy its water needs for the next 20 years.

Pounds Field – The City is in the process of a \$17,000,000 project to construct a new airport terminal building, parking, and related facilities to accommodate projected air traffic growth at Tyler's Pounds Field.

The City invested in other projects and contracts with outside parties. The more significant of these at September 30, 2001 are as follows:

Greenwood Landfill TX, L.P. – The City set up a trust fund to ensure the eventual closure and post-closure expenditure requirements. The trust fund will be 100% funded by Greenwood Landfill TX, L.P.. Greenwood will initially fund the trust at the annual rate of \$400,000 for 5 years. At this point, the funding will be re-evaluated 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 TNRCC.

Texas Department of Transportation – Loop 49 – The City has an agreement with the Texas Department of Transportation to pay \$2,170,000 over the next three years for construction and right-of-way costs.

Walnut Grove Water Supply Corporation – The City has an agreement with Walnut Grove Water Supply Corporation (WGWSC) to provide a supplemental source of water supply. The amount to be provided is estimated to be 50% of the annual supply by WGWSC. The parties have established a minimum take or pay volume for each month and a surcharge to water taken above maximum day volume.

NOTE 19: CUMMULATIVE EFFECT OF ACCOUNTING CHANGE

During the fiscal year ended September 30, 2000, the City adopted the provisions of GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans. Under GASB Statement No. 32, the City has changed its reporting of its Section 457 Deferred Compensation Plan from an agency fund to an expendable trust fund. In accordance with the Statement, the City has restated the September 30, 1999 fund balance in its expendable trust fund in the amount of \$6,600,131.

NOTE 20: PRIOR PERIOD ADJUSTMENT

An adjustment was made to the Airport Fund in the amount of \$305,572, because of a duplicated entry to capitalize an asset. The correcting entry reduced the duplicated asset and also contributed capital accounts.

	9-30-00 <u>Prior to Adjustment</u>	9-30-00 After Prior <u>Period Adjustment</u>
Buildings	\$2,567,621	\$2,262,050
Contributed Capital	\$8,491,889	\$8,186,317

The prior period adjustment only affected balance sheet accounts therefore having no effect on results of operations.

**COMBINING AND INDIVIDUAL FUND AND
ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES**

GOVERNMENTAL FUND TYPES

- ◆ GENERAL FUND
- ◆ SPECIAL REVENUE FUNDS
- ◆ DEBT SERVICE FUND
- ◆ CAPITAL PROJECTS FUND

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.

**CITY OF TYLER, TEXAS
GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 2001**

	<u>GENERAL FUND (EXHIBIT 1)</u>
ASSETS	
Equity in pooled cash and investments	\$ 9,150,947
Cash - demand deposits and on hand	12,295
Property taxes receivable (net)	915,810
Accounts and grants receivable	439,865
Due from other funds	1,216,601
Inventories - at average cost	6,564
Prepaid assets and deferred charges	<u>45,307</u>
 Total assets	 <u><u>\$ 11,787,389</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 2,216,039
Deposits and other refundable balances	82,790
Due to other funds	-
Deferred revenue	<u>1,006,956</u>
 Total liabilities	 <u>3,305,785</u>
Fund balances:	
Reserved for inventory	6,564
Reserved for prepaid expenses	45,307
Reserved for court security	69,764
Reserved for court time payments	24,370
Reserved for technology	115,930
Designated for operating reserve	2,000,000
Designated for T.U. rate litigation	500,000
Undesignated	<u>5,719,669</u>
 Total fund balances	 <u>8,481,604</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 11,787,389</u></u>

**CITY OF TYLER, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>GENERAL FUND (EXHIBIT 2)</u>
REVENUES	
Taxes	\$ 33,191,206
Licenses and permits	602,246
Fines, forfeitures, and penalties	3,496,928
Revenues from use of money	655,642
Charges for current services	193,139
Intergovernmental revenues	1,639,933
Revenues from other agencies	766,990
Miscellaneous	<u>339,594</u>
Total revenues	<u>40,885,678</u>
EXPENDITURES	
General government	4,933,949
Police	14,036,367
Fire	7,863,799
Public services	7,960,979
Libraries	1,142,793
Parks and recreation	1,890,340
Planning and inspection	714,632
Municipal Court	<u>1,072,329</u>
Total expenditures	<u>39,615,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,270,490</u>
OTHER FINANCING SOURCES	
Operating transfers in	127,992
Operating transfers out	(75,290)
Sales of property and equipment	<u>14,548</u>
Total other financing sources	<u>67,250</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	1,337,740
Fund balances - October 1, 2000	<u>7,143,864</u>
FUND BALANCES - SEPTEMBER 30, 2001	<u><u>\$ 8,481,604</u></u>

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Property tax collections	\$ 8,878,634	\$ 9,004,754	\$ 126,120
Gross receipts taxes	5,791,200	7,316,802	1,525,602
Sales and use taxes	16,182,200	16,869,650	687,450
Licenses and permits	568,200	602,246	34,046
Fines, forfeitures, and penalties	2,925,200	3,496,928	571,728
Revenues from use of money or property	409,000	655,642	246,642
Charges for current services	82,300	193,139	110,839
Intergovernmental revenues	1,635,407	1,639,933	4,526
Revenues from other agencies	682,159	766,990	84,831
Miscellaneous	338,500	339,594	1,094
Total revenues	<u>37,492,800</u>	<u>40,885,678</u>	<u>3,392,878</u>
EXPENDITURES			
GENERAL GOVERNMENT:			
General government services	2,932,857	2,714,028	218,829
City Manager	347,411	346,277	1,134
City Clerk	104,594	91,974	12,620
City Hall	376,777	330,511	46,266
Accounting	437,915	410,839	27,076
Legal	326,704	343,446	(16,742)
Information services	656,379	482,553	173,826
Personnel	205,708	214,321	(8,613)
Total General Government	<u>5,388,345</u>	<u>4,933,949</u>	<u>454,396</u>
POLICE	<u>14,286,455</u>	<u>14,036,367</u>	<u>250,088</u>
FIRE	<u>7,800,362</u>	<u>7,863,799</u>	<u>(63,437)</u>
PUBLIC SERVICES:			
Engineering	3,076,653	2,752,742	323,911
Street administration	1,473,475	1,339,380	134,095
Labor pool	1,809,121	1,839,149	(30,028)
Traffic operations	1,999,860	2,029,708	(29,848)
Total Public Services	<u>8,359,109</u>	<u>7,960,979</u>	<u>398,130</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>BUDGET (AFTER REVISIONS)</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (continued)			
LIBRARY	\$ 1,228,749	\$ 1,142,793	\$ 85,956
 PARKS AND RECREATION:			
Parks administration	1,031,171	1,047,119	(15,948)
Park maintenance	<u>848,856</u>	<u>843,221</u>	<u>5,635</u>
Total Parks and Recreation	<u>1,880,027</u>	<u>1,890,340</u>	<u>(10,313)</u>
 PLANNING AND INSPECTION:			
Planning and zoning	189,602	185,897	3,705
Building inspection	445,435	438,708	6,727
Capital projects	<u>87,750</u>	<u>90,027</u>	<u>(2,277)</u>
Total Planning and Inspection	<u>722,787</u>	<u>714,632</u>	<u>8,155</u>
 MUNICIPAL COURT	<u>1,026,523</u>	<u>1,072,329</u>	<u>(45,806)</u>
Total expenditures	<u>40,692,357</u>	<u>39,615,188</u>	<u>1,077,169</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(3,199,557)</u>	<u>1,270,490</u>	<u>4,470,047</u>
 OTHER FINANCING SOURCES (USES)			
Operating transfers in	66,200	127,992	61,792
Operating transfers out	(75,290)	(75,290)	-
Sale of property and equipment	<u>500</u>	<u>14,548</u>	<u>14,048</u>
Total other financing sources (uses)	<u>(8,590)</u>	<u>67,250</u>	<u>75,840</u>
 Excess (deficiency) of revenues and other financing sources (uses) over expenditures	<u>\$ (3,208,147)</u>	<u>1,337,740</u>	<u>\$ 4,545,887</u>
 Fund Balance - October 1, 2000		<u>7,143,864</u>	
 FUND BALANCE - SEPTEMBER 30, 2001		<u>\$ 8,481,604</u>	

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PROPERTY TAX COLLECTIONS			
Current taxes	\$ 8,608,634	\$ 8,657,673	\$ 49,039
Delinquent taxes	115,000	137,933	22,933
Penalty and interest	110,000	153,050	43,050
Tax collection fee	45,000	56,098	11,098
Total property tax collections	<u>8,878,634</u>	<u>9,004,754</u>	<u>126,120</u>
GROSS RECEIPTS TAXES			
Franchise - light and power	3,510,000	4,100,245	590,245
Franchise - natural gas	570,000	1,238,446	668,446
Franchise - telephone	886,200	954,975	68,775
Franchise - cable television	600,000	780,899	180,899
Franchise - street use fee	225,000	242,237	17,237
Total gross receipts taxes	<u>5,791,200</u>	<u>7,316,802</u>	<u>1,525,602</u>
SALES AND USE TAXES			
General sales tax	15,973,000	16,651,954	678,954
Mixed drink tax	175,000	186,133	11,133
Bingo tax	34,200	31,563	(2,637)
Total sales and use taxes	<u>16,182,200</u>	<u>16,869,650</u>	<u>687,450</u>
LICENSES AND PERMITS			
Building	210,000	229,554	19,554
Electrical	87,400	74,049	(13,351)
Plumbing	65,000	63,955	(1,045)
Zoning	15,000	13,839	(1,161)
Parking meter	90,000	80,458	(9,542)
Mechanical permits	18,000	29,315	11,315
Occupation	8,000	7,858	(142)
Wrecker	800	101	(699)
Taxicab and limousine	600	2,220	1,620
Burglar alarm	35,000	51,670	16,670
Sign	8,000	14,635	6,635
Contractors	30,000	33,622	3,622
House movers license	400	970	570
Total licenses and permits	<u>568,200</u>	<u>602,246</u>	<u>34,046</u>
FINES, FORFEITURES, AND PENALTIES			
Moving violation fines	1,896,700	2,164,938	268,238
Other misdemeanor fines	-	30	30
Library fines and rents	4,000	3,634	(366)
Tax service fees on fines	85,000	110,498	25,498
Arrest fee fines	125,000	128,797	3,797
Municipal court administrative fees	260,000	105,621	(154,379)
Warrant fees	240,000	486,925	246,925
Child safety fees	1,500	858	(642)

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FINES, FORFEITURES, AND PENALTIES (cont'd.)			
Teen court fees	\$ 3,000	\$ 2,110	\$ (890)
Municipal court security	120,000	115,233	(4,767)
Miscellaneous municipal court fines	50,000	9,128	(40,872)
Court time payment fee	100,000	101,660	1,660
Technology fees	40,000	88,319	48,319
Special court fees	-	179,177	179,177
	<hr/>	<hr/>	<hr/>
Total fines, forfeitures, and penalties	2,925,200	3,496,928	571,728
	<hr/>	<hr/>	<hr/>
REVENUES FROM USE OF MONEY OR PROPERTY			
Rent - miscellaneous	9,000	12,260	3,260
Interest - time/demand deposits	400,000	643,382	243,382
	<hr/>	<hr/>	<hr/>
Total revenues from use of money or property	409,000	655,642	246,642
	<hr/>	<hr/>	<hr/>
CHARGES FOR CURRENT SERVICES			
Paving and drainage assessments	-	44,596	44,596
Swimming pool admissions	7,000	6,339	(661)
Lot mowing	7,200	8,851	1,651
Glass Recreation Center membership fees	-	39,333	39,333
Map sales	1,000	2,118	1,118
Street repair utility cuts	40,000	46,236	6,236
Copying fees	10,500	10,188	(312)
Open records	2,000	758	(1,242)
Platting fees	10,000	26,442	16,442
Hazardous material response fees	200	-	(200)
False alarm fees	300	75	(225)
Fire inspection fees	4,100	8,203	4,103
	<hr/>	<hr/>	<hr/>
Total charges for current services	82,300	193,139	110,839
	<hr/>	<hr/>	<hr/>
INTERGOVERNMENTAL REVENUES			
Reimbursement of overhead from water and sewer operating fund	607,100	607,100	-
Reimbursement of overhead from sanitation fund	188,000	153,989	(34,011)
Reimbursement of overhead from municipal airport fund	49,800	49,800	-
Reimbursement of overhead from hotel/motel occupancy tax fund	66,300	66,300	-
Reimbursement of overhead from local law enforcement grant	15,857	-	(15,857)
In lieu of franchise taxes from water and sewer operating fund	708,350	762,744	54,394
	<hr/>	<hr/>	<hr/>
Total intergovernmental revenues	1,635,407	1,639,933	4,526
	<hr/>	<hr/>	<hr/>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES FROM OTHER AGENCIES			
County government	\$ 25,000	\$ 22,542	\$ (2,458)
School district	60,672	82,395	21,723
State government	15,265	14,799	(466)
County hazardous material service	5,000	3,750	(1,250)
DEA Project reimbursement	39,387	39,864	477
Auto theft task force grant	39,387	54,008	14,621
ET arson/Expl task force	10,000	5,006	(4,994)
Local law enforcement grant	142,703	143,442	739
FEMA Grant	-	154,234	154,234
Safe and Sober Grant	-	47,847	47,847
Cops universal	319,745	134,532	(185,213)
School crossing guards	25,000	25,000	-
Bullet-proof vest grant	-	11,907	11,907
Historic properties survey	-	5,000	5,000
Prior year restitution	-	1,493	1,493
Etex violent crimes task	-	1,777	1,777
GATES Grant	-	19,394	19,394
Total revenues from other agencies	<u>682,159</u>	<u>766,990</u>	<u>84,831</u>
MISCELLANEOUS			
Miscellaneous income	80,000	88,151	8,151
Oil leases and royalties	17,500	15,223	(2,277)
Contractor testing fees	4,500	11,482	6,982
Returned check fees	2,000	2,554	554
Participant fees	169,800	172,918	3,118
Concessions	43,200	8,946	(34,254)
Field rental	10,100	3,075	(7,025)
Field maintenance	9,000	37,245	28,245
Contribution for construction	2,400	-	(2,400)
Total miscellaneous	<u>338,500</u>	<u>339,594</u>	<u>1,094</u>
Total revenues before other financing sources	<u>37,492,800</u>	<u>40,885,678</u>	<u>3,392,878</u>
OTHER FINANCING SOURCES			
Transfer from half-cent sales tax fund	31,200	31,200	-
Transfer from HUD	35,000	35,000	-
Transfer from transit fund	-	30,269	30,269
Transfer from forfeitures fund	-	15,857	15,857
Transfer from donations fund	-	15,666	15,666
Sale of property and equipment	500	14,548	14,048
Total other financing sources	<u>66,700</u>	<u>142,540</u>	<u>75,840</u>
TOTAL REVENUES	<u>\$ 37,559,500</u>	<u>\$ 41,028,218</u>	<u>\$ 3,468,718</u>

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT			
GENERAL GOVERNMENT SERVICES:			
Salaries and benefits	\$ 560,000	\$ 360,000	\$ 200,000
Supplies and services	2,272,857	2,354,028	(81,171)
Capital outlay	100,000	-	100,000
Total general government services	<u>2,932,857</u>	<u>2,714,028</u>	<u>218,829</u>
CITY MANAGER:			
Salaries and benefits	285,600	290,474	(4,874)
Supplies and services	59,243	53,932	5,311
Utilities	2,236	1,540	696
Maintenance	332	331	1
Total city manager	<u>347,411</u>	<u>346,277</u>	<u>1,134</u>
CITY CLERK:			
Salaries and benefits	68,603	60,660	7,943
Supplies and services	27,021	23,781	3,240
Utilities	1,200	817	383
Maintenance	770	747	23
Capital outlay	7,000	5,969	1,031
Total city clerk	<u>104,594</u>	<u>91,974</u>	<u>12,620</u>
CITY HALL:			
Salaries and benefits	65,599	45,591	20,008
Supplies and services	242,448	202,029	40,419
Utilities	30,900	41,366	(10,466)
Maintenance	37,830	41,525	(3,695)
Total city hall	<u>376,777</u>	<u>330,511</u>	<u>46,266</u>
ACCOUNTING:			
Salaries and benefits	370,575	353,113	17,462
Supplies and services	63,540	55,265	8,275
Utilities	3,800	2,461	1,339
Total accounting	<u>437,915</u>	<u>410,839</u>	<u>27,076</u>
LEGAL:			
Salaries and benefits	279,834	294,788	(14,954)
Supplies and services	41,231	40,720	511
Utilities	2,109	1,659	450
Maintenance	30	-	30
Capital outlay	3,500	6,279	(2,779)
Total legal	<u>326,704</u>	<u>343,446</u>	<u>(16,742)</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT (continued)			
INFORMATION SERVICES ADMINISTRATION:			
Salaries and benefits	\$ 445,600	\$ 387,796	\$ 57,804
Supplies and services	132,199	85,460	46,739
Utilities	20,380	9,297	11,083
Capital outlay	58,200	-	58,200
	<u>656,379</u>	<u>482,553</u>	<u>173,826</u>
Total information services administration			
PERSONNEL:			
Salaries and benefits	145,616	161,304	(15,688)
Supplies and services	57,651	51,193	6,458
Utilities	1,941	1,774	167
Maintenance	500	50	450
	<u>205,708</u>	<u>214,321</u>	<u>(8,613)</u>
Total personnel			
Total general government	<u>5,388,345</u>	<u>4,933,949</u>	<u>454,396</u>
POLICE ADMINISTRATION			
Salaries and benefits	12,350,917	12,065,004	285,913
Supplies and services	986,836	994,683	(7,847)
Utilities	103,929	102,247	1,682
Maintenance	712,816	759,839	(47,023)
Capital outlay	131,957	114,594	17,363
	<u>14,286,455</u>	<u>14,036,367</u>	<u>250,088</u>
Total police administration			
FIRE ADMINISTRATION			
Salaries and benefits	6,954,460	6,988,013	(33,553)
Supplies and services	262,950	257,248	5,702
Utilities	113,127	144,736	(31,609)
Maintenance	350,960	354,972	(4,012)
Capital outlay	118,865	118,830	35
	<u>7,800,362</u>	<u>7,863,799</u>	<u>(63,437)</u>
Total fire administration			
PUBLIC SERVICES			
ENGINEERING:			
Salaries and benefits	504,796	504,817	(21)
Supplies and services	51,122	38,340	12,782
Utilities	9,183	9,790	(607)
Maintenance	2,089,886	1,898,392	191,494
Capital Outlay	421,666	301,403	120,263
	<u>3,076,653</u>	<u>2,752,742</u>	<u>323,911</u>
Total engineering			

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>BUDGET (AFTER REVISIONS)</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
PUBLIC SERVICES (cont'd.)			
STREETS:			
Salaries and benefits	\$ 1,033,179	\$ 1,015,247	\$ 17,932
Supplies and services	150,825	139,247	11,578
Utilities	5,671	3,340	2,331
Maintenance	279,200	177,204	101,996
Capital outlay	<u>4,600</u>	<u>4,342</u>	<u>258</u>
Total streets	<u>1,473,475</u>	<u>1,339,380</u>	<u>134,095</u>
LABOR POOL:			
	565,097	600,981	(35,884)
Supplies & services	325,569	304,530	21,039
Utilities	196,550	201,832	(5,282)
Maintenance	688,605	700,344	(11,739)
Capital outlay	<u>33,300</u>	<u>31,462</u>	<u>1,838</u>
Total labor pool	<u>1,809,121</u>	<u>1,839,149</u>	<u>(30,028)</u>
TRAFFIC OPERATIONS:			
Salaries and benefits	588,818	546,785	42,033
Supplies and services	428,562	416,671	11,891
Utilities	749,785	831,054	(81,269)
Maintenance	168,195	171,045	(2,850)
Capital outlay	<u>64,500</u>	<u>64,153</u>	<u>347</u>
Total traffic operations	<u>1,999,860</u>	<u>2,029,708</u>	<u>(29,848)</u>
Total public services	<u>8,359,109</u>	<u>7,960,979</u>	<u>398,130</u>
LIBRARY ADMINISTRATION			
Salaries and benefits	755,303	684,473	70,830
Supplies and services	223,753	217,915	5,838
Utilities	7,340	8,188	(848)
Maintenance	73,740	68,009	5,731
Capital outlay	<u>168,613</u>	<u>164,208</u>	<u>4,405</u>
Total library administration	<u>1,228,749</u>	<u>1,142,793</u>	<u>85,956</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PARKS AND RECREATION			
PARKS ADMINISTRATION:			
Salaries and benefits	\$ 358,996	\$ 346,477	\$ 12,519
Supplies and services	336,157	353,321	(17,164)
Utilities	62,243	123,183	(60,940)
Maintenance	58,975	44,402	14,573
Capital outlay	214,800	179,736	35,064
Total parks administration	<u>1,031,171</u>	<u>1,047,119</u>	<u>(15,948)</u>
PARKS MAINTENANCE:			
Salaries and benefits	311,652	309,024	2,628
Supplies and services	188,800	160,264	28,536
Utilities	31,600	102,658	(71,058)
Maintenance	59,404	57,292	2,112
Capital outlay	257,400	213,983	43,417
Total parks maintenance	<u>848,856</u>	<u>843,221</u>	<u>5,635</u>
Total parks and recreation	<u>1,880,027</u>	<u>1,890,340</u>	<u>(10,313)</u>
PLANNING AND INSPECTION			
PLANNING AND ZONING:			
Salaries and benefits	151,255	148,653	2,602
Supplies and services	30,652	29,735	917
Utilities	2,363	2,029	334
Maintenance	2,590	2,753	(163)
Capital outlay	2,742	2,727	15
Total planning and zoning	<u>189,602</u>	<u>185,897</u>	<u>3,705</u>
BUILDING INSPECTION:			
Salaries and benefits	355,486	363,365	(7,879)
Supplies and services	49,560	41,038	8,522
Utilities	7,979	3,576	4,403
Maintenance	32,410	30,729	1,681
Total building inspection	<u>445,435</u>	<u>438,708</u>	<u>6,727</u>

(Continued)

**CITY OF TYLER, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CAPITAL PROJECTS:			
Salaries and benefits	\$ 71,217	\$ 75,480	\$ (4,263)
Supplies and services	15,427	13,705	1,722
Utilities	1,086	842	244
Maintenance	20	-	20
Total capital projects	<u>87,750</u>	<u>90,027</u>	<u>(2,277)</u>
 Total planning and inspection	 <u>722,787</u>	 <u>714,632</u>	 <u>8,155</u>
MUNICIPAL COURT			
Salaries and benefits	524,255	409,734	114,521
Supplies and services	411,293	609,523	(198,230)
Utilities	8,490	10,226	(1,736)
Maintenance	23,650	19,811	3,839
Capital outlay	58,835	23,035	35,800
Total municipal court	<u>1,026,523</u>	<u>1,072,329</u>	<u>(45,806)</u>
OTHER FINANCING USES			
Transfer to special revenue	75,290	75,290	-
Total other financing uses	<u>75,290</u>	<u>75,290</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 40,767,647</u>	<u>\$ 39,690,478</u>	<u>\$ 1,077,169</u>

SPECIAL REVENUE FUNDS

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

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 Community Development Fund was established to account for the receipt and disbursement of Department of Housing and Urban Development - Community Development Block Grant Funds.

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 Grant 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.

The Retained H.U.D. Administration Fee 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 Police Department Judgment of 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 Donations Fund was established to account for the receipt and disbursement of funds for specified miscellaneous projects. These are small projects budgeted in other City funds which were incomplete at year-end.

The Tyler Tourism and Convention Facility Fund was established to account for the operations of the Harvey Convention Center.

The Transit Grant 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.

**CITY OF TYLER, TEXAS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001**

	HOTEL-MOTEL OCCUPANCY TAX FUND	COMMUNITY DEVELOPMENT FUND	HOUSING ASSISTANCE PAYMENT FUND	STATE AND FEDERAL GRANT FUND	RETAINED H.U.D. ADMIN. FUND
ASSETS					
Equity in pooled cash and investments	\$ 740,333	\$ 3,344	\$ 525,551	\$ -	\$ 912,111
Cash - demand deposits and on hand	-	-	-	-	-
Notes receivable	-	-	-	-	-
Accounts and grants receivable	-	118,993	-	770,770	-
Due from other funds	-	-	-	-	-
Total assets	\$ 740,333	\$ 122,337	\$ 525,551	\$ 770,770	\$ 912,111
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 94,236	\$ 525,551	\$ 29,500	\$ 105,090
Deposits and other refundable balances	-	-	-	-	-
Due to other funds	-	-	-	718,550	-
Deferred revenue	-	-	-	1,217	-
Total liabilities	-	94,236	525,551	749,267	105,090
Fund balances:					
Reserved for prepaid expenses	-	-	-	-	-
Reserved for long-term notes receivable	-	-	-	-	-
Unreserved	740,333	28,101	-	21,503	807,021
Total fund balances	740,333	28,101	-	21,503	807,021
Total liabilities and fund balances	\$ 740,333	\$ 122,337	\$ 525,551	\$ 770,770	\$ 912,111

POLICE DEPARTMENT JUDGMENT OF FORFEITURE FUND	DONATIONS FUND	TYLER TOURISM AND CONVENTION FACILITY FUND	TRANSIT GRANT FUND	TOTAL (EXHIBIT 1)
\$ 164,568	\$ 63,537	\$ 638,124	\$ -	3,047,568
-	-	-	-	-
-	-	-	-	-
-	-	-	526,277	1,416,040
-	-	-	-	-
<u>\$ 164,568</u>	<u>\$ 63,537</u>	<u>\$ 638,124</u>	<u>\$ 526,277</u>	<u>\$ 4,463,608</u>
\$ -	\$ 138	\$ 262,051	\$ 28,226	\$ 1,044,792
39,586	-	41,911	-	81,497
-	-	-	498,051	1,216,601
-	-	-	-	1,217
<u>39,586</u>	<u>138</u>	<u>303,962</u>	<u>526,277</u>	<u>2,344,107</u>
-	-	-	-	-
-	-	-	-	-
<u>124,982</u>	<u>63,399</u>	<u>334,162</u>	<u>-</u>	<u>2,119,501</u>
<u>124,982</u>	<u>63,399</u>	<u>334,162</u>	<u>-</u>	<u>2,119,501</u>
<u>\$ 164,568</u>	<u>\$ 63,537</u>	<u>\$ 638,124</u>	<u>\$ 526,277</u>	<u>\$ 4,463,608</u>

**CITY OF TYLER, TEXAS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	HOTEL-MOTEL OCCUPANCY TAX FUND	COMMUNITY DEVELOPMENT FUND	HOUSING ASSISTANCE PAYMENT FUND	STATE AND FEDERAL GRANT FUND	RETAINED H.U.D. ADMIN. FUND	POLICE DEPARTMENT JUDGMENT OF FORFEITURE FUND
REVENUES						
Taxes	\$ 1,381,482	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	-	1,301,561	3,407,510	2,239,681	17,770	-
Fines, forfeitures, and penalties	-	-	-	-	-	54,278
Revenues from use of money and property	29,567	-	32,232	-	38,375	10,809
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>1,411,049</u>	<u>1,301,561</u>	<u>3,439,742</u>	<u>2,239,681</u>	<u>56,145</u>	<u>65,087</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	126,707
Highways and streets	-	1,015,246	-	-	-	-
Public health	-	-	-	-	-	-
Libraries	-	-	-	-	-	-
Parks and recreation	-	55,729	-	-	-	-
Public enterprises	-	55,428	-	-	-	-
Miscellaneous:						
Hotel-Motel administration	654,800	-	-	-	-	-
Salaries, supplies and other	-	159,203	285,463	369,023	105,090	-
Housing assistance payments	-	-	3,036,511	-	33,817	-
Capital outlay	-	-	-	2,071,079	-	-
Total expenditures	<u>654,800</u>	<u>1,285,606</u>	<u>3,321,974</u>	<u>2,440,102</u>	<u>138,907</u>	<u>126,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>756,249</u>	<u>15,955</u>	<u>117,768</u>	<u>(200,421)</u>	<u>(82,762)</u>	<u>(61,620)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	200,421	117,768	-
Operating transfers out	(542,077)	-	(117,768)	-	(63,478)	(15,857)
Total other financing sources (uses)	<u>(542,077)</u>	<u>-</u>	<u>(117,768)</u>	<u>200,421</u>	<u>54,290</u>	<u>(15,857)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>214,172</u>	<u>15,955</u>	<u>-</u>	<u>-</u>	<u>(28,472)</u>	<u>(77,477)</u>
Fund balances - October 1, 2000	<u>526,161</u>	<u>12,146</u>	<u>-</u>	<u>21,503</u>	<u>835,493</u>	<u>202,459</u>
FUND BALANCES - SEPTEMBER 30, 2001	<u>\$ 740,333</u>	<u>\$ 28,101</u>	<u>\$ -</u>	<u>\$ 21,503</u>	<u>\$ 807,021</u>	<u>\$ 124,982</u>

DONATIONS FUND	TYLER TOURISM AND CONVENTION FACILITY FUND	TRANSIT GRANT FUND	ELIMINATIONS	TOTAL (EXHIBIT 2)
\$ -	\$ -	\$ -	\$ -	\$ 1,381,482
-	-	1,159,944	-	8,126,466
-	-	-	-	54,278
2,876	245,911	-	-	359,770
27,374	6,389	124,463	-	158,226
<u>30,250</u>	<u>252,300</u>	<u>1,284,407</u>	<u>-</u>	<u>10,080,222</u>
-	-	-	-	-
5,392	-	-	-	132,099
-	-	-	-	1,015,246
-	-	-	-	-
5,816	-	-	-	5,816
62,881	937,058	-	-	1,055,668
10,844	-	1,350,523	-	1,416,795
-	-	-	-	654,800
-	-	-	-	918,779
-	-	-	-	3,070,328
-	-	-	-	2,071,079
<u>84,933</u>	<u>937,058</u>	<u>1,350,523</u>	<u>-</u>	<u>10,340,610</u>
<u>(54,683)</u>	<u>(684,758)</u>	<u>(66,116)</u>	<u>-</u>	<u>(260,388)</u>
-	542,077	75,290	(688,323)	247,233
<u>(40,918)</u>	<u>-</u>	<u>(30,268)</u>	<u>688,323</u>	<u>(122,043)</u>
<u>(40,918)</u>	<u>542,077</u>	<u>45,022</u>	<u>-</u>	<u>125,190</u>
(95,601)	(142,681)	(21,094)	-	(135,198)
<u>159,000</u>	<u>476,843</u>	<u>21,094</u>	<u>-</u>	<u>2,254,699</u>
<u>\$ 63,399</u>	<u>\$ 334,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,119,501</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, 2001

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 1,155,200	\$ 1,381,482	\$ 226,282
Revenue from use of money and property	14,800	29,567	14,767
Total revenues	<u>1,170,000</u>	<u>1,411,049</u>	<u>241,049</u>
EXPENDITURES			
Hotel-Motel Administration:			
East Texas Symphony	12,000	12,000	-
Tyler Museum of Art	30,000	30,000	-
Smith County Historical Society	9,000	9,000	-
Tyler Chamber of Commerce	530,000	530,000	-
McClendon House	7,500	7,500	-
Miscellaneous	66,300	66,300	-
Total Hotel-Motel administration	<u>654,800</u>	<u>654,800</u>	<u>-</u>
Total expenditures	<u>654,800</u>	<u>654,800</u>	<u>-</u>
Excess of revenues over expenditures	<u>515,200</u>	<u>756,249</u>	<u>241,049</u>
OTHER FINANCING (USES)			
Operating transfers out	<u>(542,077)</u>	<u>(542,077)</u>	<u>-</u>
Total other financing (uses)	<u>(542,077)</u>	<u>(542,077)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>\$ (26,877)</u>	214,172	<u>\$ 241,049</u>
Fund balance - October 1, 2000		<u>526,161</u>	
FUND BALANCE - SEPTEMBER 30, 2001		<u>\$ 740,333</u>	

CITY OF TYLER, TEXAS
POLICE DEPARTMENT JUDGMENT OF FORFEITURE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Fines, forfeitures, and penalties	\$ 40,000	\$ 54,278	\$ 14,278
Revenues from use of money and property	2,000	10,809	8,809
Miscellaneous	11,641	-	(11,641)
Total revenues	<u>53,641</u>	<u>65,087</u>	<u>11,446</u>
EXPENDITURES			
Public Safety:			
Supplies and services	35,337	30,424	4,913
Capital outlay	128,418	96,283	32,135
Total expenditures	<u>163,755</u>	<u>126,707</u>	<u>37,048</u>
Excess of revenues over expenditures	<u>(110,114)</u>	<u>(61,620)</u>	<u>48,494</u>
OTHER FINANCING (USES)			
Operating transfers out	<u>(15,857)</u>	<u>(15,857)</u>	<u>-</u>
Total other financing (uses)	<u>(15,857)</u>	<u>(15,857)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>\$ (125,971)</u>	<u>(77,477)</u>	<u>\$ 48,494</u>
Fund Balance - October 1, 2000		<u>202,459</u>	
FUND BALANCE - SEPTEMBER 30, 2001		<u>\$ 124,982</u>	

CITY OF TYLER, TEXAS
TYLER TOURISM AND CONVENTION FACILITY FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Revenues from use of money and property	\$ 248,000	\$ 245,911	\$ (2,089)
Miscellaneous revenues	-	6,389	6,389
Total revenues	<u>248,000</u>	<u>252,300</u>	<u>4,300</u>
EXPENDITURES			
Parks and Recreation:			
Salaries and benefits	283,885	243,468	40,417
Supplies and services	185,751	190,061	(4,310)
Utilities	138,100	113,462	24,638
Maintenance	61,104	41,681	19,423
Capital outlay	<u>409,500</u>	<u>348,386</u>	<u>61,114</u>
Total parks and recreation	<u>1,078,340</u>	<u>937,058</u>	<u>141,282</u>
Total expenditures	<u>1,078,340</u>	<u>937,058</u>	<u>141,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(830,340)</u>	<u>(684,758)</u>	<u>145,582</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>542,077</u>	<u>542,077</u>	-
Total other financing sources	<u>542,077</u>	<u>542,077</u>	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis	<u>\$ (288,263)</u>	(142,681)	<u>\$ 145,582</u>
Fund Balance - October 1, 2000		<u>476,843</u>	
FUND BALANCE - SEPTEMBER 30, 2001		<u><u>\$ 334,162</u></u>	

DEBT SERVICE FUND

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

**CITY OF TYLER, TEXAS
DEBT SERVICE FUND
BALANCE SHEET
SEPTEMBER 30, 2001**

	<u>DEBT SERVICE FUND (EXHIBIT 1)</u>
ASSETS	
Equity in pooled cash and investments	<u>\$ 5,187,778</u>
Total assets	<u><u>\$ 5,187,778</u></u>
LIABILITIES AND FUND BALANCE	
Fund balance:	
Designated for debt service	<u>\$ 5,187,778</u>
Total fund balance	<u>5,187,778</u>
Total liabilities and fund balance	<u><u>\$ 5,187,778</u></u>

**CITY OF TYLER, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>DEBT SERVICE FUND (EXHIBIT 2)</u>
REVENUES	
Property tax collections	\$ 1,594,143
Revenue from use of money and property	<u>309,065</u>
Total revenues	<u>1,903,208</u>
EXPENDITURES	
Principal retirements	2,540,000
Interest and redemption	<u>694,887</u>
Total expenditures	<u>3,234,887</u>
Deficiency of revenues over expenditures	(1,331,679)
Fund balance - October 1, 2000	<u>6,519,457</u>
FUND BALANCE - SEPTEMBER 30, 2001	<u><u>\$ 5,187,778</u></u>

**CITY OF TYLER, TEXAS
DEBT SERVICE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Property tax collections	\$ 1,596,500	\$ 1,594,143	\$ (2,357)
Revenue from use of money and property	255,900	309,065	53,165
Total revenues	<u>1,852,400</u>	<u>1,903,208</u>	<u>50,808</u>
EXPENDITURES			
Principal retirements	2,540,000	2,540,000	-
Interest and redemption	710,100	694,887	15,213
Total expenditures	<u>3,250,100</u>	<u>3,234,887</u>	<u>15,213</u>
Deficiency of revenues over expenditures	<u>\$ (1,397,700)</u>	<u>(1,331,679)</u>	<u>\$ 66,021</u>
Fund balance - October 1, 2000		<u>6,519,457</u>	
FUND BALANCE - SEPTEMBER 30, 2001		<u>\$ 5,187,778</u>	

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds, Special Assessment Funds, and Trust Funds.

The current Capital Projects Fund is the Tyler Half-Cent Sales Tax Corporation, Inc., a blended component unit that conducts capital project activities.

**CITY OF TYLER, TEXAS
CAPITAL PROJECTS FUND
BALANCE SHEET
SEPTEMBER 30, 2001**

	TYLER HALF-CENT SALES TAX CORP (EXHIBIT 1)
ASSETS	
Equity in pooled cash	\$ 11,407,579
Total assets	<u>\$ 11,407,579</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 723,374
Due to other funds	<u>1,000,000</u>
Total liabilities	<u>1,723,374</u>
Fund balances:	
Unreserved	<u>9,684,205</u>
Total fund balances	<u>9,684,205</u>
Total liabilities and fund balances	<u>\$ 11,407,579</u>

**CITY OF TYLER, TEXAS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	TYLER HALF-CENT SALES TAX CORP (EXHIBIT 2)
REVENUES	
Taxes	\$ 8,325,977
Revenues from use of money and property	<u>523,859</u>
Total revenues	<u>8,849,836</u>
EXPENDITURES	
Capital projects:	
Capital outlay	<u>9,047,702</u>
Total expenditures	<u>9,047,702</u>
Deficiency of revenues under expenditures	<u>(197,866)</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers in	5,191,467
Operating transfers out	<u>(1,915,605)</u>
Total Other Financing Sources (Uses)	<u>3,275,862</u>
Excess of revenues and other financing sources over expenditures and other financing uses	3,077,996
Fund balances - October 1, 2000	<u>6,606,209</u>
FUND BALANCES - SEPTEMBER 30, 2001	<u><u>\$ 9,684,205</u></u>

PROPRIETARY FUND-TYPES

- ◆ ENTERPRISE FUNDS
- ◆ INTERNAL SERVICE FUNDS

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

The Water and Sewer Fund was established to account for the financing of water and sewer services.

The Sanitation Fund was established to account for the financing of sanitation services.

The Municipal Airport Fund was established to account for the operation of the Municipal Airport.

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001**

	WATER & SEWER FUND (E-4)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL (EXHIBIT 1)
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 50,818,280	\$ 3,237,292	\$ 1,155,956	\$ 55,211,528
Cash - demand deposits and on hand	1,802	-	-	1,802
Accounts receivable (net)	2,711,363	624,660	37,797	3,373,820
Due from other funds	15,371	1,008,250	-	1,023,621
Inventories - at average cost	268,529	-	-	268,529
Prepaid assets	-	68	-	68
Total current assets	<u>53,815,345</u>	<u>4,870,270</u>	<u>1,193,753</u>	<u>59,879,368</u>
Fixed assets:				
Land	1,831,725	2,874,248	734,765	5,440,738
Buildings	1,965,693	94,704	2,376,483	4,436,880
Improvements other than buildings	111,207,232	137,256	11,229,744	122,574,232
Machinery and equipment	1,475,130	2,219,051	75,376	3,769,557
Construction in progress	14,594,526	-	6,241,948	20,836,474
Less accumulated depreciation	<u>(43,403,722)</u>	<u>(1,610,229)</u>	<u>(3,907,599)</u>	<u>(48,921,550)</u>
Net fixed assets	<u>87,670,584</u>	<u>3,715,030</u>	<u>16,750,717</u>	<u>108,136,331</u>
Other assets:				
Deferred expenses (net of accumulated amortization of \$115,291)	536,131	-	-	536,131
Water rights - Lake Palestine	<u>12,524,200</u>	<u>-</u>	<u>-</u>	<u>12,524,200</u>
Total other assets	<u>13,060,331</u>	<u>-</u>	<u>-</u>	<u>13,060,331</u>
Total assets	<u>\$ 154,546,260</u>	<u>\$ 8,585,300</u>	<u>\$ 17,944,470</u>	<u>\$ 181,076,030</u>

(Continued)

CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001

	WATER & SEWER FUND (E-4)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL (EXHIBIT 1)
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts and contracts payable	\$ 1,656,865	\$ 139,982	\$ 9,150	\$ 1,805,997
Current portion of revenue bonds payable	1,600,000	-	-	1,600,000
Current portion of water supply contract payable	-	-	-	-
Current portion of compensated absences payable	5,372	1,871	130	7,373
Total current liabilities	<u>3,262,237</u>	<u>141,853</u>	<u>9,280</u>	<u>3,413,370</u>
Revenue bonds and other long-term liabilities:				
Water and sewer system revenue and revenue refunding bonds - long-term portion	34,975,000	-	-	34,975,000
Refundable water and sewer contracts	4,800	-	-	4,800
Compensated absences payable	317,351	110,178	28,772	456,301
Total long-term liabilities	<u>35,297,151</u>	<u>110,178</u>	<u>28,772</u>	<u>35,436,101</u>
Total liabilities	<u>38,559,388</u>	<u>252,031</u>	<u>38,052</u>	<u>38,849,471</u>

(Continued)

CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001

	WATER & SEWER FUND (E-4)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL (EXHIBIT 1)
LIABILITIES AND FUND EQUITY (Continued)				
Fund equity:				
Contributed capital:				
Contributed by Federal Government	\$ 509,842	\$ 1,316	\$ 9,905,216	\$ 10,416,374
Contributed by municipality	25,361,687	3,117,776	4,310,008	32,789,471
Contributed by customers and developers	8,161,825	-	-	8,161,825
Total contributed capital	<u>34,033,354</u>	<u>3,119,092</u>	<u>14,215,224</u>	<u>51,367,670</u>
Retained earnings:				
Reserved for revenue bond debt service	851,650	-	-	851,650
Reserved for Lake Palestine water line construction	15,799,064	-	-	15,799,064
Unreserved	65,302,804	5,214,177	3,691,194	74,208,175
Total retained earnings	<u>81,953,518</u>	<u>5,214,177</u>	<u>3,691,194</u>	<u>90,858,889</u>
Total fund equity	<u>115,986,872</u>	<u>8,333,269</u>	<u>17,906,418</u>	<u>142,226,559</u>
Total liabilities and fund equity	<u>\$ 154,546,260</u>	<u>\$ 8,585,300</u>	<u>\$ 17,944,470</u>	<u>\$ 181,076,030</u>

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	WATER & SEWER FUND (E-5)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL (EXHIBIT 4)
OPERATING REVENUES				
Charges for sales and services:				
Licenses and permits	\$ -	\$ -	\$ 16,510	\$ 16,510
Metered water sales	12,260,907	-	-	12,260,907
Sewer service charges	6,395,520	-	-	6,395,520
Charges to other funds	-	-	-	-
Trash and garbage fees	-	6,027,165	-	6,027,165
Airport sales and rentals	-	-	239,752	239,752
Miscellaneous	780,790	771,944	10,207	1,562,941
Total operating revenues	<u>19,437,217</u>	<u>6,799,109</u>	<u>266,469</u>	<u>26,502,795</u>
OPERATING EXPENSES				
Water and sewer administration	3,021,726	-	-	3,021,726
Water and sewer office	959,679	-	-	959,679
Water distribution	1,042,337	-	-	1,042,337
Water plants	2,545,366	-	-	2,545,366
Waste collection	784,039	-	-	784,039
Waste treatment plant	2,828,379	-	-	2,828,379
Lake Tyler	469,398	-	-	469,398
Sanitation administration	-	852,246	-	852,246
Collection department	-	4,942,361	-	4,942,361
Maintenance complex	-	119,748	-	119,748
Municipal airport operations	-	-	769,030	769,030
Depreciation	2,222,329	518,368	513,008	3,253,705
Total operating expenses	<u>13,873,253</u>	<u>6,432,723</u>	<u>1,282,038</u>	<u>21,588,014</u>
Operating income (loss)	<u>5,563,964</u>	<u>366,386</u>	<u>(1,015,569)</u>	<u>4,914,781</u>

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	WATER & SEWER FUND (E-5)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL (EXHIBIT 4)
NON-OPERATING REVENUES (EXPENSES)				
Revenues from use of money and property	\$ 2,676,769	\$ 163,075	\$ 637,892	\$ 3,477,736
Amortization	(65,161)	-	-	(65,161)
Sale of property	14,754	28,367	-	43,121
Interest expense	(1,330,111)	-	-	(1,330,111)
Total non-operating revenues	<u>1,296,251</u>	<u>191,442</u>	<u>637,892</u>	<u>2,125,585</u>
Income (loss) before operating transfers	<u>6,860,215</u>	<u>557,828</u>	<u>(377,677)</u>	<u>7,040,366</u>
Operating transfers in	-	64,024	1,648,492	1,712,516
Operating transfers out	<u>-</u>	<u>(2,500,000)</u>	<u>(191,521)</u>	<u>(2,691,521)</u>
Total operating transfers	<u>-</u>	<u>(2,435,976)</u>	<u>1,456,971</u>	<u>(979,005)</u>
Net income (loss)	6,860,215	(1,878,148)	1,079,294	6,061,361
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>267,627</u>	<u>-</u>	<u>222,264</u>	<u>489,891</u>
Increase (decrease) in retained earnings	7,127,842	(1,878,148)	1,301,558	6,551,252
Retained earnings - October 1, 2000	<u>74,825,676</u>	<u>7,092,325</u>	<u>2,389,636</u>	<u>84,307,637</u>
RETAINED EARNINGS - SEPTEMBER 30, 2001	<u><u>\$ 81,953,518</u></u>	<u><u>\$ 5,214,177</u></u>	<u><u>\$ 3,691,194</u></u>	<u><u>\$ 90,858,889</u></u>

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

Increase (Decrease) in Cash and Cash Equivalents

	WATER & SEWER FUND (E-6)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL (EXHIBIT 6)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 19,004,089	\$ 6,815,670	\$ 269,649	\$ 26,089,408
Cash paid to suppliers for goods and services	(7,948,043)	(4,510,734)	(546,152)	(13,004,929)
Payments on water supply contract	(248,100)	-	-	(248,100)
Cash paid to employees for services	(3,655,679)	(1,370,327)	(223,858)	(5,249,864)
Other operating revenues	780,790	-	-	780,790
Net cash provided by (used in) operating activities	<u>7,933,057</u>	<u>934,609</u>	<u>(500,361)</u>	<u>8,367,305</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers - out to other funds	-	(2,500,000)	(191,521)	(2,691,521)
Operating transfers - in from other funds	-	64,024	1,648,492	1,712,516
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>(2,435,976)</u>	<u>1,456,971</u>	<u>(979,005)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets and equipment	(14,886,671)	(454,530)	(1,664,477)	(17,005,678)
Proceeds from sale of equipment	15,371	28,369	-	43,740
Bond issuance costs	(450,898)	-	-	(450,898)
Bond proceeds	33,795,000	-	-	33,795,000
Payments on bonded debt	(1,540,000)	-	-	(1,540,000)
Interest paid on revenue bonds	(1,330,111)	-	-	(1,330,111)
Net cash provided by (used in) capital and related financing activities	<u>15,602,691</u>	<u>(426,161)</u>	<u>(1,664,477)</u>	<u>13,512,053</u>

(Continued)

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

Increase (Decrease) in Cash and Cash Equivalents

	WATER & SEWER FUND (E-6)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL (EXHIBIT 6)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	\$ 2,676,769	\$ 163,075	\$ 637,892	\$ 3,477,736
Loans from other funds	(15,371)	491,750	-	476,379
Net cash provided by (used in) investing activities	<u>2,661,398</u>	<u>654,825</u>	<u>637,892</u>	<u>3,954,115</u>
Net increase (decrease) in cash and cash equivalents	26,197,146	(1,272,703)	(69,975)	24,854,468
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>24,622,936</u>	<u>4,509,995</u>	<u>1,225,931</u>	<u>30,358,862</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 50,820,082</u></u>	<u><u>\$ 3,237,292</u></u>	<u><u>\$ 1,155,956</u></u>	<u><u>\$ 55,213,330</u></u>

(Continued)

**CITY OF TYLER, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

**Reconciliation of Operating Income (Loss) To Net Cash
Provided By (Used In) Operating Activities:**

	WATER & SEWER FUND (E-6)	SANITATION FUND	MUNICIPAL AIRPORT FUND	TOTAL (EXHIBIT 6)
Operating income (loss)	\$ 5,563,964	\$ 366,386	\$ (1,015,569)	\$ 4,914,781
Adjustments to reconcile net income (loss) to net cash Provided by (used in) operating activities:				
Depreciation expense	2,222,329	518,368	513,008	3,253,705
(Decrease) in water supply contract payable	(248,100)	-	-	(248,100)
(Increase) decrease in accounts receivable	347,662	16,561	3,180	367,403
(Increase) decrease in prepaid expenses	-	(68)	-	(68)
Decrease in inventories	13,024	-	-	13,024
Increase (decrease) in accounts payable	37,989	57,314	(2,392)	92,911
Increase (decrease) in compensated absences payable	(3,811)	(23,952)	1,412	(26,351)
Increase in refundable water and sewer contracts payable	-	-	-	-
Total adjustments	<u>2,369,093</u>	<u>568,223</u>	<u>515,208</u>	<u>3,452,524</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 7,933,057</u></u>	<u><u>\$ 934,609</u></u>	<u><u>\$ (500,361)</u></u>	<u><u>\$ 8,367,305</u></u>

Non-cash Investing, Capital and Financing Activities:

The Municipal Airport Fund received contributed assets aggregating \$1,718,899 from the Special Revenue Funds.

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING BALANCE SHEET
SEPTEMBER 30, 2001**

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	PRIOR LIEN RESERVE FUND	ELIMINATIONS	TOTAL (E-1)
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 13,958,438	\$ 36,008,192	\$ 851,650	\$ -	\$ -	\$ 50,818,280
Cash - demand deposits and on hand	1,802	-	-	-	-	1,802
Accounts receivable (net)	2,711,363	-	-	-	-	2,711,363
Due from other funds	33,810,371	-	-	-	(33,795,000)	15,371
Inventories - at average cost	268,529	-	-	-	-	268,529
Prepaid assets	-	-	-	-	-	-
Total current assets	<u>50,750,503</u>	<u>36,008,192</u>	<u>851,650</u>	<u>-</u>	<u>(33,795,000)</u>	<u>53,815,345</u>
Fixed assets:						
Land	1,831,725	-	-	-	-	1,831,725
Buildings	1,965,693	-	-	-	-	1,965,693
Improvements other than buildings	111,207,232	-	-	-	-	111,207,232
Machinery and equipment	1,475,130	-	-	-	-	1,475,130
Construction in progress	-	14,594,526	-	-	-	14,594,526
Less accumulated depreciation	(43,403,722)	-	-	-	-	(43,403,722)
Net fixed assets	<u>73,076,058</u>	<u>14,594,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,670,584</u>
Other assets:						
Deferred expenses (net of accumulated amortization of \$115,291)	536,131	-	-	-	-	536,131
Water rights - Lake Palestine	12,524,200	-	-	-	-	12,524,200
Total other assets	<u>13,060,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,060,331</u>
Total assets	<u>\$ 136,886,892</u>	<u>\$ 50,602,718</u>	<u>\$ 851,650</u>	<u>\$ -</u>	<u>\$ (33,795,000)</u>	<u>\$ 154,546,260</u>

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING BALANCE SHEET
SEPTEMBER 30, 2001**

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	PRIOR LIEN RESERVE FUND	ELIMINATIONS	TOTAL (E-1)
LIABILITIES AND FUND EQUITY						
Current liabilities:						
Accounts and contracts payable	\$ 648,211	\$ 1,008,654	\$ -	\$ -	\$ -	\$ 1,656,865
Due to other funds	-	33,795,000	-	-	(33,795,000)	-
Current portion of revenue bonds payable	1,600,000	-	-	-	-	1,600,000
Current portion of compensated absences payable	5,372	-	-	-	-	5,372
Total current liabilities	<u>2,253,583</u>	<u>34,803,654</u>	<u>-</u>	<u>-</u>	<u>(33,795,000)</u>	<u>3,262,237</u>
Revenue bonds and other long-term liabilities:						
Water and sewer system revenue and revenue refunding bonds - long-term portion	34,975,000	-	-	-	-	34,975,000
Refundable water and sewer contracts	4,800	-	-	-	-	4,800
Compensated absences payable	317,351	-	-	-	-	317,351
Total revenue bonds and long-term liabilities	<u>35,297,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,297,151</u>
Total liabilities	<u>37,550,734</u>	<u>34,803,654</u>	<u>-</u>	<u>-</u>	<u>(33,795,000)</u>	<u>38,559,388</u>
Fund equity:						
Contributed capital:						
Contributed by Federal Government	509,842	-	-	-	-	509,842
Contributed by municipality	25,361,687	-	-	-	-	25,361,687
Contributed by customers and developers	8,161,825	-	-	-	-	8,161,825
Total contributed capital	<u>34,033,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,033,354</u>
Retained earnings:						
Reserved for revenue bond debt service	-	-	851,650	-	-	851,650
Reserved for Lake Palestine water line construction	-	15,799,064	-	-	-	15,799,064
Unreserved	65,302,804	-	-	-	-	65,302,804
Total retained earnings	<u>65,302,804</u>	<u>15,799,064</u>	<u>851,650</u>	<u>-</u>	<u>-</u>	<u>81,953,518</u>
Total fund equity	<u>99,336,158</u>	<u>15,799,064</u>	<u>851,650</u>	<u>-</u>	<u>-</u>	<u>115,986,872</u>

Total liabilities and fund equity

<u>\$ 136,886,892</u>	<u>\$ 50,602,718</u>	<u>\$ 851,650</u>	<u>\$ -</u>	<u>\$ (33,795,000)</u>	<u>\$ 154,546,260</u>
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**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	PRIOR LIEN RESERVE FUND	ELIMINATIONS	TOTAL (E-2)
OPERATING REVENUES						
Charges for sales and services:						
Metered water sales	\$ 12,260,907	\$ -	\$ -	\$ -	\$ -	\$ 12,260,907
Sewer service charges	6,395,520	-	-	-	-	6,395,520
Charges to other funds	-	-	-	-	-	-
Other water and sewer revenue	780,790	-	-	-	-	780,790
Total operating revenues	<u>19,437,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,437,217</u>
OPERATING EXPENSES						
Water and sewer administration	3,018,479	-	3,247	-	-	3,021,726
Water and sewer office	959,679	-	-	-	-	959,679
Water distribution	1,042,337	-	-	-	-	1,042,337
Water plants	2,545,366	-	-	-	-	2,545,366
Waste collection	784,039	-	-	-	-	784,039
Waste treatment plant	2,828,379	-	-	-	-	2,828,379
Lake Tyler	469,398	-	-	-	-	469,398
Depreciation	2,222,329	-	-	-	-	2,222,329
Total operating expenses	<u>13,870,006</u>	<u>-</u>	<u>3,247</u>	<u>-</u>	<u>-</u>	<u>13,873,253</u>
Operating income (loss)	<u>5,567,211</u>	<u>-</u>	<u>(3,247)</u>	<u>-</u>	<u>-</u>	<u>5,563,964</u>

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	PRIOR LIEN RESERVE FUND	ELIMINATIONS	TOTAL (E-2)
NON-OPERATING REVENUES (EXPENSES)						
Revenues from use of money and property	\$ 623,390	\$ 1,937,907	\$ 91,644	\$ 23,828	\$ -	\$ 2,676,769
Amortization	(65,161)	-	-	-	-	(65,161)
Sale of property	14,754	-	-	-	-	14,754
Interest expense	-	-	(1,330,111)	-	-	(1,330,111)
Total non-operating revenues (expenses)	<u>572,983</u>	<u>1,937,907</u>	<u>(1,238,467)</u>	<u>23,828</u>	<u>-</u>	<u>1,296,251</u>
Income (loss) before operating transfers	<u>6,140,194</u>	<u>1,937,907</u>	<u>(1,241,714)</u>	<u>23,828</u>	<u>-</u>	<u>6,860,215</u>
Operating transfers in	1,682,007	1,665,209	2,884,230	-	(6,231,446)	-
Operating transfers out	<u>(1,858,433)</u>	<u>(1,143,976)</u>	<u>(1,540,000)</u>	<u>(1,689,037)</u>	<u>6,231,446</u>	<u>-</u>
Total operating transfers in (out)	<u>(176,426)</u>	<u>521,233</u>	<u>1,344,230</u>	<u>(1,689,037)</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>5,963,768</u>	<u>2,459,140</u>	<u>102,516</u>	<u>(1,665,209)</u>	<u>-</u>	<u>6,860,215</u>
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>267,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,627</u>
Increase (decrease) in retained earnings	6,231,395	2,459,140	102,516	(1,665,209)	-	7,127,842
Retained earnings - October 1, 2000	<u>59,071,409</u>	<u>13,339,924</u>	<u>749,134</u>	<u>1,665,209</u>	<u>-</u>	<u>74,825,676</u>
RETAINED EARNINGS - SEPTEMBER 30, 2001	<u>\$ 65,302,804</u>	<u>\$ 15,799,064</u>	<u>\$ 851,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,953,518</u>

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

Increase (Decrease) in Cash and Cash Equivalents

	OPERATING FUND	LAKE PALESTINE CONSTRUCTION FUND	DEBT SERVICE FUND	PRIOR LIEN RESERVE FUND	ELIMINATIONS	TOTAL (E-3)
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	\$ 19,004,089	\$ -	\$ -	\$ -	\$ -	\$ 19,004,089
Cash paid to suppliers for goods and services	(7,944,796)	-	(3,247)	-	-	(7,948,043)
Payments on water supply contract	(248,100)	-	-	-	-	(248,100)
Cash paid to employees for services	(3,655,679)	-	-	-	-	(3,655,679)
Other operating revenue	780,790	-	-	-	-	780,790
Net cash provided by (used in) operating activities	7,936,304	-	(3,247)	-	-	7,933,057
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Operating transfers - out to other funds	(1,858,433)	(1,143,976)	(1,540,000)	(1,689,037)	6,231,446	-
Operating transfers - in from other funds	1,682,007	1,665,209	2,884,230	-	(6,231,446)	-
Net cash provided by (used in) non-capital financing activities	(176,426)	521,233	1,344,230	(1,689,037)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets and equipment	(3,266,848)	(11,619,823)	-	-	-	(14,886,671)
Proceeds from sale of equipment	15,371	-	-	-	-	15,371
Bond issuance costs	(450,898)	-	-	-	-	(450,898)
Bond proceeds	33,795,000	-	-	-	-	33,795,000
Payments on bonded debt	(1,540,000)	-	-	-	-	(1,540,000)
Interest paid on revenue bonds	-	-	(1,330,111)	-	-	(1,330,111)
Net cash provided by (used in) capital and related financing activities	28,552,625	(11,619,823)	(1,330,111)	-	-	15,602,691

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

Increase (Decrease) in Cash and Cash Equivalents

	OPERATING FUND	UTILITIES CONSTRUCTION FUND	DEBT SERVICE FUND	PRIOR LIEN RESERVE FUND	ELIMINATIONS	TOTAL (E-3)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments	\$ 623,390	\$ 1,937,907	\$ 91,644	\$ 23,828	\$ -	\$ 2,676,769
Loans from other funds	(33,810,371)	33,795,000	-	-	-	(15,371)
Net cash provided by investing activities	(33,186,981)	35,732,907	91,644	23,828	-	2,661,398
Net increase (decrease) in cash and cash equivalents	3,125,522	24,634,317	102,516	(1,665,209)	-	26,197,146
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,834,718	11,373,875	749,134	1,665,209	-	24,622,936
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,960,240</u>	<u>\$ 36,008,192</u>	<u>\$ 851,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,820,082</u>

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER FUND
SCHEDULE OF COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

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

	OPERATING FUND	UTILITIES CONSTRUCTION FUND	DEBT SERVICE FUND	PRIOR LIEN RESERVE FUND	ELIMINATIONS	TOTAL (E-3)
Operating income (loss)	\$ 5,567,211	\$ -	\$ (3,247)	\$ -	\$ -	\$ 5,563,964
Adjustments to reconcile net income (loss) to net cash provided by (used in)						
Operating activities:						
Depreciation expense	2,222,329	-	-	-	-	2,222,329
Decrease in water supply contract payable	(248,100)	-	-	-	-	(248,100)
Decrease in accounts receivable	347,662	-	-	-	-	347,662
Decrease in prepaid expenses	-	-	-	-	-	-
Decrease in inventories	13,024	-	-	-	-	13,024
Increase in accounts payable	37,989	-	-	-	-	37,989
Decrease in compensated absences payable	(3,811)	-	-	-	-	(3,811)
Decrease in refundable water and sewer contracts payable and deposits	-	-	-	-	-	-
Total adjustments	2,369,093	-	-	-	-	2,369,093
Net cash provided by (used in) operating activities	<u>\$ 7,936,304</u>	<u>\$ -</u>	<u>\$ (3,247)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,933,057</u>

**CITY OF TYLER, TEXAS
WATER & SEWER OPERATING FUND
DETAILED SCHEDULE OF REVENUES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Revenues from use of money or property	\$ 199,200	\$ 623,390	\$ 424,190
Charges for current services	18,244,550	19,333,481	1,088,931
Intergovernmental revenues	-	10,545	10,545
Miscellaneous income	105,700	93,191	(95,155)
TOTAL REVENUES BUDGET BASIS	<u>\$ 18,549,450</u>	20,060,607	<u>\$ 1,428,511</u>
Financial Statement adjustments			
Sale of property		14,754	
Operating transfers in		1,682,007	
TOTAL REVENUES GAAP BASIS		<u>\$ 21,757,368</u>	

**CITY OF TYLER, TEXAS
WATER & SEWER OPERATING FUND
DETAILED SCHEDULE OF EXPENSES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
WATER ADMINISTRATION AND SUNDRY			
Salaries and benefits	\$ 406,869	\$ 348,922	\$ 57,947
Supplies and services	2,105,647	1,521,351	584,296
Utilities	16,790	30,664	(13,874)
Maintenance	14,765	13,800	965
Outside agencies	1,315,450	1,369,844	(54,394)
Operating transfers out	2,382,688	1,858,433	524,255
Total water administration and sundry	<u>6,242,209</u>	<u>5,143,014</u>	<u>1,099,195</u>
WATER OFFICE			
Salaries and benefits	612,961	590,646	22,315
Supplies and services	256,021	337,163	(81,142)
Utilities	548	3,678	(3,130)
Maintenance	27,702	28,192	(490)
Total water office	<u>897,232</u>	<u>959,679</u>	<u>(62,447)</u>
WATER DISTRIBUTION			
Salaries and benefits	823,888	634,358	189,530
Supplies and services	68,425	163,420	(94,995)
Utilities	21,864	20,429	1,435
Maintenance	245,530	222,420	23,110
Capital outlay	2,030,447	615,837	1,414,610
Total water distribution	<u>3,190,154</u>	<u>1,656,464</u>	<u>1,533,690</u>
WATER PLANT			
Salaries and benefits	588,864	552,435	36,429
Supplies and services	331,927	304,784	27,143
Utilities	1,431,262	1,539,925	(108,663)
Maintenance	139,410	135,080	4,330
Capital outlay	3,609,550	812,103	2,797,447
Total water plant	<u>6,101,013</u>	<u>3,344,327</u>	<u>2,756,686</u>

(Continued)

**CITY OF TYLER, TEXAS
WATER & SEWER OPERATING FUND
DETAILED SCHEDULE OF EXPENSES - BUDGET
AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>BUDGET (AFTER REVISIONS)</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
WASTE COLLECTION			
Salaries and benefits	\$ 485,940	\$ 310,954	\$ 174,986
Supplies and services	59,799	178,470	(118,671)
Utilities	685	133	552
Maintenance	320,280	294,451	25,829
Capital outlay	<u>4,091,478</u>	<u>1,498,470</u>	<u>2,593,008</u>
Total waste collection	<u>4,958,182</u>	<u>2,282,478</u>	<u>2,675,704</u>
WASTE TREATMENT PLANT			
Salaries and benefits	925,954	934,222	(8,268)
Supplies and services	1,223,062	1,123,724	99,338
Utilities	466,081	577,258	(111,177)
Maintenance	162,600	152,085	10,515
Capital outlay	<u>306,425</u>	<u>242,404</u>	<u>64,021</u>
Total waste treatment plant	<u>3,084,122</u>	<u>3,029,693</u>	<u>54,429</u>
LAKE TYLER			
Salaries and benefits	310,463	295,425	15,038
Supplies and services	51,496	35,522	15,974
Utilities	14,682	13,627	1,055
Maintenance	144,760	120,632	24,128
Capital outlay	<u>19,200</u>	<u>16,192</u>	<u>3,008</u>
Total Lake Tyler	<u>540,601</u>	<u>481,398</u>	<u>59,203</u>
TOTAL EXPENSES AND TRANSFERS - BUDGET BASIS			
	<u>\$ 25,013,513</u>	16,897,053	<u>\$ 8,116,460</u>
Financial statement adjustments:			
Expenditures reclassified as decrease in liabilities		(266,101)	
Amortization		65,161	
Capital outlay items not expensed		(3,124,842)	
Depreciation expense		<u>2,222,329</u>	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			
		<u>\$ 15,793,600</u>	

**CITY OF TYLER, TEXAS
WATER AND SEWER FUND
SCHEDULE OF CHANGES IN REVENUE BONDS PAYABLE
FOR THE FISCAL YEAR ENDED SEPTEMBER, 31, 2001**

	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>ORIGINAL AMOUNT ISSUED</u>
<u>SERIAL BONDS</u>				
Water and Sewer System Revenue Bonds - Series 2000	11/15/2000	9/30/2003	5.000	\$ 545,000
		9/30/2004	5.000	575,000
		9/30/2005	5.000	605,000
		9/30/2006	5.500	635,000
		9/30/2007	5.500	670,000
		9/30/2008	5.500	705,000
		9/30/2009	5.500	745,000
		9/30/2010	5.500	785,000
		9/30/2011	5.000	830,000
		9/30/2012	5.000	870,000
		9/30/2013	5.100	915,000
		9/30/2014	5.200	960,000
		9/30/2015	5.250	1,010,000
		9/30/2016	5.300	1,065,000
		9/30/2017	5.400	1,120,000
		9/30/2018	5.500	1,180,000
		9/30/2019	5.500	1,245,000
		9/30/2020	5.500	1,315,000
		9/30/2021	5.700	1,385,000
		9/30/2022	5.700	1,465,000
		9/30/2023	5.700	1,550,000
		9/30/2024	5.700	1,635,000
		9/30/2025	5.700	1,730,000
		9/30/2026	5.700	1,830,000
		9/30/2027	5.700	1,935,000
		9/30/2028	5.700	2,045,000
		9/30/2029	5.700	2,160,000
		9/30/2030	5.700	<u>2,285,000</u>
Total				<u>33,795,000</u>
Water and Sewer System Revenue Refunding Bonds - Series 1999	10-26-99	9-1-00	4.25	1,500,000
		9-1-01	4.20	1,540,000
		9-1-02	4.30	1,600,000
		9-1-03	4.40	<u>1,180,000</u>
				<u>5,820,000</u>
Total water and sewer bonds				<u>\$ 39,615,000</u>

BONDS OUTSTANDING			BOND INTEREST		
BALANCE 10/1/2000	ISSUED FY 9/30/01	RETIRED FY 9/30/01	BALANCE 9/30/2001	PAID FY 9/30/01	TO BE PROVIDED FUTURE YEARS
\$ -	\$ 545,000	\$ -	\$ 545,000	\$ -	\$ 1,865,325
-	575,000	-	575,000	-	1,838,075
-	605,000	-	605,000	-	1,809,325
-	635,000	-	635,000	-	1,779,075
-	670,000	-	670,000	-	1,744,150
-	705,000	-	705,000	-	1,707,300
-	745,000	-	745,000	-	1,668,525
-	785,000	-	785,000	-	1,627,550
-	830,000	-	830,000	-	1,584,375
-	870,000	-	870,000	-	1,542,875
-	915,000	-	915,000	-	1,499,375
-	960,000	-	960,000	-	1,452,710
-	1,010,000	-	1,010,000	-	1,402,790
-	1,065,000	-	1,065,000	-	1,349,765
-	1,120,000	-	1,120,000	-	1,293,320
-	1,180,000	-	1,180,000	-	1,232,840
-	1,245,000	-	1,245,000	-	1,167,940
-	1,315,000	-	1,315,000	-	1,099,465
-	1,385,000	-	1,385,000	-	1,027,140
-	1,465,000	-	1,465,000	-	948,195
-	1,550,000	-	1,550,000	-	864,690
-	1,635,000	-	1,635,000	-	776,340
-	1,730,000	-	1,730,000	-	683,145
-	1,830,000	-	1,830,000	-	584,535
-	1,935,000	-	1,935,000	-	480,225
-	2,045,000	-	2,045,000	-	369,930
-	2,160,000	-	2,160,000	-	253,365
-	2,285,000	-	2,285,000	-	130,245
-	33,795,000	-	33,795,000	-	33,782,590
-	-	-	-	-	-
1,540,000	-	1,540,000	-	185,400	-
1,600,000	-	-	1,600,000	-	120,720
1,180,000	-	-	1,180,000	-	51,920
4,320,000	-	1,540,000	2,780,000	185,400	172,640
<u>\$ 4,320,000</u>	<u>\$ 33,795,000</u>	<u>\$ 1,540,000</u>	<u>\$ 36,575,000</u>	<u>\$ 185,400</u>	<u>\$ 33,955,230</u>

**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Franchise fees	\$ 447,900	\$ 461,759	\$ 13,859
Revenue from use of money or property	209,800	163,075	(46,725)
Charges for current services	5,552,300	6,027,165	474,865
Sale of property	28,000	28,367	367
Operating transfers in	564,020	64,024	(499,996)
Income from other agencies	5,400	142,108	136,708
Miscellaneous revenues	1,000	168,077	167,077
Total revenues	\$ 6,808,420	\$ 7,054,575	\$ 246,155
EXPENSES			
Solid waste administration:			
Salaries and benefits	\$ 287,970	\$ 289,390	\$ (1,420)
Supplies and services	476,223	549,411	(73,188)
Utilities	13,439	4,675	8,764
Maintenance	13,610	4,050	9,560
Operating transfers out	2,653,989	2,500,000	153,989
Capital outlay	271,000	148,480	122,520
Total solid waste administration	3,716,231	3,496,006	220,225
Residential collections:			
Salaries and benefits	845,183	666,563	178,620
Supplies and services	1,531,060	1,837,210	(306,150)
Utilities	4,670	1,665	3,005
Maintenance	501,420	611,255	(109,835)
Capital outlay	201,653	108,870	92,783
Total residential collections	3,083,986	3,225,563	(141,577)
Commercial collections:			
Salaries and benefits	384,287	390,422	(6,135)
Supplies and services	961,595	981,654	(20,059)
Utilities	3,692	5,029	(1,337)
Maintenance	367,380	378,362	(10,982)
Capital outlay	522,789	204,563	318,226
Total commercial collections	2,239,743	1,960,030	279,713
Litter control:			
Supplies and services	74,700	67,538	7,162
Total litter control	74,700	67,538	7,162

(Continued)

**CITY OF TYLER, TEXAS
SANITATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>BUDGET (AFTER REVISIONS)</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Maintenance complex:			
Supplies and services	\$ 20,764	\$ 15,877	\$ 4,887
Utilities	66,800	84,271	(17,471)
Maintenance	<u>23,500</u>	<u>19,600</u>	<u>3,900</u>
Total maintenance complex	<u>111,064</u>	<u>119,748</u>	<u>(8,684)</u>
TOTAL EXPENSES - BUDGET BASIS	<u><u>\$ 9,225,724</u></u>	8,868,885	<u><u>\$ 356,839</u></u>
Financial statement adjustments:			
Capital outlay items not expensed		(454,530)	
Depreciation expense		<u>518,368</u>	
TOTAL EXPENSES - GAAP BASIS		<u><u>\$ 8,932,723</u></u>	

**CITY OF TYLER, TEXAS
MUNICIPAL AIRPORT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Licenses and permits	\$ 15,700	\$ 16,510	\$ 810
Charges for current services	258,500	239,752	(18,748)
Revenue from use of money or property	587,784	637,892	50,108
Miscellaneous revenues	10,000	10,207	207
TOTAL REVENUES - BUDGET BASIS	<u>\$ 871,984</u>	<u>904,361</u>	<u>\$ 32,377</u>
Operating transfers in		<u>1,648,492</u>	
TOTAL REVENUES - GAAP BASIS		<u>\$ 2,552,853</u>	
EXPENSES			
Municipal airport operations:			
Salaries and benefits	\$ 236,217	\$ 224,883	\$ 11,334
Supplies and services	400,176	280,456	119,720
Utilities	18,400	18,316	84
Maintenance	287,100	190,684	96,416
Indirect cost allocation	49,800	49,800	-
Capital outlay	25,500	20,876	4,624
Total municipal airport operations	\$ 1,017,193	\$ 785,015	\$ 232,178
Operating transfers out	<u>200,000</u>	<u>191,521</u>	<u>8,479</u>
TOTAL EXPENSES AND TRANSFERS - BUDGET BASIS	<u>\$ 1,217,193</u>	<u>976,536</u>	<u>\$ 240,657</u>
Financial statement adjustments:			
Capital outlay items not expensed		(15,985)	
Depreciation expense		<u>513,008</u>	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS		<u>\$ 1,473,559</u>	

INTERNAL SERVICE FUNDS

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

The Central Garage Fund performs maintenance and repair work on vehicles of all City departments.

The Vehicle/Equipment Amortization Fund, established during fiscal 1987, acquires vehicles and equipment for use by all City departments.

The Employee Benefits Fund accounts for the City's self-insurance program for health insurance.

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

The City Insurance Fund accounts for the City's workmen's compensation program and the City's property, casualty, and liability insurance program.

The Property and Facility Management Fund was established to account for utility costs and savings under a contract with Johnson Controls.

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

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001**

	CENTRAL GARAGE FUND	VEHICLE/ EQUIPMENT AMORTIZATION FUND	EMPLOYEE BENEFITS FUND	TECHNOLOGY FUND	CITY INSURANCE FUND	PROPERTY AND FACILITY MANAGEMENT FUND	PRODUCTIVITY IMPROVEMENT FUND	TOTAL (EXHIBIT 1)
ASSETS								
Current assets:								
Equity in pooled cash and investments	\$ -	\$ 1,651,840	\$ 2,145,149	\$ 675,867	\$ 688,608	\$ 725,321	\$ 588,812	\$ 6,475,597
Deposits	-	-	20,000	-	50,000	-	-	70,000
Accounts receivable (net)	-	15,124	-	-	-	-	-	15,124
Inventories - at average cost	-	158,416	-	-	-	-	-	158,416
Prepaid assets and deferred charges	-	-	-	-	-	-	-	-
Total current assets	<u>-</u>	<u>1,825,380</u>	<u>2,165,149</u>	<u>675,867</u>	<u>738,608</u>	<u>725,321</u>	<u>588,812</u>	<u>6,719,137</u>
Fixed assets:								
Land	-	65,000	-	-	-	-	-	65,000
Buildings	-	341,165	-	-	-	789,675	-	1,130,840
Improvements other than buildings	-	184,500	-	-	-	76,700	-	261,200
Machinery and equipment	-	14,852,938	-	2,964,274	-	-	-	17,817,212
Construction in progress	-	-	-	-	-	-	-	-
Less accumulated depreciation	-	(9,581,824)	-	(792,526)	-	(306,174)	-	(10,680,524)
Net fixed assets	<u>-</u>	<u>5,861,779</u>	<u>-</u>	<u>2,171,748</u>	<u>-</u>	<u>560,201</u>	<u>-</u>	<u>8,593,728</u>
Total assets	<u>\$ -</u>	<u>\$ 7,687,159</u>	<u>\$ 2,165,149</u>	<u>\$ 2,847,615</u>	<u>\$ 738,608</u>	<u>\$ 1,285,522</u>	<u>\$ 588,812</u>	<u>\$ 15,312,865</u>
LIABILITIES AND FUND EQUITY								
Current liabilities:								
Accounts and contracts payable	\$ -	\$ 93,644	\$ 18,915	\$ 22,997	\$ 12,643	\$ 93,319	\$ 80,403	\$ 321,921
Insurance claims payable	-	-	771,772	-	-	-	-	771,772
Due to other funds	-	23,621	-	-	-	-	-	23,621
Current portion of utility contract	-	-	-	-	-	93,716	-	93,716
Current portion of capital lease payable	-	-	-	-	-	-	-	-
Current portion of compensated absences payable	-	614	-	-	-	-	-	614
Total current liabilities	<u>-</u>	<u>117,879</u>	<u>790,687</u>	<u>22,997</u>	<u>12,643</u>	<u>187,035</u>	<u>80,403</u>	<u>1,211,644</u>
Long-term liabilities:								
Utility contract liability	-	-	-	-	-	-	-	-
Capital lease payable	-	-	-	-	-	-	-	-
Compensated absences payable	-	45,620	-	-	-	6,378	-	51,998
Total long-term liabilities	<u>-</u>	<u>45,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,378</u>	<u>-</u>	<u>51,998</u>
Total Liabilities	<u>-</u>	<u>163,499</u>	<u>790,687</u>	<u>22,997</u>	<u>12,643</u>	<u>193,413</u>	<u>80,403</u>	<u>1,263,642</u>
Fund equity:								
Contributed capital - contributed by municipality	-	633,060	-	1,250,000	-	-	-	1,883,060
Retained earnings - unreserved	-	6,890,600	1,374,462	1,574,618	725,965	1,092,109	508,409	12,166,163
Total fund equity	<u>-</u>	<u>7,523,660</u>	<u>1,374,462</u>	<u>2,824,618</u>	<u>725,965</u>	<u>1,092,109</u>	<u>508,409</u>	<u>14,049,223</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 7,687,159</u>	<u>\$ 2,165,149</u>	<u>\$ 2,847,615</u>	<u>\$ 738,608</u>	<u>\$ 1,285,522</u>	<u>\$ 588,812</u>	<u>\$ 15,312,865</u>

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	CENTRAL GARAGE FUND	VEHICLE/ EQUIPMENT AMORTIZATION FUND	EMPLOYEE BENEFITS FUND	TECHNOLOGY FUND	CITY INSURANCE FUND	PROPERTY AND FACILITY MANAGEMENT FUND	PRODUCTIVITY IMPROVEMENT FUND	ELIMINATIONS	TOTAL (EXHIBIT 4)
OPERATING REVENUES									
Charges for services	\$ 622,345	\$ 1,860,363	\$ -	\$ 621,495	\$ -	\$ 809,718	\$ -	\$ -	\$ 3,913,921
Contributions	-	-	4,758,883	-	-	-	-	-	4,758,883
Miscellaneous	-	-	109,617	-	-	-	-	-	109,617
Intergovernmental revenue	59,031	-	-	-	620,427	-	367,036	-	1,046,494
Total operating revenues	681,376	1,860,363	4,868,500	621,495	620,427	809,718	367,036	-	9,828,915
OPERATING EXPENSES									
Garage operations	734,410	-	-	-	-	-	-	-	734,410
Depreciation	-	2,700,941	-	277,858	-	6,206	-	-	2,985,005
Insurance claims	-	-	6,020,790	-	632,589	-	-	-	6,653,379
Administrative	-	-	306,878	194,915	-	38,035	481,890	-	1,021,718
Special services	-	-	43,130	-	-	118,506	-	-	161,636
Maintenance	-	54,335	-	534,063	-	727,023	-	-	1,315,421
Total operating expenses	734,410	2,755,276	6,370,798	1,006,836	632,589	889,770	481,890	-	12,871,569
Operating income (loss)	(53,034)	(894,913)	(1,502,298)	(385,341)	(12,162)	(80,052)	(114,854)	-	(3,042,654)
NON-OPERATING REVENUES (EXPENSES)									
Revenues form use of money and property	224	73,143	210,524	59,597	39,085	52,980	34,363	-	469,916
Interest expense	-	-	-	(11,409)	-	(12,408)	-	-	(23,817)
Sale of property	685	271,262	-	-	-	3,021	-	-	274,968
Total non-operating revenues (expenses)	909	344,405	210,524	48,188	39,085	43,593	34,363	-	721,067
Income (loss) before operating transfers	(52,125)	(550,508)	(1,291,774)	(337,153)	26,923	(36,459)	(80,491)	-	(2,321,587)
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	80,522	43,315	-	-	-	25,250	(80,522)	68,565
Operating transfers out	(80,522)	-	(2,500,000)	-	-	-	-	80,522	(2,500,000)
Total other financing sources (uses)	(80,522)	80,522	(2,456,685)	-	-	-	25,250	-	(2,431,435)
Net income (loss)	(132,647)	(469,986)	(3,748,459)	(337,153)	26,923	(36,459)	(55,241)	-	(4,753,022)
Retained earnings - October 1, 2000	132,647	7,360,586	5,122,921	1,911,771	699,042	1,128,568	563,650	-	16,919,185
RETAINED EARNINGS - SEPTEMBER 30, 2001	<u>\$ -</u>	<u>\$ 6,890,600</u>	<u>\$ 1,374,462</u>	<u>\$ 1,574,618</u>	<u>\$ 725,965</u>	<u>\$ 1,092,109</u>	<u>\$ 508,409</u>	<u>\$ -</u>	<u>\$ 12,166,163</u>

**CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

Increase (Decrease) in Cash and Cash Equivalents

	CENTRAL GARAGE FUND	VEHICLE/ EQUIPMENT AMORTIZATION FUND	EMPLOYEES BENEFITS FUND	TECHNOLOGY FUND	CITY INSURANCE FUND	PROPERTY AND FACILITY MANAGEMENT FUND	PRODUCTIVITY IMPROVEMENT FUND	ELIMINATIONS	TOTAL (EXHIBIT 6)
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash paid from users	\$ 681,376	\$ 1,845,239	\$ 4,868,500	\$ 621,495	\$ 620,427	\$ 809,718	\$ 367,036	\$ -	\$ 9,813,791
Cash paid to suppliers for goods and services	(295,740)	(80,007)	(338,398)	(609,444)	-	(834,650)	-	-	(2,158,239)
Cash paid to employees for services	(362,878)	-	-	-	-	(37,447)	(411,815)	-	(812,140)
Insurance claims paid	-	-	(6,017,018)	-	(619,946)	-	-	-	(6,636,964)
Net cash provided by (used in) operating activities	22,758	1,765,232	(1,486,916)	12,051	481	(62,379)	(44,779)	-	206,448
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Operating transfers in from other funds	-	80,522	43,315	-	-	-	25,250	(80,522)	68,565
Operating transfers out to other funds	(80,522)	-	(2,500,000)	-	-	-	-	80,522	(2,500,000)
Net cash provided by (used in) non-capital financing activities	(80,522)	80,522	(2,456,685)	-	-	-	25,250	-	(2,431,435)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Aquisition and construction of capital assets	-	(2,153,486)	-	(28,294)	-	(13,693)	-	-	(2,195,473)
Proceeds from sale of fixed assets	685	322,021	-	-	-	3,021	-	-	325,727
Interest paid	-	-	-	(11,409)	-	(12,408)	-	-	(23,817)
Grant revenues	-	-	-	-	-	-	-	-	-
Principal payments on long-term debt	-	-	-	(102,837)	-	(87,717)	-	-	(190,554)
Capital contributed from other funds	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	685	(1,831,465)	-	(142,540)	-	(110,797)	-	-	(2,084,117)
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest and dividends on investments	224	73,143	210,524	59,597	39,085	52,980	34,363	-	469,916
Net cash provided by investing activities	224	73,143	210,524	59,597	39,085	52,980	34,363	-	469,916
Net increase (decrease) in cash and cash equivalents	(56,855)	87,432	(3,733,077)	(70,892)	39,566	(120,196)	14,834	-	(3,839,188)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	56,855	1,564,408	5,898,226	746,759	699,042	845,517	573,978	-	10,384,785
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ -	\$ 1,651,840	\$ 2,165,149	\$ 675,867	\$ 738,608	\$ 725,321	\$ 588,812	\$ -	\$ 6,545,597

(Continued)

CITY OF TYLER, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

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

	CENTRAL GARAGE FUND	VEHICLE/ EQUIPMENT AMORTIZATION FUND	EMPLOYEES INSURANCE FUND	TECHNOLOGY FUND	CITY INSURANCE FUND	PROPERTY AND FACILITY MANAGEMENT FUND	PRODUCTIVITY IMPROVEMENT FUND	ELIMINATIONS	TOTAL (EXHIBIT 6)
Operating income (loss)	\$ (53,034)	\$ (894,913)	\$ (1,502,298)	\$ (385,341)	\$ (12,162)	\$ (80,052)	\$ (114,854)	\$ -	\$ (3,042,654)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation expense	-	2,700,941	-	277,858	-	6,206	-	-	2,985,005
Decrease (increase) in inventory	112,203	(158,416)	-	-	-	-	-	-	(46,213)
Decrease in prepaid expenses	-	-	-	96,535	-	-	-	-	96,535
(Decrease) increase in accounts payable	(15,638)	71,386	11,610	22,999	12,643	10,879	70,075	-	183,954
Increase in claims payable	-	-	3,772	-	-	-	-	-	3,772
Increase (decrease) in compensated absences payable	(20,773)	46,234	-	-	-	588	-	-	26,049
Total adjustments	75,792	2,660,145	15,382	397,392	12,643	17,673	70,075	-	3,249,102
Net cash (used in) provided by operating activities	<u>\$ 22,758</u>	<u>\$ 1,765,232</u>	<u>\$ (1,486,916)</u>	<u>\$ 12,051</u>	<u>\$ 481</u>	<u>\$ (62,379)</u>	<u>\$ (44,779)</u>	<u>\$ -</u>	<u>\$ 206,448</u>

**CITY OF TYLER, TEXAS
CENTRAL GARAGE FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 31, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Revenues from use of money and property	\$ -	\$ 224	\$ 224
Charges for current services	595,969	622,345	26,376
Sale of salvage	-	685	685
Intergovernmental revenue	59,031	59,031	-
TOTAL REVENUES - BUDGET AND GAAP BASIS	\$ 655,000	\$ 682,285	\$ 27,285
EXPENSES			
Garage administration and operations:			
Salaries and benefits	\$ 470,502	\$ 438,670	\$ 31,832
Supplies and services	193,934	205,822	(11,888)
Utilities	6,084	3,867	2,217
Maintenance	64,032	70,229	(6,197)
Capital outlay	18,075	15,822	2,253
Total garage administration	752,627	734,410	18,217
TOTAL EXPENSES - BUDGET BASIS	\$ 752,627	734,410	\$ 18,217
Financial statement adjustments:			
Operating transfer out		80,522	
TOTAL EXPENSES - GAAP BASIS		\$ 814,932	

CITY OF TYLER, TEXAS
VEHICLE/EQUIPMENT AMORTIZATION FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 31, 2001

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Revenues from use of money and property	\$ 33,000	\$ 73,143	\$ 40,143
Charges for current services	1,565,280	1,860,363	295,083
Sale of property	130,000	345,643	215,643
TOTAL REVENUES - BUDGET BASIS	\$ 1,728,280	2,279,149	\$ 550,869
Retirement of net book value on vehicles sold		(74,381)	
Operating transfer in		80,522	
TOTAL REVENUES - GAAP BASIS		\$ 2,285,290	
EXPENSES			
Garage operations:			
Maintenance	\$ 59,031	\$ 58,889	\$ 142
Supplies and services	-	-	-
Capital outlay	2,521,040	2,148,932	372,108
Total garage operations	2,580,071	2,207,821	372,250
TOTAL EXPENSES - BUDGET BASIS	\$ 2,580,071	2,207,821	\$ 372,250
Financial statement adjustments:			
Capital outlay items not expensed		(2,153,486)	
Depreciation expense		2,700,941	
TOTAL EXPENSES - GAAP BASIS		\$ 2,755,276	

**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 31, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Revenues from use of money and property	\$ 147,218	\$ 210,524	\$ 63,306
Health Stop / Loss reimbursement	-	109,617	109,617
Contribution from City of Tyler	3,739,282	3,626,587	(112,695)
Contribution from employees	836,040	1,132,296	296,256
Total revenues	<u>4,722,540</u>	<u>5,079,024</u>	<u>356,484</u>
Other financing sources:			
Operating transfers in	<u>3,000</u>	<u>43,315</u>	<u>40,315</u>
TOTAL REVENUES - BUDGET AND GAAP	<u><u>\$ 4,725,540</u></u>	<u><u>\$ 5,122,339</u></u>	<u><u>\$ 396,799</u></u>
EXPENSES			
Employee insurance fund administration:			
Special services	\$ 46,130	\$ 43,130	\$ 3,000
Claims	5,381,245	5,902,767	(521,522)
Administrative fees	267,200	306,878	(39,678)
Life insurance	88,600	118,023	(29,423)
Total employee insurance fund administrator	<u>5,783,175</u>	<u>6,370,798</u>	<u>(587,623)</u>
Other financing uses:			
Operating transfer out	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
TOTAL EXPENSES - BUDGET AND GAAP BASIS	<u><u>\$ 8,283,175</u></u>	<u><u>\$ 8,870,798</u></u>	<u><u>\$ (587,623)</u></u>

**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 31, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Revenues from use of money and property	\$ 23,354	\$ 59,597	\$ 36,243
Charges for services	628,069	621,495	(6,574)
TOTAL REVENUES - BUDGET AND GAAP BASIS	<u>\$ 651,423</u>	<u>\$ 681,092</u>	<u>\$ 29,669</u>
EXPENSES			
Office technology fund administration:			
Supplies and services	\$ 431,450	\$ 206,323	\$ 225,127
Utilities	56,156	57,378	(1,222)
Maintenance	196,162	173,947	22,215
Capital outlay	487,889	433,869	54,020
Total office technology fund administration	<u>1,171,657</u>	<u>871,517</u>	<u>300,140</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 1,171,657</u>	<u>871,517</u>	<u>\$ 300,140</u>
Financial statement adjustments:			
Capital outlay items not expensed		(28,293)	
Depreciation		277,858	
Principal payment on capital lease		<u>(102,837)</u>	
TOTAL EXPENSES - GAAP BASIS		<u>\$ 1,018,245</u>	

**CITY OF TYLER, TEXAS
CITY INSURANCE FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 31, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Revenues from use of money and property	\$ 10,000	\$ 39,085	\$ 29,085
Intergovernmental revenue	620,427	620,427	-
TOTAL REVENUES	<u>\$ 630,427</u>	<u>\$ 659,512</u>	<u>\$ 29,085</u>
EXPENSES			
Claims and premiums	716,000	632,589	83,411
TOTAL EXPENSES - BUDGET AND GAAP BASIS	<u>\$ 716,000</u>	<u>\$ 632,589</u>	<u>\$ 83,411</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 31, 2001

	<u>BUDGET (AFTER REVISIONS)</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Revenues from use of money and property	\$ 10,400	\$ 52,980	\$ 42,580
Sale of property	4,000	3,021	(979)
Charges for services	<u>785,180</u>	<u>809,718</u>	<u>24,538</u>
Total revenues	<u>\$ 799,580</u>	<u>\$ 865,719</u>	<u>\$ 66,139</u>
EXPENSES			
Property and facility administration:			
Salaries and benefits	\$ 37,079	\$ 38,035	\$ (956)
Supplies and services	272,368	218,631	53,737
Utilities	574,511	574,125	386
Maintenance	156,778	142,491	14,287
Capital outlay	<u>44,222</u>	<u>24,101</u>	<u>20,121</u>
Total property and facility administration	<u>1,084,958</u>	<u>997,383</u>	<u>87,575</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 1,084,958</u>	<u>997,383</u>	<u>\$ 87,575</u>
Financial statement adjustments:			
Capital outlay items not expensed		(13,694)	
Depreciation expense		6,206	
Principal payment on note payable		<u>(87,717)</u>	
TOTAL EXPENSES - GAAP BASIS		<u>\$ 902,178</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 31, 2001

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Revenues from use of money and property	\$ 20,000	\$ 34,363	\$ 14,363
Intergovernmental revenue	367,036	367,036	-
Total Revenues	387,036	401,399	14,363
Other financing sources:			
Operating transfers in	25,250	25,250	-
TOTAL REVENUES - BUDGET AND GAAP BASIS	\$ 412,286	\$ 426,649	\$ 14,363
EXPENSES			
Salaries and benefits	\$ 75,850	\$ 84,719	\$ (8,869)
Supplies and services	502,195	397,171	105,024
TOTAL EXPENSES - BUDGET AND GAAP BASIS	\$ 578,045	\$ 481,890	\$ 96,155

FIDUCIARY FUND TYPES

- ◆ TRUST FUNDS
- ◆ AGENCY FUNDS

TRUST FUNDS

These Funds are used to account for assets held by the City in a trustee capacity.

These Fund types include Expendable Trust, Non-expendable Trust, and Pension Trust Funds. Non-expendable Trust Funds and Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental Funds.

Expendable Trust Funds

Section 125 Trust Fund - This fund was created to handle and account for employee deductions allowed under Section 125 of the IRS Code to pay un-reimbursed medical and child care expenses.

Landfill Trust – This fund was created to establish funds for possible closure and post-closure activities at the Greenwood Farms Landfill.

Section 457 Deferred Compensation Plan - The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This fund presents plan assets and the corresponding liability to employees under the plan.

Non-expendable Trust Fund

Rose Hill Cemetery Fund - This fund was established to provide perpetual care and maintenance to the Rose Hill Cemetery. It is funded by a portion of the lot sales.

Oakwood Cemetery Fund – This fund was established to provide perpetual care and maintenance to the Oakwood Cemetery.

Westview Cemetery Fund – This fund was established to provide perpetual care and maintenance to the Westwood Cemetery.

Parks Fund – This fund was established to provide maintenance to City parks.

Pension Trust Fund

Firefighter's Relief and Retirement Fund - This fund was established to account for the accumulation of resources to be used for retirement payments. Resources are contributed by the employees and the City at a fixed rate of employee earnings.

**CITY OF TYLER, TEXAS
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001**

	EXPENDABLE TRUST FUNDS	NON- EXPENDABLE TRUST FUNDS	PENSION TRUST FUNDS	AGENCY FUND	TOTAL (EXHIBIT 1)
ASSETS					
Equity in pooled cash and investments	\$ 540,230	\$ 2,965,939	\$ -	\$ 6,207	\$ 3,512,376
Cash - custodial account	-	-	1,106,201	-	1,106,201
Investments - at amortized cast	-	-	30,312,981	-	30,312,981
Accrued interest and dividends receivable	-	-	242,221	-	242,221
Deferred compensation plan assets	6,552,074	-	-	-	6,552,074
Total assets	<u>\$ 7,092,304</u>	<u>\$ 2,965,939</u>	<u>\$ 31,661,403</u>	<u>\$ 6,207</u>	<u>\$ 41,725,853</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 18,800	\$ -	\$ 6,207	\$ 25,007
Total liabilities	<u>-</u>	<u>18,800</u>	<u>-</u>	<u>6,207</u>	<u>25,007</u>
Fund balances:					
Reserved for perpetual care	-	1,756,948	-	-	1,756,948
Net assets held in trust for pension benefits	6,552,074	-	31,661,403	-	38,213,477
Unreserved:					
Undesignated	540,230	1,190,191	-	-	1,730,421
Total fund balances	<u>7,092,304</u>	<u>2,947,139</u>	<u>31,661,403</u>	<u>-</u>	<u>41,700,846</u>
Total liabilities and fund balances	<u>\$ 7,092,304</u>	<u>\$ 2,965,939</u>	<u>\$ 31,661,403</u>	<u>\$ 6,207</u>	<u>\$ 41,725,853</u>

**CITY OF TYLER, TEXAS
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001**

	SECTION 125 TRUST	LANDFILL TRUST	SECTION 457 DEFERRED COMPENSATION PLAN	TOTAL (G-1)
ASSETS				
Equity in pooled cash and investments	\$ 97,226	\$ 443,004	\$ -	\$ 540,230
Investments - at fair market value	-	-	6,552,074	6,552,074
Total assets	<u>\$ 97,226</u>	<u>\$ 443,004</u>	<u>\$ 6,552,074</u>	<u>\$ 7,092,304</u>
LIABILITIES AND FUND BALANCE				
Fund balance:				
Net assets held in trust for pension benefits	\$ -	\$ -	\$ 6,552,074	\$ 6,552,074
Undesignated	97,226	443,004	-	540,230
Total fund balance	<u>97,226</u>	<u>443,004</u>	<u>6,552,074</u>	<u>7,092,304</u>
Total liabilities and fund balance	<u>\$ 97,226</u>	<u>\$ 443,004</u>	<u>\$ 6,552,074</u>	<u>\$ 7,092,304</u>

**CITY OF TYLER, TEXAS
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	SECTION 125 TRUST FUND	LANDFILL TRUST	SECTION 457 DEFERRED COMPENSATION PLAN	TOTAL (EXHIBIT 2)
REVENUES				
Revenues from use of money or property	\$ 5,019	\$ 43,004	\$ -	\$ 48,023
Contributions	309,070	400,000	429,657	1,138,727
Total revenues	<u>314,089</u>	<u>443,004</u>	<u>429,657</u>	<u>1,186,750</u>
EXPENDITURES				
Current expenditures:				
Miscellaneous	<u>293,433</u>	<u>-</u>	<u>1,083,285</u>	<u>1,376,718</u>
Total expenditures	<u>293,433</u>	<u>-</u>	<u>1,083,285</u>	<u>1,376,718</u>
Excess (deficiency) of revenues over expenditures	<u>20,656</u>	<u>443,004</u>	<u>(653,628)</u>	<u>(189,968)</u>
OTHER FINANCING USES				
Operating transfers out	<u>(43,314)</u>	<u>-</u>	<u>-</u>	<u>(43,314)</u>
Total other financing uses	<u>(43,314)</u>	<u>-</u>	<u>-</u>	<u>(43,314)</u>
Excess (deficiency) of revenues and other financing uses over expenditures	(22,658)	443,004	(653,628)	(233,282)
Fund balance - October 1, 2000	<u>119,884</u>	<u>-</u>	<u>7,205,702</u>	<u>7,325,586</u>
FUND BALANCE - SEPTEMBER 30, 2001	<u><u>\$ 97,226</u></u>	<u><u>\$ 443,004</u></u>	<u><u>\$ 6,552,074</u></u>	<u><u>\$ 7,092,304</u></u>

**CITY OF TYLER, TEXAS
NON-EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001**

	ROSE HILL CEMETERY <u>FUND</u>	OAKWOOD CEMETERY <u>FUND</u>	WESTVIEW CEMETERY <u>FUND</u>	PARKS <u>FUND</u>	TOTAL <u>(G-1)</u>
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 2,768,650	\$ 97,828	\$ 98,370	\$ 1,091	\$ 2,965,939
Total assets	<u>\$ 2,768,650</u>	<u>\$ 97,828</u>	<u>\$ 98,370</u>	<u>\$ 1,091</u>	<u>\$ 2,965,939</u>
LIABILITIES AND FUND BALANCE					
Current liabilities:					
Accounts payable	\$ 18,688	\$ 65	\$ 47	\$ -	\$ 18,800
Total current liabilities	<u>18,688</u>	<u>65</u>	<u>47</u>	<u>-</u>	<u>18,800</u>
Total liabilities	<u>18,688</u>	<u>65</u>	<u>47</u>	<u>-</u>	<u>18,800</u>
Fund balance:					
Reserved for perpetual care	1,573,377	91,240	91,240	1,091	1,756,948
Undesignated	<u>1,176,585</u>	<u>6,523</u>	<u>7,083</u>	<u>-</u>	<u>1,190,191</u>
Total fund balance	<u>2,749,962</u>	<u>97,763</u>	<u>98,323</u>	<u>1,091</u>	<u>2,947,139</u>
Total liabilities and fund balance	<u>\$ 2,768,650</u>	<u>\$ 97,828</u>	<u>\$ 98,370</u>	<u>\$ 1,091</u>	<u>\$ 2,965,939</u>

**CITY OF TYLER, TEXAS
NON-EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	ROSE HILL CEMETERY <u>FUND</u>	OAKWOOD CEMETERY <u>FUND</u>	WESTVIEW CEMETERY <u>FUND</u>	PARKS <u>FUND</u>	TOTAL <u>(EXHIBIT 4)</u>
OPERATING REVENUES					
Charges for current services	\$ 64,359	\$ 19,177	\$ 19,177	\$ -	\$ 102,713
Miscellaneous	1,210	-	-	-	1,210
Revenue from use of money and property	<u>133,857</u>	<u>4,021</u>	<u>4,021</u>	<u>52</u>	<u>141,951</u>
Total operating revenues	<u>199,426</u>	<u>23,198</u>	<u>23,198</u>	<u>52</u>	<u>245,874</u>
OPERATING EXPENSES					
Administrative	<u>179,570</u>	<u>1,206</u>	<u>567</u>	<u>-</u>	<u>181,343</u>
Operating income	19,856	21,992	22,631	52	64,531
Fund balance - October 1, 2000	<u>2,730,106</u>	<u>75,771</u>	<u>75,692</u>	<u>1,039</u>	<u>2,882,608</u>
FUND BALANCE - SEPTEMBER 30, 2001	<u><u>\$ 2,749,962</u></u>	<u><u>\$ 97,763</u></u>	<u><u>\$ 98,323</u></u>	<u><u>\$ 1,091</u></u>	<u><u>\$2,947,139</u></u>

**CITY OF TYLER, TEXAS
NON-EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	ROSE HILL CEMETERY <u>FUND</u>	OAKWOOD CEMETERY <u>FUND</u>	WESTVIEW CEMETERY <u>FUND</u>	PARKS <u>FUND</u>	TOTAL (EXHIBIT 6)
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers for goods and services	\$ 65,569	\$ 19,177	\$ 19,177	\$ -	\$ 103,923
Cash paid to suppliers for goods and services	(86,956)	(1,141)	(520)	-	(88,617)
Cash paid to employees for services	(76,575)	-	-	-	(76,575)
Net cash provided by (used in) operating activities	<u>(97,962)</u>	<u>18,036</u>	<u>18,657</u>	<u>-</u>	<u>(61,269)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	<u>133,857</u>	<u>4,021</u>	<u>4,021</u>	<u>52</u>	<u>141,951</u>
Net cash provided by investing activities	<u>133,857</u>	<u>4,021</u>	<u>4,021</u>	<u>52</u>	<u>141,951</u>
Net increase in cash and cash equivalents	35,895	22,057	22,678	52	80,682
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,732,755</u>	<u>75,771</u>	<u>75,692</u>	<u>1,039</u>	<u>2,885,257</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,768,650</u>	<u>\$ 97,828</u>	<u>\$ 98,370</u>	<u>\$ 1,091</u>	<u>\$ 2,965,939</u>

(Continued)

**CITY OF TYLER, TEXAS
NON-EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

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

	ROSE HILL CEMETERY <u>FUND</u>	OAKWOOD CEMETERY <u>FUND</u>	WESTVIEW CEMETERY <u>FUND</u>	PARKS <u>FUND</u>	TOTAL <u>(EXHIBIT 6)</u>
Operating income	\$ 19,856	\$ 21,992	\$ 22,631	\$ 52	\$ 64,531
Adjustments to reconcile operating income to net cash provided by operating activities:					
Interest and dividends	(133,857)	(4,021)	(4,021)	(52)	(141,951)
Increase in accounts payable	16,077	65.00	47.00	-	16,189
Decrease in compensated absences payable	<u>(38)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38)</u>
Total adjustments	<u>(117,818)</u>	<u>(3,956)</u>	<u>(3,974)</u>	<u>(52)</u>	<u>(125,800)</u>
Net cash provided by (used in) operating activities	<u>\$ (97,962)</u>	<u>\$ 18,036</u>	<u>\$ 18,657</u>	<u>\$ -</u>	<u>\$ (61,269)</u>

**CITY OF TYLER, TEXAS
ROSE HILL CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Trust Fund:			
Revenues from use of money and property	\$ 75,000	\$ 75,811	\$ 811
Mausoleum and lot sales	40,000	33,865	(6,135)
Operations:			
Revenues from use of money and property	50,000	58,046	8,046
Licenses and permits	400	1,210	810
Mausoleum and lot sales	15,000	30,494	15,494
TOTAL REVENUES - BUDGET BASIS	\$ 180,400	\$ 199,426	\$ 19,026
EXPENSES			
Operations:			
Salaries and benefits	\$ 75,397	\$ 76,537	\$ (1,140)
Supplies and services	37,396	27,173	10,223
Utilities	40,000	37,188	2,812
Maintenance	38,280	23,460	14,820
Capital outlay	32,500	15,212	17,288
TOTAL EXPENSES - BUDGET BASIS	\$ 223,573	\$ 179,570	\$ 44,003

**CITY OF TYLER, TEXAS
OAKWOOD CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Trust Fund:			
Mausoleum and lot sales	\$ 40,000	\$ 19,177	\$ (20,823)
Revenues from use of money and property	<u>2,000</u>	<u>4,021</u>	<u>2,021</u>
TOTAL REVENUES - BUDGET BASIS	<u>\$ 42,000</u>	<u>\$ 23,198</u>	<u>\$ (18,802)</u>
EXPENSES			
Operations:			
Utilities	<u>\$ 3,600</u>	<u>\$ 1,206</u>	<u>\$ 2,394</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 3,600</u>	<u>\$ 1,206</u>	<u>\$ 2,394</u>

**CITY OF TYLER, TEXAS
WESTVIEW CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	BUDGET (AFTER REVISIONS)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Trust Fund:			
Mausoleum and lot sales	\$ 40,000	\$ 19,177	\$ (20,823)
Revenues from use of money and property	<u>2,000</u>	<u>4,021</u>	<u>2,021</u>
TOTAL REVENUES - BUDGET BASIS	<u>\$ 42,000</u>	<u>\$ 23,198</u>	<u>\$ (18,802)</u>
EXPENSES			
Operations:			
Utilities	<u>\$ 3,600</u>	<u>\$ 567</u>	<u>\$ 3,033</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 3,600</u>	<u>\$ 567</u>	<u>\$ 3,033</u>

**CITY OF TYLER, TEXAS
PENSION TRUST FUND
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2001**

	FIREMEN'S RELIEF AND RETIREMENT FUND (G-1) <hr style="border: 1px solid black;"/>
ASSETS	
Current assets:	
Cash	\$ 1,106,201
Investments - at fair market value	30,312,981
Accrued interest and dividends receivable	242,221
	<hr style="border: 1px solid black;"/>
Total assets	\$ 31,661,403
	<hr style="border: 3px double black;"/>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
	<hr style="border: 1px solid black;"/>
Total liabilities	-
	<hr style="border: 1px solid black;"/>
Net assets held in trust for pension benefits	\$ 31,661,403
	<hr style="border: 3px double black;"/>

**CITY OF TYLER, TEXAS
PENSION TRUST FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001**

	<u>FIREMEN'S RELIEF AND RETIREMENT FUND (EXHIBIT 5)</u>
ADDITIONS	
Contributions:	
Employees	\$ 602,142
Employer	626,719
Total contributions	<u>1,228,861</u>
Investment income:	
Net appreciation in fair value of investments	(6,630,009)
Interest	934,412
Dividends	256,466
Gain on sale of securities	951,488
Net investment income	<u>(4,487,643)</u>
Total additions	<u>(3,258,782)</u>
DEDUCTIONS	
Retirement benefits paid	1,888,463
Administrative expenses	236,193
Total deductions	<u>2,124,656</u>
Net increase (decrease)	<u>(5,383,438)</u>
Net assets held in trust for pension benefits, September 30, 2000	<u>37,044,841</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, SEPTEMBER 30, 2001	<u><u>\$ 31,661,403</u></u>

**CITY OF TYLER, TEXAS
AGENCY FUND
BALANCE SHEET
SEPTEMBER 30, 2001**

	<u>PAYROLL FUND (G-1)</u>
ASSETS	
Equity in pooled cash and investments	<u>\$ 6,207</u>
Total assets	<u><u>\$ 6,207</u></u>
LIABILITIES	
Accounts payable	<u>\$ 6,207</u>
Total liabilities	<u>6,207</u>
FUND BALANCE	
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 6,207</u></u>

CITY OF TYLER, TEXAS
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS,
LIABILITIES AND FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	<u>BALANCE</u> 10-1-00	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 9-30-01
PAYROLL FUND				
Assets:				
Equity in pooled cash and investments	\$ 4,560	\$ 12,209,080	\$ 12,207,433	\$ 6,207
Total assets	<u>\$ 4,560</u>	<u>\$ 12,209,080</u>	<u>\$ 12,207,433</u>	<u>\$ 6,207</u>
Liabilities:				
Accounts payable	\$ 4,560	\$ 12,209,080	\$ 12,207,433	\$ 6,207
Total liabilities	<u>\$ 4,560</u>	<u>\$ 12,209,080</u>	<u>\$ 12,207,433</u>	<u>\$ 6,207</u>

ACCOUNT GROUPS

- ◆ **GENERAL FIXED ASSETS**
- ◆ **GENERAL LONG-TERM DEBT**

GENERAL FIXED ASSETS ACCOUNT GROUP

This self-balancing Account Group is used to account for all fixed assets of the City which are not accounted for in the Proprietary Funds.

**CITY OF TYLER, TEXAS
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
SEPTEMBER 30, 2001**

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	<u>TOTAL (EXHIBIT 1)</u>
GENERAL FIXED ASSETS (Note 5)	
Land and buildings	\$ 27,807,378
Improvements other than buildings	77,943,395
Machinery and equipment	12,146,216
Construction in progress	4,469,357
Investment in joint venture	<u>259,210</u>
 Total general fixed assets	 <u><u>\$ 122,625,556</u></u>
 INVESTMENT IN GENERAL FIXED ASSETS FROM	
Investment, prior to October 1, 1985	\$ 22,106,037
Cost update	2,555,499
General funds	14,511,589
Special revenue funds	26,655,733
Capital projects funds:	
1/2 Cent Sales Tax	8,878,346
General obligation bonds	36,424,259
Federal and state grants	6,590,622
Donations from citizens	1,205,868
Trust funds	3,203,098
Internal service funds	235,295
Joint venture assets	<u>259,210</u>
 Total investment in general fixed assets	 <u><u>\$ 122,625,556</u></u>

CITY OF TYLER, TEXAS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS -
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

<u>FUNCTION AND ACTIVITY</u>	<u>GENERAL FIXED ASSETS SEPTEMBER 30, 2000</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>INTER- DEPARTMENTAL TRANSFERS</u>	<u>GENERAL FIXED ASSETS SEPTEMBER 30, 2001</u>
Assets put into service prior to 10/1/87	\$ 36,313,246	\$ -	\$ -	\$ -	\$ 36,313,246
General government:					
City Manager	624,887	-	-	-	624,887
City Clerk	13,267	-	-	-	13,267
City Hall	138,409	-	-	-	138,409
Legal	42,590	6,279	-	-	48,869
Information services	690,868	-	-	-	690,868
Accounting	71,306	-	-	-	71,306
Municipal Court	423,762	156,246	-	-	580,008
City Council	108,405	-	-	-	108,405
Purchasing	31,863	-	-	-	31,863
	<u>2,145,357</u>	<u>162,525</u>	<u>-</u>	<u>-</u>	<u>2,307,882</u>
Public safety:					
Police	4,365,846	2,858,548	10,000	-	7,214,394
Fire	2,256,012	1,951,912	-	-	4,207,924
Traffic engineering	1,851,174	526,733	14,998	-	2,362,909
	<u>8,473,032</u>	<u>5,337,193</u>	<u>24,998</u>	<u>-</u>	<u>13,785,227</u>
Highways and streets	34,935,997	-	92,478	-	34,843,519
Public health	962,212	-	-	-	962,212
Libraries	183,722	375,873	-	-	559,595
Parks and recreation	10,901,903	15,088,475	-	-	25,990,378
Public enterprises	479,292	-	-	-	479,292
Miscellaneous	2,546,997	108,641	-	-	2,655,638
	<u>50,010,123</u>	<u>15,572,989</u>	<u>92,478</u>	<u>-</u>	<u>65,490,634</u>
Construction in-progress	<u>12,243,857</u>	<u>9,047,702</u>	<u>16,822,202</u>	<u>-</u>	<u>4,469,357</u>
Investment in joint venture	<u>259,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,210</u>
Total general fixed assets	<u>\$ 109,444,825</u>	<u>\$ 30,120,409</u>	<u>\$ 16,939,678</u>	<u>\$ -</u>	<u>\$ 122,625,556</u>

CITY OF TYLER, TEXAS
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2001

FUNCTION AND ACTIVITY	TOTAL	LAND AND BUILDINGS	IMPROVEMENTS OTHER THAN LAND AND BUILDINGS	EQUIPMENT AND VEHICLES	CONSTRUCTION IN PROGRESS	INVESTMENT IN JOINT VENTURE
Assets put into service prior to 10/1/87	\$ 36,313,246	\$ 5,826,670	\$ 28,584,412	\$ 1,902,164	\$ -	\$ -
General government:						
City Manager	624,887	-	608,072	16,815	-	-
City Clerk	13,267	-	-	13,267	-	-
City Hall	138,409	125,185	-	13,224	-	-
Legal	48,869	-	-	48,869	-	-
Information services	690,868	2,476	-	688,392	-	-
Accounting	71,306	-	-	71,306	-	-
Municipal Court	580,008	387,091	-	192,917	-	-
City Council	108,405	73,381	32,030	2,994	-	-
Purchasing	31,863	-	-	31,863	-	-
	<u>2,307,882</u>	<u>588,133</u>	<u>640,102</u>	<u>1,079,647</u>	<u>-</u>	<u>-</u>
Public safety:						
Police	7,214,394	365,980	2,801,106	4,047,308	-	-
Fire	4,207,924	1,658,419	14,091	2,535,414	-	-
Traffic engineering	2,362,909	-	1,723,937	638,972	-	-
	<u>13,785,227</u>	<u>2,024,399</u>	<u>4,539,134</u>	<u>7,221,694</u>	<u>-</u>	<u>-</u>
Highways and streets	34,843,519	394,495	34,379,320	69,704	-	-
Public health	962,212	804,349	800	157,063	-	-
Libraries	559,595	282,551	10,465	266,579	-	-
Parks and recreation	25,990,378	16,137,280	9,451,767	401,331	-	-
Public enterprises	479,292	-	-	479,292	-	-
Miscellaneous	2,655,638	1,749,501	337,395	568,742	-	-
	<u>65,490,634</u>	<u>19,368,176</u>	<u>44,179,747</u>	<u>1,942,711</u>	<u>-</u>	<u>-</u>
Construction in-progress	4,469,357	-	-	-	4,469,357	-
Investment in joint venture	259,210	-	-	-	-	259,210
Total general fixed assets	<u>\$ 122,625,556</u>	<u>\$ 27,807,378</u>	<u>\$ 77,943,395</u>	<u>\$ 12,146,216</u>	<u>\$ 4,469,357</u>	<u>\$ 259,210</u>

CITY OF TYLER, TEXAS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY SOURCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	LAND AND BUILDINGS	IMPROVEMENTS OTHER THAN LAND AND BUILDINGS	EQUIPMENT AND VEHICLES	CONSTRUCTION IN PROGRESS	INVESTMENT IN JOINT VENTURE
Balances - October 1, 2000	\$ 16,065,068	\$ 73,334,597	\$ 7,542,093	\$ 12,243,857	\$ 259,210
<u>ADDITIONS</u>					
General fund:					
General government funds	808,621	834,971	4,721,599	-	-
Capital projects fund:					
Tyler Half-Cent Sales Tax Corp.	-	-	-	9,047,702	-
Total from current revenues	808,621	834,971	4,721,599	9,047,702	-
Capital project funds:					
1994 Paving/Drainage/Traffic Capital Projects Operating Fund	-	-	-	-	-
Total from general obligation bonds	-	-	-	-	-
Other funds:					
State/Federal Grant Fund	-	881,185	-	-	-
Total from other funds	-	881,185	-	-	-
Total additions	808,621	1,716,156	4,721,599	9,047,702	-
<u>DEDUCTIONS</u>					
Total deductions	-	-	(117,476)	(2,995,871)	-
Intrafund transfers between fixed asset categories	10,933,689	2,892,642	-	(13,826,331)	-
BALANCES - SEPTEMBER 30, 2001	\$ 27,807,378	\$ 77,943,395	\$ 12,146,216	\$ 4,469,357	\$ 259,210

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<u>TOTAL</u>
<u>\$ 109,444,825</u>
6,365,191
<u>9,047,702</u>
<u>15,412,893</u>
-
<u>-</u>
-
<u>-</u>
881,185
<u>881,185</u>
<u>16,294,078</u>
<u>(3,113,347)</u>
-
<u>\$ 122,625,556</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

This Account Group is established to account for all long-term obligations of the City except those that are accounted for in the Proprietary Funds and Trust Funds.

**CITY OF TYLER, TEXAS
STATEMENT OF GENERAL LONG-TERM DEBT
SEPTEMBER 30, 2001**

**AMOUNT AVAILABLE AND TO BE PROVIDED FOR
PAYMENT OF LONG-TERM DEBT**

Retirement of serial bonds:		
Amount available in debt service funds	\$	5,187,778
Amount to be provided in future years		7,097,222
Compensated absences:		
Amount to be provided in future years		5,137,236
Estimated legal claims:		
Amount to be provided in future years		<u>319,949</u>
Total	\$	<u><u>17,742,185</u></u>
Long-term debt payable:		
Serial bonds payable (Note 6)	\$	12,285,000
Compensated absences payable (Note 6)		5,137,236
Estimated legal claims payable (Note 9)		<u>319,949</u>
Total	\$	<u><u>17,742,185</u></u>

OTHER SCHEDULES

CITY OF TYLER, TEXAS
SCHEDULE OF CITY TAXES ASSESSED AND COLLECTED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(UNAUDITED)

FISCAL YEAR ENDED SEPTEMBER 30	PROPERTY TAXES RECEIVABLE AT 10-1-00	TAXES ASSESSED	TAXES COLLECTED	NET TAX SUPPLEMENTALS (DISMISSALS)	PROPERTY TAXES RECEIVABLE AT 9-30-01
PRIOR TO 1988	\$ 78,363	\$ -	\$ 3,072	\$ (20,361)	\$ 54,930
1988	20,782	-	514	(5,000)	15,268
1989	29,004	-	748	(6,290)	21,966
1990	30,036	-	1,172	(4,570)	24,294
1991	45,875	-	1,628	(2,924)	41,323
1992	52,237	-	1,807	(3,363)	47,067
1993	50,781	-	2,462	(3,077)	45,242
1994	56,604	-	4,617	(2,942)	49,045
1995	64,851	-	6,854	(2,647)	55,350
1996	73,951	-	14,665	(170)	59,116
1997	83,574	-	15,807	565	68,332
1998	95,527	-	28,858	(880)	65,789
1999	104,330	-	32,044	779	73,065
2000	212,970	-	100,067	(9,255)	103,648
2001	-	10,412,559	10,201,697	(19,487)	191,375
	<u>\$ 998,885</u>	<u>\$ 10,412,559</u>	<u>\$ 10,416,012</u>	<u>\$ (79,622)</u>	<u>\$ 915,810</u>

STATISTICAL SECTION

TABLE 1

CITY OF TYLER, TEXAS
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR ENDED SEPT 30,	GENERAL GOVERNMENT	PUBLIC SAFETY	HIGHWAYS AND STREETS	PUBLIC HEALTH	LIBRARIES	PARKS AND RECREATION	PUBLIC ENTERPRISES	MISCELLANEOUS	TOTAL
1987	\$ 2,364,360	\$ 10,685,173	\$ 2,523,746	\$ 1,257,335	\$ 685,789	\$ 1,518,853	\$ 144,213	\$ 1,451,900	\$ 20,631,369
1988	2,462,716	11,260,267	2,613,929	1,391,397	819,986	1,787,653	52,899	1,669,456	22,058,303
1989	2,492,741	11,996,149	2,767,239	1,136,729	807,733	1,943,517	56,753	1,643,289	22,844,150
1990	2,743,935	13,249,561	2,813,595	1,256,733	770,404	1,944,904	70,530	1,941,268	24,790,930
1991	2,556,433	14,016,481	3,139,165	1,201,604	809,876	2,008,335	72,359	2,099,496	25,903,749
1992	2,599,035	14,583,181	2,976,844	1,211,581	856,006	1,936,480	95,630	2,384,358	26,643,115
1993	2,657,961	15,395,704	2,998,172	1,050,001	898,699	2,097,711	59,390	2,170,080	27,327,718
1994	3,145,265	17,541,460	3,325,250	1,307,571	965,718	2,496,246	220,939	2,405,448	31,407,897
1995	6,416,928	18,308,964	2,842,089	-	958,742	2,083,130	366,788	1,440,012	32,416,653
1996	6,572,759	19,092,869	3,379,352	-	1,040,373	3,327,149	98,986	745,658	33,257,146
1997	6,119,352	17,340,083	4,864,543	-	1,064,475	2,295,514	21,489	532,334	32,237,790
1998	5,362,201	19,301,097	5,572,399	-	1,041,816	2,714,665	122,825	616,153	34,731,156
1999	6,970,427	20,692,062	4,749,978	-	1,127,246	2,446,713	-	514,393	36,500,819
2000	4,790,562	21,473,857	6,320,633	-	1,073,738	2,352,092	-	553,449	36,564,331
2001	4,933,949	22,972,495	7,960,979	-	1,142,793	1,890,340	-	714,632	39,615,188

NOTES:

(1) Includes the City's General Fund only.

TABLE 2

**CITY OF TYLER, TEXAS
GENERAL REVENUES BY SOURCE (1)
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED SEPT 30,	PROPERTY TAX INCLUDING PENALTY AND INTEREST	TAXES OTHER THAN PROPERTY TAX	LICENSES AND PERMITS	FINES, FORFEITS AND PENALTIES	REVENUE FROM USE OF MONEY AND PROPERTY	CHARGES FOR CURRENT SERVICES	INTER- GOVERNMENTAL AND OTHER AGENCIES REVENUES	MISCELLANEOUS	TOTAL
1987	\$ 7,828,042	\$ 10,221,842	\$ 314,789	\$ 885,721	\$ 282,277	\$ 320,712	\$ 1,211,636	\$ 157,108	\$ 21,222,127
1988	7,701,539	10,770,759	310,211	1,033,977	250,056	320,535	1,308,931	212,302	21,908,310
1989	8,515,963	12,229,733	295,325	854,259	356,842	280,751	1,049,604	268,677	23,851,154
1990	8,777,107	12,613,597	280,392	952,915	378,333	274,148	1,031,986	256,916	24,565,394
1991	9,378,185	12,944,303	317,199	910,121	353,789	293,142	1,095,972	266,108	25,558,819
1992	9,430,678	13,793,607	398,910	883,770	262,638	306,438	1,178,739	412,035	26,666,815
1993	9,263,846	15,115,947	411,108	740,051	262,831	296,178	1,214,872	523,606	27,828,439
1994	9,312,019	17,705,838	548,025	919,423	343,827	335,258	1,653,943	314,909	31,133,242
1995	9,503,557	18,250,569	456,136	1,514,879	513,195	141,947	1,470,819	296,473	32,147,575
1996	9,717,902	18,903,670	500,762	2,277,829	290,393	238,206	1,486,225	326,185	33,741,172
1997	8,111,942	19,621,508	606,506	2,218,798	449,502	200,490	1,320,505	556,645	33,085,896
1998	7,916,127	21,190,911	647,087	2,676,277	443,066	157,833	2,042,861	413,823	35,487,985
1999	8,226,078	21,642,340	628,986	3,146,467	449,491	126,630	2,083,865	330,595	36,634,452
2000	8,434,732	22,519,822	642,352	3,308,252	638,591	105,844	2,066,190	238,419	37,954,202
2001	9,004,754	24,186,452	602,246	3,496,928	655,642	193,139	2,406,923	339,594	40,885,678

NOTES:

(1) Includes the City's General Fund only.

TABLE 3

**CITY OF TYLER, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED SEPTEMBER 30,	CURRENT COLLECTIONS			DELINQUENT COLLECTIONS	TOTAL COLLECTIONS	PERCENT TOTAL COLLECTIONS TO LEVY	ACCUMULATED DELINQUENT TAXES	
	CITY TAX LEVY (1)	AMOUNT	PERCENT				AMOUNT	PERCENT TO LEVY
1987	\$ 9,953,233	\$ 9,560,841	96.06%	\$ 302,693	\$ 9,863,534	99.10%	\$ 798,097	8.02%
1988	9,856,939	9,509,798	96.48%	238,375	9,748,173	98.90%	895,271	9.08%
1989	10,484,299	10,169,797	97.00%	304,809	10,474,606	99.91%	793,494	7.57%
1990	10,998,429	10,644,419	96.78%	171,439	10,815,858	98.34%	972,273	8.84%
1991	12,179,941	11,819,062	97.04%	205,596	12,024,658	98.73%	1,114,022	9.15%
1992	12,564,813	12,203,041	97.12%	325,797	12,528,838	99.71%	1,134,906	9.03%
1993	12,948,303	12,604,373	97.34%	275,050	12,879,423	99.47%	1,167,907	9.02%
1994	13,178,540	12,854,984	97.54%	263,350	13,118,334	99.54%	1,183,775	8.98%
1995	14,143,919	13,879,378	98.13%	264,541	14,143,919	100.00%	1,178,732	8.33%
1996	14,331,267	14,048,079	98.02%	202,795	14,250,874	99.44%	1,094,263	7.64%
1997	12,505,882	12,052,507	96.37%	257,772	12,310,279	98.44%	1,080,752	8.64%
1998	11,885,938	11,734,756	98.73%	181,853	11,916,609	100.26%	1,028,233	8.65%
1999	9,956,733	9,718,544	97.61%	132,234	9,850,778	98.94%	1,046,257	10.51%
2000	9,992,642	9,773,079	97.80%	202,241	9,975,320	99.83%	998,885	10.00%
2001	10,412,559	10,202,005	97.98%	214,315	10,416,320	100.04%	915,810	8.80%

NOTE:

- (1) City taxes become due October 1; delinquent after January 31. No discounts allowed. Penalty not to exceed 12%, plus interest of 1% per month plus a collection fee of 15% is charged on delinquent taxes.

TABLE 4

**CITY OF TYLER, TEXAS
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST FIFTEEN FISCAL YEARS
 (UNAUDITED)**

FISCAL YEAR ENDED SEPTEMBER 30,	ASSESSED VALUE			TOTAL PROPERTY		RATIO OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE
	REAL PROPERTY	PERSONAL PROPERTY	MINERAL PROPERTY	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1987	\$ 1,999,073,963	\$ 522,008,347	\$ -	\$ 2,521,082,310	\$ 2,521,082,310	100%
1988	1,945,835,269	550,856,602	-	2,496,691,871	2,496,691,871	100%
1989	1,956,481,976	542,159,320	-	2,498,641,296	2,498,641,296	100%
1990	1,935,283,754	564,336,364	17,170	2,499,637,288	2,499,637,288	100%
1991	1,940,255,260	578,268,868	7,500	2,518,531,628	2,518,531,628	100%
1992	1,932,976,245	525,888,197	-	2,458,864,442	2,458,864,442	100%
1993	1,908,982,312	517,605,429	-	2,426,587,741	2,426,587,741	100%
1994	1,937,264,284	532,461,880	-	2,469,726,164	2,469,726,164	100%
1995	2,088,753,408	547,496,084	-	2,636,249,492	2,636,249,492	100%
1996	2,181,521,095	599,844,779	-	2,781,365,874	2,781,365,874	100%
1997	2,226,010,505	634,629,673	-	2,860,640,178	2,860,640,178	100%
1998	2,336,349,850	684,136,444	-	3,020,486,294	3,020,486,294	100%
1999	2,508,008,904	689,297,785	-	3,197,306,689	3,197,306,689	100%
2000	2,663,151,956	716,222,434	-	3,379,374,390	3,379,374,390	100%
2001	2,943,394,224	777,656,574	-	3,721,050,798	3,721,050,798	100%

TABLE 5

CITY OF TYLER, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST FIFTEEN FISCAL YEARS
(RATES PER HUNDRED DOLLARS)
(UNAUDITED)

FISCAL YEAR ENDED SEPTEMBER 30,	CITY OF TYLER (1)	TYLER INDEPENDENT SCHOOL DISTRICT	TYLER JUNIOR COLLEGE	SMITH COUNTY	CHAPEL HILL INDEPENDENT SCHOOL DISTRICT	WHITEHOUSE INDEPENDENT SCHOOL DISTRICT
1987	0.3800	0.7000	0.1000	0.2197	0.9550	0.7000
1988	0.3948	0.7000	0.1000	0.2197	0.9550	0.7000
1989	0.3948	0.6900	0.1046	0.2190	0.9550	0.8600
1990	0.4196	0.7600	0.1046	0.1640	0.9550	0.8600
1991	0.4400	0.8677	0.1046	0.1849	0.9550	0.8825
1992	0.4833	0.9600	0.1045	0.1906	0.9550	0.9650
1993	0.5110	0.3999	0.1100	0.1951	0.4200	0.4500
1994	0.5336	1.3050	0.1223	0.2147	1.3050	1.3600
1995	0.5336	1.2900	0.1223	0.2397	1.2800	1.3400
1996	0.51526	1.30300	0.1223	0.23696	1.33459	1.3400
1997	0.43717	1.31609	0.1223	0.23631	1.35650	1.3700
1998	0.39364	1.31609	0.1223	0.23110	1.45370	1.3700
1999	0.31141	1.33609	0.1223	0.23110	1.49370	1.5100
2000	0.29537	1.36000	0.1223	0.22947	1.55000	1.4840
2001	0.27981	1.36000	0.1223	0.25447	1.59000	1.4890

NOTES:

- (1) The City tax rate is limited by charter to \$1.75 for all purposes
- (2) State of Texas tax discontinued

TABLE 6

CITY OF TYLER, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR ENDED SEPTEMBER 30,	ESTIMATED POPULATION (1)	ASSESSED VALUE	GENERAL BONDED DEBT (2)	LESS SINKING FUNDS	NET BONDED DEBT	PERCENT NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1987	82,231	\$ 2,521,082,310	\$ 34,363,267	\$ 5,492,445	\$ 28,870,822	1.15%	351
1988	82,000	2,496,691,871	32,703,630	5,636,086	27,067,544	1.08%	330
1989	84,440	2,498,641,296	30,210,973	5,487,003	24,723,970	0.99%	293
1990	76,440	2,499,637,288	32,547,646	5,398,921	27,148,725	1.09%	355
1991	74,450	2,520,159,379	35,496,200	5,236,307	30,259,893	1.20%	406
1992	76,506	2,458,864,442	37,259,349	5,256,057	32,003,292	1.30%	418
1993	77,034	2,426,587,741	30,975,037	5,072,532	25,902,505	1.07%	336
1994	77,562	2,469,726,164	31,240,037	4,621,508	26,618,529	1.08%	343
1995	78,090	2,636,249,492	26,260,037	5,225,435	21,034,602	0.80%	269
1996	78,618	2,781,365,874	21,510,037	5,967,582	15,542,455	0.56%	198
1997	81,303	2,860,640,178	21,483,601	6,167,509	15,316,092	0.54%	188
1998	81,303	3,020,486,294	17,311,228	6,334,859	10,976,369	0.36%	135
1999	82,908	3,197,306,689	16,086,702	6,402,553	9,684,149	0.30%	117
2000	83,650	3,379,374,390	14,825,000	6,519,457	8,305,543	0.25%	99
2001	84,400	3,721,050,798	12,285,000	5,187,778	7,097,222	0.19%	84

NOTES:

- (1) Information obtained from Tyler Area Chamber of Commerce, except for year 1990 and 2000 which was obtained from U.S. Census
- (2) Includes all long-term general obligation bonds
- * Information obtained from Smith County Tax Office

TABLE 7

**CITY OF TYLER, TEXAS
STATEMENT OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2001
(UNAUDITED)**

Assessed Value

(Assessed as of January 1, 1999, Effective October 1, 1999
for fiscal year ended September 30, 2000)

Real property	\$ 2,943,394,224
Personal property	777,656,574
Mineral property	-
	<hr/>
TOTAL	<u><u>\$ 3,721,050,798</u></u>

Debt Limit - The charter of the City of Tyler limits the
bonded debt to ten percent of assessed value

\$ 372,105,080

Amount of Debt Applicable to Debt Limit:

General obligation bonded debt	\$ 12,285,000
Less: Debt Service Fund Balance	<u>5,187,778</u>

Net Bonded Debt

7,097,222

LEGAL DEBT MARGIN

\$ 365,007,858

TABLE 8

**CITY OF TYLER, TEXAS
DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2001
(UNAUDITED)**

<u>TAXING JURISDICTION</u>	<u>TOTAL BOND DEBT (1)</u>	<u>PERCENTAGE OF DEBT APPLICABLE TO CITY OF TYLER (2)</u>	<u>AMOUNT APPLICABLE TO CITY OF TYLER</u>
City of Tyler	\$ 12,285,000	100.00%	\$ 12,285,000
Tyler Independent School District	30,975,000	71.04%	22,004,640
Smith County	17,375,000	52.62%	9,142,725
Tyler Junior College	20,600,000	65.00%	13,390,000
Chapel Hill Independent School District	4,371,055	19.15%	837,057
Whitehouse Independent School District	<u>29,504,998</u>	27.37%	<u>8,075,518</u>
 Total Overlapping Bond Debt	 <u>\$ 115,111,053</u>		 <u>\$ 65,734,940</u>
 Ratio overlapping bond debt to assessed valuation			 <u>1.77%</u>
 Per Capita Overlapping Bond Debt			 <u>786</u>

NOTES:

- (1) Information from each respective taxing jurisdiction
- (2) Percentages are estimated

TABLE 9

**CITY OF TYLER, TEXAS
 RATIO OF ANNUAL DEBT SERVICE
 EXPENDITURES FOR GENERAL BONDED DEBT TO
 TOTAL GENERAL EXPENDITURES
 LAST FIFTEEN FISCAL YEARS
 (IN THOUSANDS)
 (UNAUDITED)**

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL EXPENDITURES (1)</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1987	\$ 4,776	\$ 20,631	23.15%
1988	4,718	22,058	21.39%
1989	4,830	22,844	21.14%
1990	4,835	24,791	19.50%
1991	5,445	25,904	21.02%
1992	5,966	26,643	22.39%
1993	5,979	27,327	21.88%
1994	6,574	31,048	21.17%
1995	6,488	32,417	20.01%
1996	6,049	33,257	18.19%
1997	6,182	32,238	19.18%
1998	5,994	34,731	17.26%
1999	2,139	36,501	5.86%
2000	2,083	36,564	5.70%
2001	3,234	39,615	8.16%

NOTES:

(1) Includes the City's General Fund only.

TABLE 10

**CITY OF TYLER, TEXAS
WATER AND SEWER REVENUE BOND COVERAGE
LAST FIFTEEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)**

FISCAL YEAR ENDED SEPTEMBER 30,	GROSS REVENUE (1)	DIRECT OPERATING EXPENSES (2)	WATER PURCHASED (3)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (4)	COVERAGE
1987	\$ 13,418	\$ 5,257	\$ 447	\$ 7,714	\$ 2,272	3.40
1988	14,061	6,004	455	7,602	2,268	3.35
1989	13,789	5,733	496	7,560	2,340	3.23
1990	13,980	6,074	496	7,410	2,190	3.38
1991	13,376	6,890	496	5,990	2,189	2.74
1992	14,007	7,171	496	6,340	2,183	2.90
1993	14,768	7,421	496	6,851	2,184	3.14
1994	15,088	8,189	496	6,403	2,192	2.92
1995	15,799	8,762	496	6,541	2,191	2.99
1996	16,822	8,805	496	7,521	2,182	3.45
1997	16,323	9,884	496	5,943	2,202	2.70
1998	18,609	10,443	496	7,670	2,209	3.47
1999	17,092	10,392	496	6,204	2,186	2.84
2000	20,229	10,968	496	8,765	1,749	5.01
2001	20,061	11,648	248	8,165	3,207	2.55

NOTES:

- (1) Includes total operating revenues, interest income and royalty income of the City's Water and Sewer Fund only.
- (2) Includes all direct operating expenses, except depreciation, of the City's Water and Sewer Fund only. Operating transfers out are not considered direct operating expenses and therefore not included in this total.
- (3) Payments made to the Upper Neches River Municipal Water Authority, pursuant to a 1965 water supply contract.
- (4) Includes principal and interest.

TABLE 11

**CITY OF TYLER, TEXAS
DEMOGRAPHIC STATISTICS
LAST FIFTEEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED SEPTEMBER 30,	TYLER POPULATION (1)	SMSA MEDIAN AGE (2)	SCHOOL ENROLLMENT (3)	TYLER PUBLIC SMSA UNEMPLOYMENT RATE (4)
1987	82,231	32.6	16,692	8.2%
1988	82,000	32.9	16,253	7.4%
1989	84,440	33.2	16,127	6.9%
1990	76,440	32.9	16,205	6.5%
1991	74,450	33.2	16,642	6.4%
1992	76,506	33.6	16,648	8.0%
1993	77,034	33.8	16,731	6.6%
1994	77,562	34.2	16,773	5.0%
1995	78,090	34.5	16,771	5.7%
1996	78,618	34.9	16,201	6.7%
1997	81,303	34.8	16,714	6.8%
1998	81,303	34.8	16,672	4.9%
1999	82,908	34.6	16,587	3.9%
2000	83,650	34.6	16,630	4.2%
2001	84,400	34.1	16,778	4.3%

SOURCES:

- (1) Tyler Area Chamber of Commerce except for year 1990 and 2000 which was obtained from U.S. Census Bureau.
- (2) Sales and Marketing Management's Annual Survey of Buying Power
- (3) Tyler Independent School District Records
- (4) Texas Employment Commission

TABLE 12

**CITY OF TYLER, TEXAS
PROPERTY VALUE AND CONSTRUCTION
LAST FIFTEEN YEARS
(IN THOUSANDS)
(UNAUDITED)**

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>PROPERTY VALUE *</u>	<u>CONSTRUCTION PERMITS (1)</u>
1987	\$ 2,521,082	\$ 45,373
1988	2,496,692	49,850
1989	2,498,641	52,615
1990	2,499,637	34,028
1991	2,520,159	64,630
1992	2,458,864	85,271
1993	2,426,588	119,275
1994	2,469,726	101,077
1995	2,636,249	82,060
1996	2,781,366	97,083
1997	2,860,640	94,987
1998	3,020,486	106,268
1999	3,197,307	101,676
2000	3,379,374	218,081
2001	3,721,050	229,554

SOURCE:

(1) City Inspection Department

* Estimated Actual Value in thousands

TABLE 13

**CITY OF TYLER, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2001
(UNAUDITED)**

<u>NAME OF TAXPAYER</u>	<u>NATURE OF PROPERTY OR PRODUCT</u>	<u>FYE SEPTEMBER 30, 2001 ASSESSED VALUATION</u>	<u>% OF TOTAL ASSESSED VALUATION</u>
American Standard, Inc. - Trane Division	Manufacturing of heating and cooling units	\$ 79,854,273	2.15%
Brookshire Grocery Company	Supermarkets; distribution facilities	72,277,190	1.94%
Wal-Mart Stores/Sam's	Retail	41,168,250	1.11%
Carrier Corporation	Manufacturing of heating and cooling units	40,873,762	1.10%
Crown/La Gloria Oil & Gas Company	Refinery	39,871,783	1.07%
Simon Property Group	Commercial Property	39,405,296	1.06%
Texas Utilities Electric Company	Electric Utility	38,600,010	1.04%
Genecov Group	Commercial Property	37,162,289	1.00%
Southwestern Bell Telephone	Telephone Utility	37,019,220	0.99%
East Texas Medical Center	Medical	18,036,243	0.48%
TOTALS		<u>\$ 444,268,316</u>	<u>11.94%</u>

**CITY OF TYLER, TEXAS
MISCELLANEOUS STATISTICAL DATA
SEPTEMBER 30, 2001
(UNAUDITED)**

Date founded:	April 11, 1846
Date of Incorporation:	January 29, 1850
City Charter adopted:	February 9, 1937
Square miles in corporate limits	52.746
Form of government:	Council-Manager

Tyler is the county seat of Smith County.

Chief Industries in and around Tyler

Growing and shipping rose bushes, oil production and refining, canning, railroad headquarters, manufacturing cast iron fittings and soil pipe and air conditioning units, prefabricated homes, tires, plastics, fertilizers, brick, tile and fishing lures.

Miles of Streets and Sidewalks

Paved streets	678.44 miles
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Building Permits - Fiscal Year

Number issued	1,687
Estimated cost	\$ 229,554

Fire Protection

Number of stations	9
Number of employees - civil service	125
Number of employees - non-civil service	5
Number of part-time employees - non-civil service	0

Police Protection

Number of stations	3
Number of employees - civil service	173
Number of employees - non-civil service	54
Number of part-time employees - non-civil service	2

CITY OF TYLER, TEXAS
MISCELLANEOUS STATISTICAL DATA
SEPTEMBER 30, 2001
(UNAUDITED)

Parks and Recreation

City parks - acres	1,113.43
Recreation centers	3
Number of playgrounds	17
Number of swimming pools	2
Rose Garden - acres (included in parks above)	22
Lighted tennis courts	12
Unlighted tennis courts	8
Multi-use courts	10

The water department operated ten park areas at three City-owned lakes. The lakes and surrounding areas consist of approximately 10,000 acres.

Water and Sewer

Number of water customers	28,980
Number of sewer customers	26,898
Number of garbage customers	27,229
Average daily water consumption	21,382,915 gpd *
Highest daily water consumption	40,003,000 gpd *
Plant capacity and wells	40,350,000 gpd *
	* gallons per day
Storage capacity - overhead	8,500,000 gallons
Miles - water mains	587.80
Miles - sewer mains	517.11
Valves	6,874
Number of fire hydrants	2,444
Water supply	3 Lakes and 12 Water Wells

Number of Employees

Civil service	292
Non-civil service	463
	<hr/>
Total employees	755
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