



It's real.

CITY OF SEGUIN, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

Prepared by: Finance Department
Susan Caddell
Director of Finance

CITY OF SEGUIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>PAGE</u>
TITLE PAGE	i
TABLE OF CONTENTS	ii
LETTER OF TRANSMITTAL	v
GFOA CERTIFICATE OF ACHIEVEMENT	x
PRINCIPAL OFFICERS	xi
ORGANIZATIONAL CHART	xii

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	15
STATEMENT OF NET POSITION	16
STATEMENT OF ACTIVITIES	18
BALANCE SHEET - GOVERNMENTAL FUNDS	20
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	23
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	25
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	26
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	28
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	29
STATEMENT OF FIDUCIARY NET POSITION	31
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	32
NOTES TO BASIC FINANCIAL STATEMENTS	33
REQUIRED SUPPLEMENTARY INFORMATION	69
REQUIRED SUPPLEMENTARY INFORMATION - GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL	70
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL	75
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS	76
SCHEDULE OF CITY CONTRIBUTIONS	77
OTHER POSTEMPLOYMENT BENEFITS - RETIREE INSURANCE - SCHEDULE OF FUNDING PROGRESS	78

CITY OF SEGUIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

TABLE OF CONTENTS (CONTINUED)

SUPPLEMENTARY INFORMATION.....	79
COMPARATIVE BALANCE SHEETS - GENERAL FUND.....	80
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND	81
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - DEBT SERVICE FUND.....	82
NONMAJOR GOVERNMENTAL FUNDS - COMBINING BALANCE SHEET.....	85
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	86
NONMAJOR SPECIAL REVENUE FUNDS - COMBINING BALANCE SHEET.....	87
NONMAJOR SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	91
NONMAJOR CAPITAL PROJECTS FUNDS - COMBINING BALANCE SHEET.....	95
NONMAJOR CAPITAL PROJECTS FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	97
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL -	
OCCUPANCY TAX FUND.....	99
COLISEUM FUND.....	100
AQUATIC CENTER FUND	101
GOLF COURSE.....	102
CONVENTION & VISITORS BUREAU	103
SEBASTOPOL HOUSE.....	104
POLICE DONATIONS FUND	105
PEG CAPITAL FEES	106
LIBRARY DEVELOPMENT FUND	107
SEGUIN EVENTS COMLEX FUND	108
COMPARATIVE STATEMENTS OF NET POSITION - UTILITY FUND	109
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - UTILITY FUND	111
COMPARATIVE STATEMENTS OF CASH FLOWS - UTILITY FUND	112
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT - UTILITY FUND.....	114
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS	116
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS	117
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS	118
COMBINING STATEMENT OF NET POSITION - FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS.....	119
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS.....	120
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND.....	121

CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION

NET POSITION BY COMPONENT.....	123
CHANGES IN NET POSITION.....	125
FUND BALANCES, GOVERNMENTAL FUNDS.....	129
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS.....	131
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS.....	133
ASSESSED VALUE AND ACTUAL VALUE OF PROPERTY.....	134
DIRECT AND OVERLAPPING PROPERTY TAX RATES.....	135
PRINCIPAL PROPERTY TAXPAYERS.....	136
PROPERTY TAX LEVIES AND COLLECTIONS.....	137
RATIOS OF OUTSTANDING DEBT BY TYPE.....	138
RATIOS OF GENERAL BONDED DEBT OUTSTANDING.....	139
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT.....	140
COMPUTATION OF LEGAL DEBT MARGIN.....	141
PLEDGED REVENUE COVERAGE.....	142
DEMOGRAPHIC AND ECONOMIC STATISTICS.....	143
PRINCIPAL EMPLOYERS.....	144
OPERATING INDICATORS BY FUNCTION.....	145
CAPITAL ASSET STATISTICS BY FUNCTION.....	147
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION.....	149

COMPLIANCE SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING</i> <i>STANDARDS</i>	151
---	-----



It's real.



It's real.

March 1, 2018

The Honorable Mayor and City Council
City of Seguin, Texas

We are pleased to present the Comprehensive Annual Financial Report of the City of Seguin, Texas (the City), for the fiscal year ended September 30, 2017. Responsibility for both the accuracy of the 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 presented data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Seguin's financial statements have been audited by Armstrong, Vaughan & Associates, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Seguin for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis letter, the government-wide financial statements, the fund financial statements, notes to the financial statements, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the City. The City provides a full range of services including: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, convention and visitors' bureau and general administrative services. The City also provides electric, water, and wastewater services; therefore, these activities are included in the reporting entity.

City of Seguin profile. The City of Seguin is located in South Central Texas and is the county seat and principal commercial center of Guadalupe County. The City is located on Interstate Highway 10, about 35 miles east of San Antonio, 160 miles west of Houston, and 50 miles south of Austin, the State capital.

Incorporated in 1853, the City operates under a Home Rule Charter, which was adopted on December 7, 1971. The City has a council-manager type of government composed of the manager, mayor and eight councilpersons elected for four-year terms. The City Manager is the chief administrator and executive officer for the City and has full responsibility for carrying out Council policies and administering City operations, including hiring department Directors and all other City employees. City service departments provide a full range of services including police and fire protection, EMS services, building inspections, animal control services, parks and recreation services, golf, library services, public works services and general administrative services. In addition, the City of Seguin also provides electric, water and wastewater services.

Local economy. The Seguin-Guadalupe County economy is an important contribution to the San Antonio metropolitan area. Manufacturing, agriculture and agribusiness, minerals, education, and recreation are major contributors. The City of Seguin has been economically stable for many years because of the industries located here. Numerous businesses and Fortune 500 companies major operations located within the City of Seguin including, Continental Automotive Group, Commercial Metals Corporation (CMC), Tyson Foods, Inc., Caterpillar, Inc., Minigrip, Wal-Mart, Alamo Group, HEB, Niagara Bottling, Georgia Pacific, and Hexcel. Several other businesses have recently established a presence in Seguin or will be doing so in the near future. Tractor Supply Company opened a regional distribution center in late 2015, Niagara Bottling opened its Seguin Bottling Center in the Spring of 2016, United Alloy expanded distribution and warehousing operations to Seguin in the fall of 2016, and American Colors will begin manufacturing operations in Seguin starting in the spring of 2018.

In addition, to the Seguin Independent School District, Seguin is the home of Texas Lutheran University (TLU). It is a fully accredited four-year co-educational senior liberal arts institution of higher education. TLU's 1,400 students come from 23 states and 8 foreign countries. The 14:1 student-teacher ratio allows for small classes. TLU has repeatedly been listed as one of the top ten small colleges in the southern United States by the *U.S. News and World Report* survey of college presidents.

In discussions with major employers in Seguin, it is apparent that a continued focus on developing an available, skilled workforce is essential to remaining competitive. In an effort to address regional workforce development needs in Seguin, the Central Texas Technology Center (CTTC) has partnered with the Alamo Academies to offer the Advanced Technology and Manufacturing Academy that trains junior and senior high school students in a manufacturing trade. Seguin and New Braunfels high school students earn up to a total of thirty (30) college credit hours, graduate with a diploma and enroll in a two or four year college to earn a degree. Given the fact that the availability of a trained workforce is one of the most important site selection variables for companies, this workforce training system has the potential of providing a steady flow of new trained workers to put Seguin and New Braunfels at a distinct advantage. During this reporting cycle, an overwhelming interest in the dual placement program drove the need for additional funding for Accuplacer exams to be administered. In addition the CTTC recently underwent an expansion that doubled the size of its campus to accommodate current and future growth.

Guadalupe Regional Medical Center (GRMC), located in Seguin, is an award-winning, technologically advanced regional healthcare provider that transforms lives by providing compassionate high-quality healthcare. With an active medical staff of 152 local physicians and 742 employees, GRMC provides comprehensive healthcare services to the residents of eight counties throughout Central Texas. In 2014, GRMC surgeons were trained in and began performing da Vinci robotic surgery.

Each year the hospital admits approximately 5,000 patients, treats 32,000 Emergency Department visits, delivers 700 babies, and performs 3,200 surgeries. GRMC contributes nearly \$40 million per year to the local economy in salaries and benefits and is one of the largest employers in Guadalupe County. Jointly owned by the City of Seguin and Guadalupe County, GRMC is a not-for-profit community hospital committed to its values of compassion, teamwork, excellence, enthusiasm, and dedication.

Data provided by the Bureau of Labor Statistics indicates that the City of Seguin added and estimated 418 jobs from December 2016 to December 2017. In addition, the unemployment rate decreased slightly to 3.0 percent in December, down from 3.3 percent in November. These low rates continue to keep the City in what economists consider to be at full employment.

The City of Seguin unemployment rate registered an identical overall jobless rate of 3.0 percent for the 8-county San Antonio-New Braunfels Metropolitan Statistical Area (MSA), which includes Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina and Wilson counties. The City of New Braunfels registered a 3.0 percent unemployment rate in December, while the City of San Antonio registered 3.0 percent and the City of Schertz registered a 2.9 percent rate—all at full employment.

Comparing the San Antonio-New Braunfels MSA to the state and nation, the Texas unadjusted (actual) unemployment rate remained unchanged for the months of November and December at 3.7 percent. The nation's unadjusted (actual) unemployment rate registered at 3.9 percent for December, remaining the same from November.

In April 2016, Caterpillar announced it would be closing an electric generator packaging facility in Newberry, South Carolina, and a generator assembly plant in Ridgeway, South Carolina. As a part of these consolidation efforts, Caterpillar shifted the operations of these facilities to three other plants, one of which was the Seguin, Texas facility. The transfer of operations to Caterpillar's Seguin Plant speaks volumes about our region's workforce and the business friendly Texas economy. In addition, in 2016 Caterpillar also relocated its Americas Sales and Marketing team to the Seguin, Texas facility. The relocation involved employees throughout the United States and Europe.

In the spring of 2016, Niagara Bottling opened its new 557,000 square foot bottling facility located on 30.77 acres of land off Interstate 10 at the intersection of Rio Nogales Drive and Eighth Street. On June 30, 2015 the City of Seguin announced that Niagara Bottling would be locating their new bottling facility in Seguin, Texas. The project will create over \$85 million in new capital investment and more than 75 new jobs. Niagara recently added a third production line to their facility. The new line will create about 20 new jobs.

Long-term financial planning. The City issued \$8,415,000 in utility revenue bonds in March 2017, which funded major water and wastewater improvements. In addition, the City issued \$8,800,000 in certificates of obligation bonds in December 2016 which, provided funding for needed street and drainage improvements.

FINANCIAL INFORMATION

Internal control. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The City utilizes a computerized financial accounting system, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurances.

Budgeting Controls. The City also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. However, budgetary accounting is maintained on a line-item basis. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end, however, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Financial rating. The City's bond rating for Fitch Ratings and Standard & Poor's is as follows:

	<u>Fitch Ratings</u>	<u>Standard & Poor's</u>
General Obligation Bonds	AA/stable outlook	AA/stable outlook
Utility Revenue Bonds	A+/stable outlook	A+/stable outlook

Retirement Plan. The City provides pension benefits for all of its full-time employees through the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

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. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Health Benefits Trust Fund. During fiscal year 2009, the City established a Health Benefits Trust Fund and Retiree Insurance Trust Fund. These funds were established for the receipt of health insurance premiums from the benefits paid by the City, premiums paid by retirees and dependent premiums paid by employees and retirees. The disbursements of these premiums are also paid out of these funds.

OTHER INFORMATION

Independent Audit. The City Charter requires an annual audit of the books, accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report by Armstrong, Vaughan & Associates, P.C., Certified Public Accountants, has been included in this report.

Acknowledgements. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the members of the City Council and the citizens of the City of Seguin for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Douglas G. Faseler
City Manager



Susan Caddell
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Seguin
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF SEGUIN, TEXAS

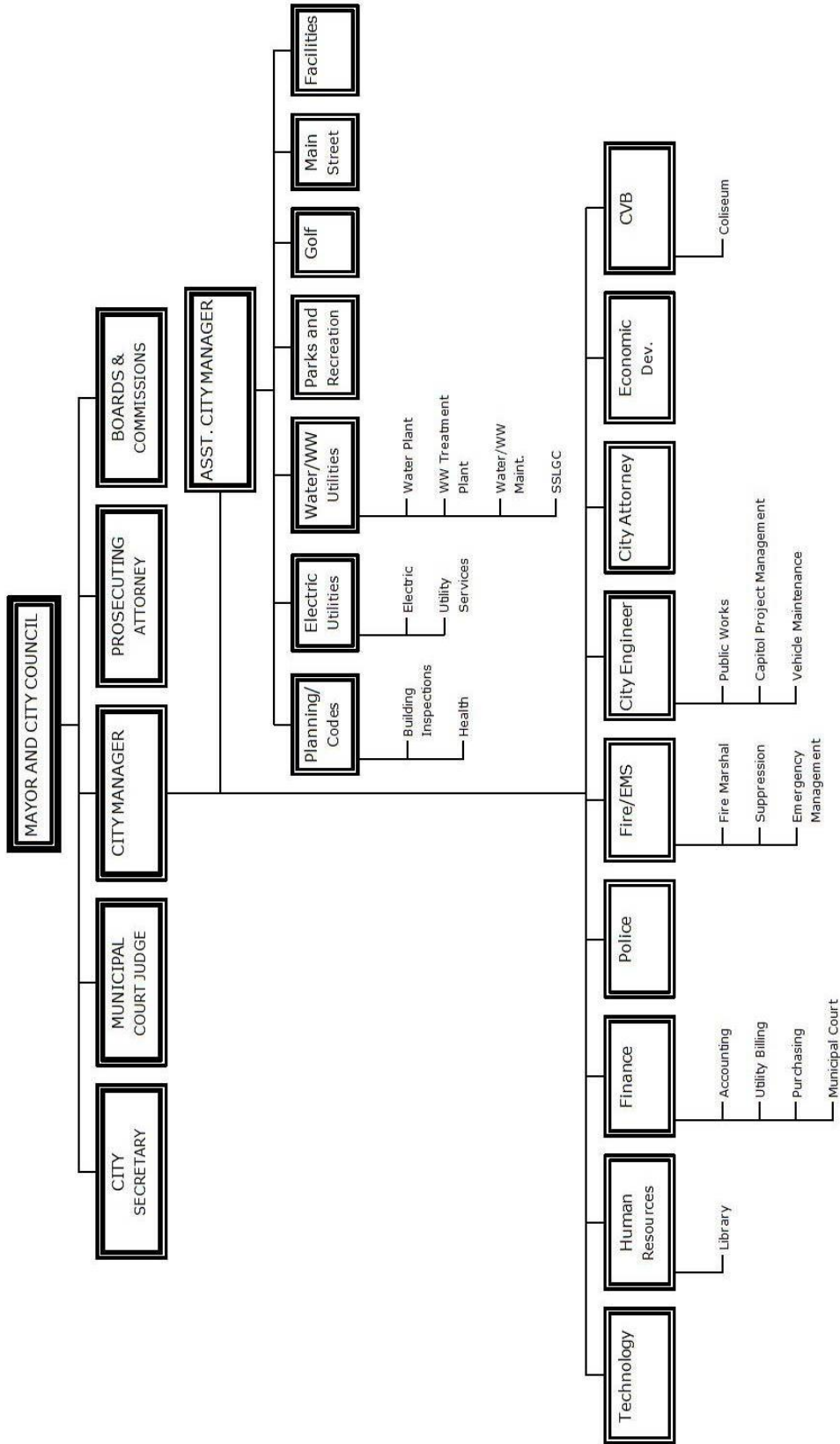
PRINCIPAL OFFICERS

DON KEIL Mayor
ERNESTO M. LEAL..... Mayor Pro-Tem
JEANETTE CRABB Councilwoman
DONNA DODGEN..... Councilwoman
MARK HERBOLD Councilman
FONDA MATHIS..... Councilwoman
CARLOS MEDRANO Councilman
CHRIS RANGEL Councilman

DOUG FASELER
City Manager

RICK CORTES..... Assistant City Manager
NAOMI MANSKI..... City Secretary
SUSAN CADDELL Director of Finance
ANDREW QUITTNER..... City Attorney

CITY OF SEGUIN





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Seguin Economic Development Corporation (component unit) were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seguin, Texas' basic financial statements as a whole. The comparative statements, combining and individual nonmajor fund financial statements, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018 on our consideration of the City of Seguin, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Seguin, Texas' internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C."

Armstrong, Vaughan & Associates, P.C.

February 15, 2018



It's real.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seguin, we offer readers of the City of Seguin's financial statements this narrative overview and analysis of the financial activities for the City of Seguin for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's financial statements immediately following this analysis.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Seguin exceeded its liabilities at the close of the fiscal year ending September 30, 2017, by \$108,497,153 (net position). Of this amount, \$23,124,152 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6,893,616 or 6.78% compared to the prior fiscal year.
- As of September 30, 2017 the City of Seguin's governmental funds reported combined ending fund balances of \$36,338,201, an increase of \$1,540,427.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,505,167, or 51.3% of total General Fund expenses.
- The City's total debt increased by \$14,580,904 during the current fiscal year. The City issued Certificates of Obligation Bonds for \$8,800,000 and Utility Revenue Bonds for \$8,415,000.
- During the year, the City's expenses were \$406,480 less than the \$32,610,010 generated in taxes and other revenues for governmental activities before transfers.
- The total cost of the City's governmental activity programs increased by \$2,138,230 from last year, and no new programs were added this year. Salaries and benefits increased from fiscal year 2016. In addition, depreciation increased due to several projects being completed in fiscal years 2017 and 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City of Seguin's basic financial statements. The City of Seguin's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The comprehensive annual financial report (CAFR) also contains other supplementary information in addition to the basic statements themselves.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the *statement of net position* and the *statement of activities*, the City's operations are divided into two kinds of activities:

- 1 Governmental Activities – Most of the City's basic services are reported here, such as public safety, public works and general administration. Property taxes, franchise fees and charges for services finance most of these activities.
- 2 Business-Type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Utility Fund, which include, electric, water and wastewater services, are reported here.

In addition, the *government-wide financial statements* include not only the City of Seguin itself, but also the Seguin Economic Development Corporation, a legally separate component unit for which the City is financially accountable. Financial information for this component unit is reported separately from the primary government and business-type activities.

The *government-wide financial statements* can be found on pages 16 - 19 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seguin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Governmental funds statements are reported using current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the *statement of net position* and the *statement of activities*) and governmental funds are detailed in a reconciliation following the fund financial statements.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2016 Certificates of Obligation Fund, 2016-a Certificates of Obligation Fund and Debt Service Fund, all of which are considered to

be major funds. Data from the other governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.

The basic governmental fund financial statements can be found on pages 20 - 25.

Proprietary funds. The City charges customers for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net position* and the *statement of activities*.

The City maintains two different types of proprietary funds. The Utility Fund is a business-type activity and consists of revenues from charges for electric, water and wastewater sales. The Internal Service Funds account for revenues and expenditures for the employee health insurance, retiree health insurance and workers' compensation insurance. The fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 26 - 30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Seguin's own programs. The method of accounting utilized for these funds is similar in nature to that of the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 31 - 32 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary schedule. The City of Seguin adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 69 - 74 of this report.

In addition, this report also contains certain required supplementary information concerning the City of Seguin's progress in funding its obligation to provide pension benefits to City staff and members of the City's firemen's pension fund, as well as funding progress for other postemployment benefits (health insurance) provided to retirees.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and individual internal service funds are presented immediately following the required supplementary information described in the preceding paragraph. Combining and individual fund statements can be found on pages 80 - 120 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2017, the City of Seguin's assets and deferred outflows of resources exceeded liabilities by \$108,497,153. Table A-1 is a condensed version of the City's statement of net position for the years ended September 30, 2017 and 2016, respectively.

The largest portion of the City's total net position (73.4%) is its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Seguin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The next largest portion of the City's total net position (21.3%) is its unrestricted net position.

Table A-1
City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 27,017,724	\$ 27,960,258	\$ 37,207,003	\$ 34,338,715	\$ 64,224,727	\$ 62,298,973
Capital assets	91,443,641	83,096,731	90,354,183	77,555,421	181,797,824	160,652,152
Other non current assets	15,653,893	13,057,073	14,459,337	17,054,811	30,113,230	30,111,884
Total assets	<u>134,115,258</u>	<u>124,114,062</u>	<u>142,020,523</u>	<u>128,948,947</u>	<u>276,135,781</u>	<u>253,063,009</u>
Deferred Outflows of Resources	<u>5,132,092</u>	<u>5,688,983</u>	<u>1,741,400</u>	<u>1,933,690</u>	<u>6,873,492</u>	<u>7,622,673</u>
Liabilities						
Current liabilities	3,937,776	3,821,156	5,222,032	6,396,858	9,159,808	10,218,014
Noncurrent liabilities	105,153,206	96,313,724	60,199,106	52,550,407	165,352,312	148,864,131
Total liabilities	<u>109,090,982</u>	<u>100,134,880</u>	<u>65,421,138</u>	<u>58,947,265</u>	<u>174,512,120</u>	<u>159,082,145</u>
Net Position						
Invested in Capital Assets	30,491,009	28,065,213	49,099,409	44,783,121	79,590,418	72,848,334
Restricted	2,806,714	2,912,376	2,975,869	2,713,233	5,782,583	5,625,609
Unrestricted	(3,141,355)	(1,309,424)	26,265,507	24,439,016	23,124,152	23,129,592
Total Net Position	<u>\$ 30,156,368</u>	<u>\$ 29,668,165</u>	<u>\$ 78,340,785</u>	<u>\$ 71,935,370</u>	<u>\$ 108,497,153</u>	<u>\$ 101,603,535</u>

An additional portion of the City of Seguin's net position (5.3%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net position of \$23,124,152 may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net position. The City's total government-wide revenues increased by \$9,177,920 or 12.1%. This was largely due to increase in electric, water and sewer revenue along with an increase in property tax revenues and an increase in the developer contributions. The City's total government-wide expenses increased by \$5,633,784 or 7.8%. There was a large increase in wholesale power costs, along with an increase in salaries and benefits and depreciation.

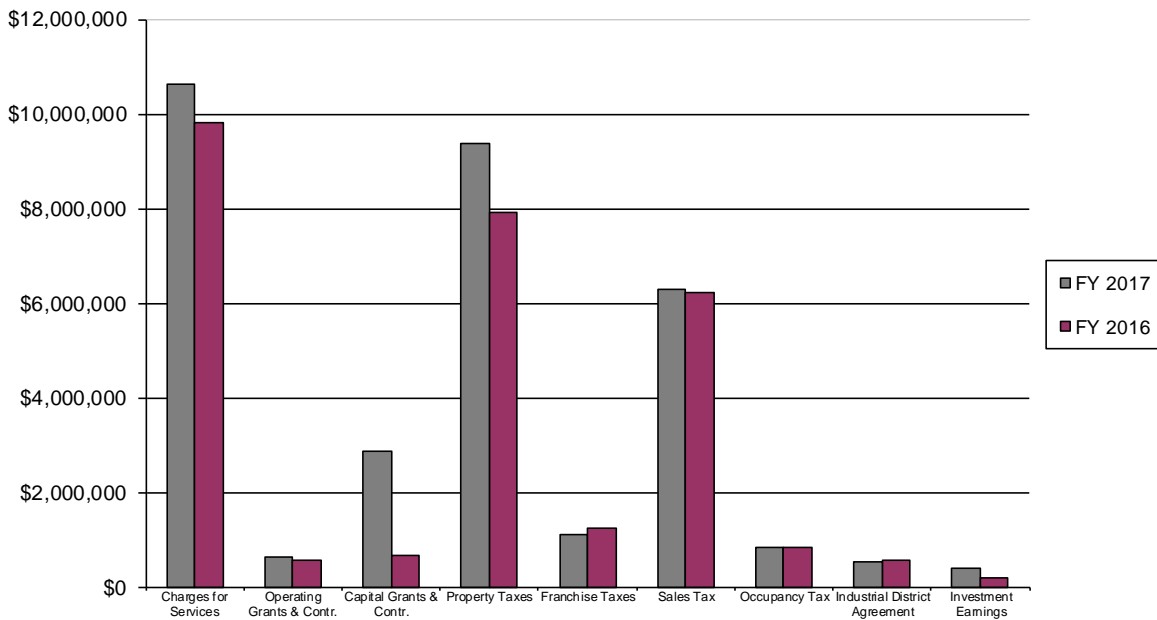
Table A-2
Changes in City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for Services	\$ 10,619,004	\$ 9,797,695	\$ 49,979,572	\$ 46,502,423	\$ 60,598,576	\$ 56,300,118
Operating Grants and Contributions	618,406	546,156	-	-	618,406	546,156
Capital Grants and Contributions	2,868,007	656,203	1,845,532	975,222	4,713,539	1,631,425
General Revenues						
Property Taxes	9,362,955	7,922,023	-	-	9,362,955	7,922,023
Franchise Taxes	1,096,104	1,252,005	-	-	1,096,104	1,252,005
Sales Tax	6,271,333	6,232,146	-	-	6,271,333	6,232,146
Occupancy Tax	842,217	830,356	-	-	842,217	830,356
Industrial District Agreement	531,294	546,645	-	-	531,294	546,645
Investment Earnings	400,790	183,931	389,947	191,923	790,737	375,854
Gain (Loss) on Sale of Assets	-	-	3,601	14,112	3,601	14,112
Total Revenues:	32,610,110	27,967,160	52,218,652	47,683,680	84,828,762	75,650,840
Expenses:						
General Government	4,116,593	3,147,664	-	-	4,116,593	3,147,664
Public Safety	15,578,523	14,279,914	-	-	15,578,523	14,279,914
Public Service	9,644,071	10,077,096	-	-	9,644,071	10,077,096
Interest on Long-Term Debt	2,864,443	2,560,726	-	-	2,864,443	2,560,726
Utility	-	-	45,731,516	42,235,962	45,731,516	42,235,962
Total Expenses	32,203,630	30,065,400	45,731,516	42,235,962	77,935,146	72,301,362
Excess (Deficiency) Before Transfers In (Out)	406,480	(2,098,240)	6,487,136	5,447,718	6,893,616	3,349,478
Increase (Decrease) in Net Position	\$ 488,203	\$ (2,178,646)	\$ 6,405,413	\$ 5,528,124	\$ 6,893,616	\$ 3,349,478

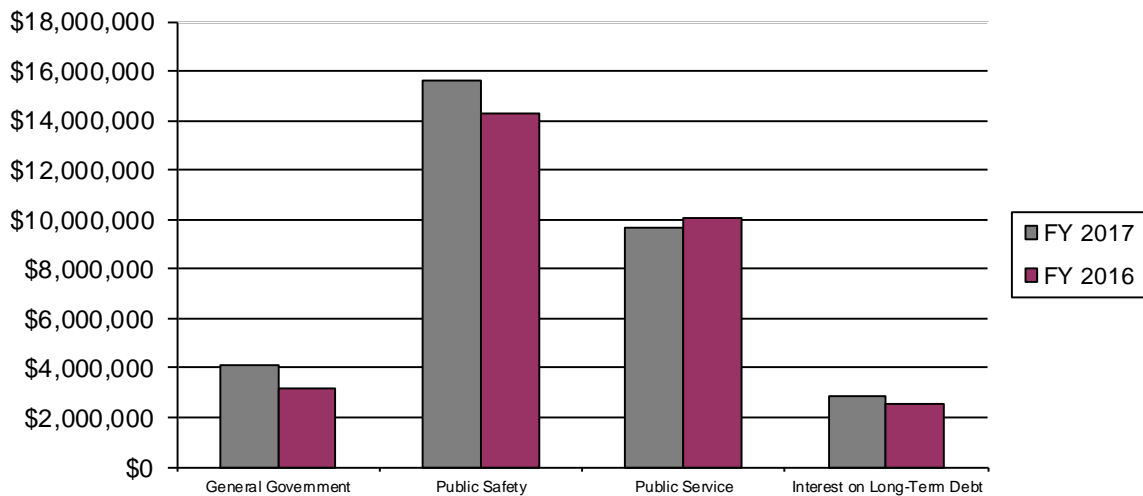
Governmental activities. The City's total governmental revenues increased by \$4,642,950 or 16.6% above last year. The City's total governmental expenses increased by \$2,138,230 or 7.1% above last year.

- Capital Grants and Contributions increased by 2,211,804. Of this amount, \$2,093,513 was from developer contributions.
- Property Taxes increased by \$1,440,932 or 18.19%. Property values increased along with an increase in debt service payments. This was the first full year the debt service payments were made for the 2016 General Obligation Bonds.
- Interest and Investment Earnings increased by \$216,859. An increase in interest rates along with investments in higher yield investments occurred in BY17.
- Building Permits increased by \$213,618 or 38.9%. Housing developments have been rapidly occurring in the City.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$15,578,523. These expenses increased by \$880,456. These expenses are offset by revenues collected from a variety of sources, with the largest being from fines and penalties in the amount of \$1,691,314. Additional funding also included EMS revenue in the amount of \$1,031,905 and Fire and EMS interlocal agreements with Guadalupe County in the amount of \$588,874. The major components of public safety are police and fire. Police accounted for \$7.1 million in public safety expense while Fire accounted for \$5.6 million in public safety expense.

Revenues - Governmental Activities



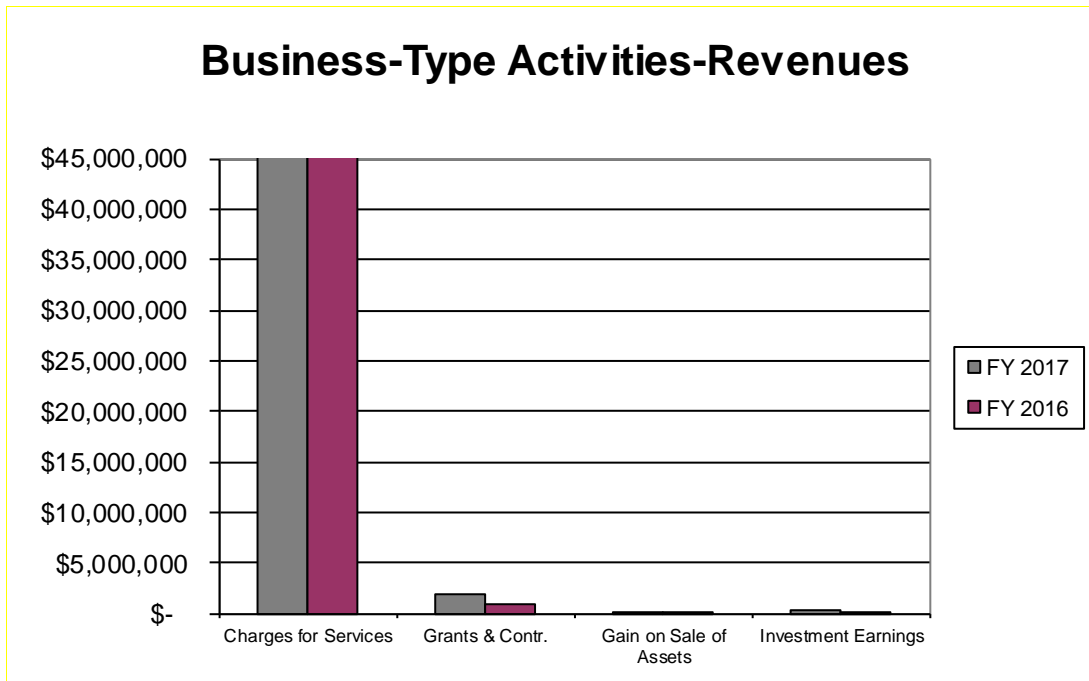
Expenses - Governmental Activities



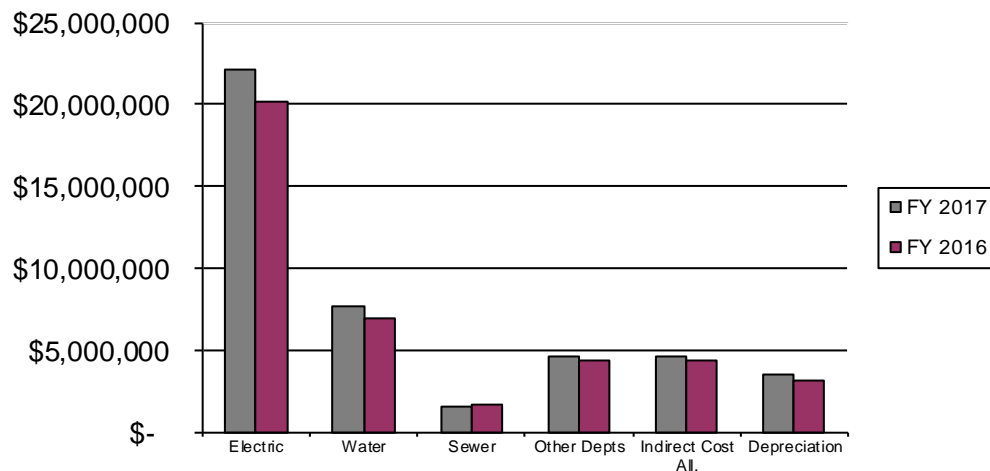
Business-type activities. The City's total business-type revenues increased by \$4,534,972 or 9.5%. The City's total business-type expenses increased by \$3,495,554 or 8.3%.

- Electric revenues make up \$30.2 million of the charges for services. This year electric revenues increased by \$2,116,864. The increase was due to an increase in consumption. Wholesale power costs increased by \$1,985,834 or 12.19%.
- Water revenues make up \$10.4 million of the charges for services. This year water revenues increased by \$574,353 or 5.9%. This was a result of an increase in consumption along with an increase in rates. The City purchases water from the Schertz-Seguin Local Government Corporation (SSLGC).

- Sewer revenues make up \$7.3 million of the charges for services. This year sewer revenues increased by \$537,735 or 8%. This was due to an increase in water consumption along with an increase in rates.



Business-Type Activities-Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Seguin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,338,201. This is an increase of \$1,540,427. The City continues to spend down bond proceeds received in previous fiscal years. In addition, the City suffered some damage in August 2017 as a result of Hurricane Harvey. Funds from the Stabilization Agreement Fund were used to provide the funding for recovery efforts. Once the City receives insurance proceeds and FEMA assistance proceeds, this fund will be replenished. Of this total amount of fund balance, \$11,505,167 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balances is as follows: 1) nonspendable fund balance in the amount of \$164,164 which are prepaids and inventory, 2) restricted fund balance in the amount of \$18,151,691, which are restricted to tourism and economic development, public safety, public service, capital projects or debt service, 3) committed fund balance in the amount of \$1,750,289, which is committed to stabilization agreement and aquatic fees, and 4) assigned fund balance in the amount of \$4,766,892, which is assigned to capital projects.

The General Fund is the main operating fund of the City of Seguin. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,505,167, while total fund balance reached \$13,173,454. Of this amount \$2,447,738 is attributable to the balance of a tax exemption settlement agreement. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. With the \$2,447,738 taken out of the equation, unassigned fund balance represents 40.4% of general fund expenditures, while total fund balance represents 47.8 of that same amount.

The General Fund Capital Projects Fund has a total fund balance of \$4,483,029, a decrease of \$250,163. This decrease can be attributable to the fact that funds are being used to complete projects.

At the end of FY17, six bond funds had a total fund balance of \$15,113,641. This was an increase of \$3,497,460 due to receiving bond proceeds of \$8,800,000 while continuing to spend down bond proceeds from previous years.

Other factors concerning the finances of governmental fund have already been addressed in the discussion of the City's governmental activities in the government-wide financial statements.

Proprietary funds. The City of Seguin's proprietary funds are utilized to account for operations of the City that are commercial in nature and accounted for in a manner more similar to private enterprise. The statements for proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year amounted to \$26,265,507. The restricted net position for debt service is \$520,794, while restricted net position for impact fees is \$2,455,075. Net position invested in capital assets amounted to \$49,099,409.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2016-17, actual revenues on a budgetary basis were \$23,399,220 compared to the final budget of \$22,292,674, which is \$1,106,546 above budget. Building permits exceeded budget by \$263,303 due to increased construction activity. Property tax exceeded budget by \$292,138 due to an increase in values.

For FY 2016-17, actual expenditures on a budgetary basis were \$22,435,704 compared to the final budget of \$23,809,775, which was \$1,374,071 below final budget amounts. Some departments had employee turnover resulting in their personnel services being under budget and savings on other operating expenditures. Indirect cost allocation also exceeded budget by \$241,289.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2017, the City had invested \$181,797,824, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$17,979,138 or 11%. The increase was due in part to large bond projects being completed or underway begun during fiscal year 2017. More detailed information about the City's capital assets can be found in Note G, page 47 – 48.

Table A-3
City of Seguin's Capital Assets

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2017	2016	2017	2016	2017	2016	Change
Land	\$ 4,584,815	\$ 4,467,991	\$ 727,026	\$ 727,026	\$ 5,311,841	\$ 5,195,017	2.2%
Buildings and Improvements	37,836,176	33,889,397	35,938,858	24,672,813	73,775,034	58,562,210	26.0%
Improvements Other than Buildings	64,790,507	56,208,316	89,868,569	69,105,147	154,659,076	125,313,463	23.4%
Transportation and Equipment	17,875,883	15,063,342	8,060,934	7,755,774	25,936,817	22,819,116	13.7%
Construction in Progress	16,352,771	19,981,296	18,028,664	34,102,978	34,381,435	54,084,274	-36.4%
Totals at Historical Cost	141,440,152	129,610,342	152,624,051	136,363,738	294,064,203	265,974,080	10.6%
Total Accumulated Depreciation	(49,996,511)	(46,513,609)	(62,269,868)	(55,641,785)	(112,266,379)	(102,155,394)	9.9%
Net Capital Assets	\$ 91,443,641	\$ 83,096,733	\$ 90,354,183	\$ 80,721,953	\$ 181,797,824	\$ 163,818,686	11.0%

Long-term debt. At year-end, the City had \$125,933,417 in bonds, loans and capital leases outstanding as shown in Table A-4. This was an increase of \$14,580,904 or 13.1% from 2016. This fiscal year, the City Certificates of Obligation in the amount of \$8,800,000 and issued Utility Revenue Bonds in the amount of \$8,415,000. More detailed information about the City's debt is presented in Notes H and I, pages 49 – 53.

The City's tax-supported debt rating by Fitch is AA with a stable outlook while Standard and Poor rating is AA- with a positive outlook (updated to AA stable as of January 2018). The City's utility system revenue bonds' rating by Fitch is A+ with a positive outlook while Standard and Poor rating is A+ with a stable outlook. The current ratio of net tax-supported debt to assessed value of all taxable property is 4.2%. The pledged revenue coverage for the utility system revenue bonds is 2.98.

Table A-4
City of Seguin's Long-Term Debt

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2017	2016	2017	2016	2017	2016	Change
Bonds Payable	\$ 39,590,288	\$ 41,464,030	\$ 49,699,711	\$ 42,755,970	\$ 89,289,999	\$ 84,220,000	6.0%
Certificates of Obligation	35,090,000	26,970,000	-	-	35,090,000	26,970,000	30.1%
Capital Leases	1,517,298	126,393	36,120	36,120	1,553,418	162,513	855.9%
Total Bonds & Notes Payable	\$ 76,197,586	\$ 68,560,423	\$ 49,735,831	\$ 42,792,090	\$ 125,933,417	\$ 111,352,513	13.1%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2017-18, City staff and City Council considered many factors when setting the budget. Staff reviewed all of the fees charged to citizens and customers when using City services. Along with the fees, staff also considered the tax rate. They also reviewed expenditures and how the increases may be held to a minimum. The City set a goal to maintain financial stability, a lean organization, a competitively paid staff and investment in capital outlay. This helped to maintain the City's services with the least affect possible on our citizens through taxes, fees, and utility rates. The projected revenues and expenditures for the General Fund are budgeted to increase by \$1,018,358 or 3.7% above the FY17 budget.

- Property tax revenue is budgeted to increase by \$1,113,840. This is based upon an increase in values along with additional debt service requirements.
- The property tax rate of \$.5412/\$100 remained the same as the prior year. It is higher than the effective rate by \$.0262.
- Emergency Medical Services is budgeted to increase by \$50,000.
- Salaries and benefits are budgeted to increase by \$823,664. This includes a 2% cost of living effective January 1.
- Indigent Health Care is budgeted to increase by \$71,676, which represents a 4.6% increase.

The projected revenues and expenditures for the Utility Fund are budgeted to increase by \$133,537 or .3% above the FY17 budget.

- Water revenue is budgeted to increase by \$820,700 due to an anticipated increase in consumption along with an increase in rates.
- Sewer revenue is budgeted to increase by \$542,564 due to an anticipated increase in consumption along with an increase in rates.
- Salaries and benefits are budgeted to increase by \$485,770. This includes a 2% cost of living effective January 1.
- Indirect cost allocation is budgeted to increase by \$250,000 based upon prior years.
- Water Purchased is budgeted to increase by \$150,000 due to an increase in the rates paid to SSLGC.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of Seguin, 205 North River Street, Seguin, Texas 78155.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary funds
 - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
ASSETS				
Cash and Cash Equivalents	\$ 852,860	\$ 1,259,918	\$ 2,112,778	\$ 5,765
Investments	22,271,389	26,507,658	48,779,047	315,665
Receivables (net of allowances for uncollectibles)				
Taxes	2,129,221	-	2,129,221	-
Accounts	968,281	5,733,206	6,701,487	3,061
Grants	445,449	-	445,449	-
Miscellaneous	182,937	1,929,770	2,112,707	-
Due From Component Unit/ Primary Government	-	19,035	19,035	190,351
Inventories	22,167	1,714,946	1,737,113	-
Prepays	145,420	42,470	187,890	2,310
Restricted Assets:				
Cash and Cash Equivalents	74,794	58,021	132,815	-
Investments	15,579,099	13,939,344	29,518,443	-
Notes Receivable	-	-	-	244,999
Net Present Value of Lease Financing	-	461,972	461,972	-
Capital Assets:				
Land	4,584,815	727,026	5,311,841	2,190,912
Buildings & Improvements	37,836,176	35,938,858	73,775,034	89,547
Improvements Other than Buildings/Infrastructure	64,790,507	89,868,569	154,659,076	-
Transportation & Equipment	17,875,883	8,060,934	25,936,817	-
Construction in Progress	16,352,771	18,028,664	34,381,435	-
Accumulated Depreciation	(49,996,511)	(62,269,868)	(112,266,379)	(11,194)
Total Assets	<u>134,115,258</u>	<u>142,020,523</u>	<u>276,135,781</u>	<u>3,031,416</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Outflows	4,538,440	1,597,883	6,136,323	-
Deferred Charge on Refunding	593,652	143,517	737,169	-
Total Deferred Outflows of Resources	<u>\$ 5,132,092</u>	<u>\$ 1,741,400</u>	<u>\$ 6,873,492</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 3,240,273	\$ 3,879,682	\$ 7,119,955	\$ 43,934
Unearned Revenue	274,997	449,928	724,925	-
Accrued Interest Payable	232,155	-	232,155	-
Due to Component Unit/ Primary Government	190,351	-	190,351	19,035
Customer Deposits	-	619,800	619,800	600
<i>Payable from Restricted Assets:</i>				
Accrued Interest Payable	-	272,622	272,622	-
Current Portion of Long-Term Debt	-	1,773,378	1,773,378	-
<i>Noncurrent Liabilities:</i>				
Due within One Year	3,916,995	251,425	4,168,420	49,337
Due in more than One Year	101,236,211	58,174,303	159,410,514	753,923
Total Liabilities	109,090,982	65,421,138	174,512,120	866,829
NET POSITION				
Net Investment in Capital Assets	30,491,009	49,099,409	79,590,418	1,466,005
Restricted for:				
Tourism & Economic Development	1,066,076	-	1,066,076	-
Public Safety	573,590	-	573,590	-
Public Service	283,573	-	283,573	-
Debt Service	883,475	520,794	1,404,269	-
Impact Fees	-	2,455,075	2,455,075	-
Unrestricted	(3,141,355)	26,265,507	23,124,152	698,582
Total Net Position	\$ 30,156,368	\$ 78,340,785	\$ 108,497,153	\$ 2,164,587

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions and Programs	Expenses		Program Revenues		
	Direct	Indirect Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	\$ 8,757,882	\$ (4,641,289)	\$ 3,647,445	\$ 382,005	\$ 8,393
Public Safety	15,578,523	-	3,478,473	126,314	44,642
Public Service	9,644,071	-	3,493,086	110,087	2,814,972
Interest on Long-term Debt	2,864,443	-	-	-	-
Total Governmental Activities	36,844,919	(4,641,289)	10,619,004	618,406	2,868,007
Business-Type Activities					
Utility	41,090,227	4,641,289	49,979,572	-	1,845,532
Total Business-Type Activities	41,090,227	4,641,289	49,979,572	-	1,845,532
Total Primary Government	\$ 77,935,146	\$ -	\$ 60,598,576	\$ 618,406	\$ 4,713,539
Component Unit:					
Seguin Economic Development Corporation					
	1,313,174	\$ -	\$ 7,200	4,453	\$ -
Total Component Unit	\$ 1,313,174	\$ -	\$ 7,200	\$ 4,453	\$ -
General Revenues:					
Taxes					
Property Taxes					
Franchise Taxes					
Sales Taxes					
Occupancy Taxes					
Industrial District Agreement Annual Payment					
Gain on Sale of Capital Assets					
Interest and Investment Earnings					
Total General Revenues					
Transfers					
Change in Net Position					
Net Position at Beginning of Year					
Net Position at End of Year					

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
\$ (78,750)	\$ -	\$ (78,750)	\$ -
(11,929,094)	-	(11,929,094)	-
(3,225,926)	-	(3,225,926)	-
(2,864,443)	-	(2,864,443)	-
<u>(18,098,213)</u>	<u>-</u>	<u>(18,098,213)</u>	<u>-</u>
-	6,093,588	6,093,588	-
-	6,093,588	6,093,588	-
<u>(18,098,213)</u>	<u>6,093,588</u>	<u>(12,004,625)</u>	<u>-</u>
-	-	-	(1,301,521)
-	-	-	(1,301,521)
9,362,955	-	9,362,955	-
1,096,104	-	1,096,104	-
6,271,333	-	6,271,333	1,239,155
842,217	-	842,217	-
531,294	-	531,294	-
-	3,601	3,601	-
400,790	389,947	790,737	17,123
<u>18,504,693</u>	<u>393,548</u>	<u>18,898,241</u>	<u>1,256,278</u>
<u>81,723</u>	<u>(81,723)</u>	<u>-</u>	<u>-</u>
488,203	6,405,413	6,893,616	(45,243)
29,668,165	71,935,372	101,603,537	2,209,830
<u>\$ 30,156,368</u>	<u>\$ 78,340,785</u>	<u>\$ 108,497,153</u>	<u>\$ 2,164,587</u>

CITY OF SEGUIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

ASSETS	General Fund	2016 Certificates of Obligation	2016-A Certificates of Obligation
Cash and Cash Equivalents	\$ 291,306	\$ -	\$ -
Investments	13,367,512	-	-
Receivables (net of allowances for uncollectibles):			
Taxes	1,701,228	-	-
Accounts	759,016	-	-
Grants	445,449	-	-
Miscellaneous	182,937	-	-
Inventories	22,167	-	-
Prepaid Items	98,671	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	12,213	25,978
Investments	-	5,522,439	7,936,488
Total Assets	<u>\$ 16,868,286</u>	<u>\$ 5,534,652</u>	<u>\$ 7,962,466</u>
LIABILITIES			
Accounts Payable	\$ 1,623,372	\$ 12,509	\$ 281,657
Accrued Expenditures	639,414	-	-
Due to Component Unit	190,351	-	-
Unearned Revenues	248,906	-	-
Due to Other Funds	494	-	-
Due to Others	10,539	-	-
Total Liabilities	<u>2,713,076</u>	<u>12,509</u>	<u>281,657</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	981,756	-	-
Total Deferred Inflows of Resources	<u>981,756</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
<i>Nonspendable:</i>			
Prepays and Inventory	120,838	-	-
<i>Restricted:</i>			
Tourism & Economic Development	-	-	-
Public Safety	2,605	-	-
Public Service	5,300	-	-
Capital Projects	-	5,522,143	7,680,809
Debt Service	-	-	-
<i>Committed:</i>			
Stabilization Arrangement	1,536,104	-	-
Aquatic/ Golf Fees	-	-	-
<i>Assigned</i>	3,440	-	-
<i>Unassigned</i>	11,505,167	-	-
Total Fund Balances	<u>13,173,454</u>	<u>5,522,143</u>	<u>7,680,809</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	<u>\$ 16,868,286</u>	<u>\$ 5,534,652</u>	<u>\$ 7,962,466</u>

See accompanying notes to basic financial statements.

Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 244	\$ 283,495	\$ 575,045
885,667	6,887,074	21,140,253
229,719	198,274	2,129,221
-	191,183	950,199
-	-	445,449
-	-	182,937
-	-	22,167
-	43,326	141,997
-	36,603	74,794
-	2,120,172	15,579,099
<u>\$ 1,115,630</u>	<u>\$ 9,760,127</u>	<u>\$ 41,241,161</u>
\$ -	\$ 596,264	\$ 2,513,802
-	15,248	654,662
-	-	190,351
-	26,091	274,997
-	-	494
-	53,870	64,409
<u>-</u>	<u>691,473</u>	<u>3,698,715</u>
222,489	-	1,204,245
<u>222,489</u>	<u>-</u>	<u>1,204,245</u>
-	43,326	164,164
-	1,066,076	1,066,076
-	570,985	573,590
-	278,273	283,573
-	2,132,357	15,335,309
893,141	-	893,141
-	-	1,536,104
-	214,185	214,185
-	4,763,452	4,766,892
-	-	11,505,167
<u>893,141</u>	<u>9,068,654</u>	<u>36,338,201</u>
<u>\$ 1,115,630</u>	<u>\$ 9,760,127</u>	<u>\$ 41,241,161</u>



It's real.

CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 36,338,201

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 91,443,641

Internal service funds are used by management to charge costs related to employee insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 1,423,549

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 1,204,248

Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, not reported in the funds:

General Bonded Debt	74,680,288	
Unamortized Premiums and Deferred Charges	1,554,282	
Capital Leases	1,517,298	
Net Other Post Employment Benefit Obligation	371,320	
Net Pension Liability (Net of Deferred Outflows)	20,601,980	
Compensated Absences	1,295,948	(100,021,116)

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds. (232,155)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 30,156,368

CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	2016 Certificates of Obligation	2016-A Certificates of Obligation
REVENUES			
Taxes	\$ 12,678,017	\$ -	\$ -
Licenses and Permits	941,986	-	-
Intergovernmental	1,396,474	171,758	-
Charges for Services	5,711,530	-	-
Fines and Forfeits	1,707,497	-	-
Interest	144,635	64,930	70,182
Miscellaneous	819,081	-	-
Total Revenues	<u>23,399,220</u>	<u>236,688</u>	<u>70,182</u>
EXPENDITURES			
Current:			
General Government	3,070,934	-	-
Public Safety	13,497,928	-	-
Public Service	7,191,996	-	-
Nondepartmental	2,386,674	-	-
Indirect Cost Allocation (Recovery)	(4,641,289)	-	-
Capital Projects/Outlay	929,461	3,406,181	1,189,373
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issue Costs	-	-	216,893
Total Expenditures	<u>22,435,704</u>	<u>3,406,181</u>	<u>1,406,266</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>963,516</u>	<u>(3,169,493)</u>	<u>(1,336,084)</u>
OTHER FINANCING			
SOURCES (USES)			
Transfers In	95,000	-	-
Transfers Out	(3,043,073)	-	-
Proceeds of Capital Lease Financing	-	-	-
Bonded Debt Issues	-	-	8,539,773
Premiums on Issuance of Bonds	-	-	477,120
Total Other Financing Sources (Uses)	<u>(2,948,073)</u>	<u>-</u>	<u>9,016,893</u>
Net Change in Fund Balance	(1,984,557)	(3,169,493)	7,680,809
Fund Balances at Beginning of Year	15,158,011	8,691,636	-
Fund Balances at End of Year	<u>\$ 13,173,454</u>	<u>\$ 5,522,143</u>	<u>\$ 7,680,809</u>

See accompanying notes to basic financial statements.

Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
3,964,599	\$ 849,391	\$ 17,492,007
-	120,350	1,062,336
344,375	239,126	2,151,733
-	1,141,006	6,852,536
-	202,209	1,909,706
19,450	95,290	394,487
-	101,560	920,641
<u>4,328,424</u>	<u>2,748,932</u>	<u>30,783,446</u>
-	1,931,458	5,002,392
-	-	13,497,928
-	-	7,191,996
-	339,484	2,726,158
-	-	(4,641,289)
-	5,205,577	10,730,592
2,553,742	307,116	2,860,858
2,689,139	16,310	2,705,449
-	-	216,893
<u>5,242,881</u>	<u>7,799,945</u>	<u>40,290,977</u>
<u>(914,457)</u>	<u>(5,051,013)</u>	<u>(9,507,531)</u>
565,000	2,717,486	3,377,486
-	(261,590)	(3,304,663)
-	1,698,015	1,698,015
260,227	-	8,800,000
-	-	477,120
<u>825,227</u>	<u>4,153,911</u>	<u>11,047,958</u>
(89,230)	(897,102)	1,540,427
982,371	9,965,756	34,797,774
<u>\$ 893,141</u>	<u>\$ 9,068,654</u>	<u>\$ 36,338,201</u>



It's real.

CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,540,427

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Additions	10,327,527	
Contributions from Developers	2,093,513	
Current Period Depreciation	(4,054,182)	8,366,858

In the Statement of Activities, only the gain or loss on the disposal of a capital asset is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of disposed assets. (19,949)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.
Increase in Unavailable Revenues (280,005)

The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Proceeds of New Debt	(10,498,015)	
Premiums on Debt Issues	(477,120)	
Principal Payments	2,860,858	
Amortization of Deferred Charges & Premiums	80,009	(8,034,268)

The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities, differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation. (1,220,871)

Some expenses reported in the Statement of Activities (including compensated absences and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (167,252)

Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue/(loss) is reported with governmental activities. 303,263

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 488,203

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
ASSETS		
<i>Current Assets</i>		
<i>Cash and Cash Equivalents:</i>		
Restricted Cash	\$ 58,021	\$ -
Unrestricted Cash	1,259,918	277,815
<i>Investments:</i>		
Restricted Investments	13,939,344	-
Unrestricted Investments	26,507,658	1,131,136
Accounts Receivable (Net)	5,733,206	-
Miscellaneous Receivables	1,929,770	18,082
Due from Other Funds	-	494
Due from Component Unit	19,035	-
Inventories	1,714,946	-
Prepaid Items	42,470	3,423
<i>Total Current Assets</i>	51,204,368	1,430,950
 <i>Noncurrent Assets</i>		
Net Present Value of Lease Financing	461,972	-
	461,972	-
 <i>Capital Assets:</i>		
Land	727,026	-
Buildings and Improvements	35,938,858	-
Improvements Other than Buildings	89,868,569	-
Transportation & Equipment	8,060,934	-
Construction in Progress	18,028,664	-
Accumulated Depreciation	(62,269,868)	-
<i>Capital Assets, net</i>	90,354,183	-
<i>Total Noncurrent Assets</i>	90,816,155	-
 Total Assets	 142,020,523	 1,430,950
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Related Outflows	1,597,883	-
Deferred Charge on Refundings	143,517	-
Total Deferred Outflows of Resources	\$ 1,741,400	\$ -

Continued

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2017

	Business-Type Activities <u>Utility Fund</u>	Governmental Activities <u>Internal Service Funds</u>
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 3,689,357	\$ 7,401
Accrued Expenses	423,238	-
Unearned Revenue	449,928	-
Customer Deposits	619,800	-
Current Maturities of Capital Leases	18,512	-
<i>Current Liabilities</i>	<u>5,200,835</u>	<u>7,401</u>
 <i>Current Liabilities Payable from Restricted Assets:</i>		
Accrued Interest Payable	272,622	-
Current Portion of Long-term Bonds	1,773,378	-
<i>Current Liabilities Payable from Restricted Assets</i>	<u>2,046,000</u>	<u>-</u>
<i>Total Current Liabilities</i>	<u>7,246,835</u>	<u>7,401</u>
 <i>Noncurrent Liabilities:</i>		
Capital Lease Payable	17,608	-
Compensated Absences	187,132	-
Net Other Post Employment Benefit Obligation	137,339	-
Net Pension Liability	8,453,199	-
Revenue & Refunding Bonds Payable	49,379,025	-
<i>Total Noncurrent Liabilities</i>	<u>58,174,303</u>	<u>-</u>
Total Liabilities	<u>65,421,138</u>	<u>7,401</u>
 NET POSITION		
Net Investment in Capital Assets	49,099,409	-
Restricted for:		
Debt Service	520,794	-
Impact Fees	2,455,075	-
Unrestricted	26,265,507	1,423,549
Total Net Position	<u>\$ 78,340,785</u>	<u>\$ 1,423,549</u>

See accompanying notes to basic financial statements.



It's real.

CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Utility Service	\$ 47,834,200	\$ -
Charges for Premiums	-	3,680,881
Miscellaneous Revenues	2,145,371	-
Total Operating Revenues	<u>49,979,571</u>	<u>3,680,881</u>
OPERATING EXPENSES		
Administration	2,294,180	3,392,820
Operation and Maintenance:		
Electric Distribution	21,710,301	-
Utility Services	1,135,092	-
Water Production	5,251,391	-
Water/Sewer Maintenance	4,384,411	-
Sewer	1,832,403	-
Economic Development	286,973	-
Facilities Maintenance	728,018	-
Information Technology	360,369	-
City Attorney	226,845	-
Nondepartmental	1,021,264	-
Indirect Cost Allocation	4,641,289	-
Total Operating Expenses	<u>43,872,536</u>	<u>3,392,820</u>
OPERATING INCOME (LOSS)	<u>6,107,035</u>	<u>288,061</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	389,947	6,302
Gain (Loss) on Sale of Assets	3,601	-
Interest and Fiscal Charges	(1,559,703)	-
Bond Issue Costs	(299,276)	-
Total Nonoperating Revenues (Expenses)	<u>(1,465,431)</u>	<u>6,302</u>
Net Income (Loss) Before Contributions and Transfers	<u>4,641,604</u>	<u>294,363</u>
Capital Contributions	1,845,532	-
Transfers In	16,590	8,900
Transfers Out	(98,313)	-
	<u>1,763,809</u>	<u>8,900</u>
Change in Net Position	6,405,413	303,263
NET POSITION AT BEGINNING OF YEAR	71,935,372	1,120,286
NET POSITION AT END OF YEAR	<u>\$ 78,340,785</u>	<u>\$ 1,423,549</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 49,287,029	\$ 3,670,916
Cash Paid for Employee Wages & Benefits	(7,450,073)	-
Cash Paid to Suppliers for Goods & Services	(29,264,614)	(3,394,753)
Cash Paid General Fund for Indirect Costs	(4,641,289)	-
Net Cash Provided (Used) by Operating Activities	<u>7,931,053</u>	<u>276,163</u>
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	(81,723)	8,900
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(81,723)</u>	<u>8,900</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(14,459,123)	-
Proceeds from Revenue and Refunding Bonds	8,415,000	-
Premiums received on Bonds	494,961	-
Principal Payments on Long-term Bonds	(1,471,259)	-
Interest and Fiscal Charges Paid	(1,590,329)	-
Bond Issue Costs	(299,276)	-
Advances (To) From Component Unit	734	-
Proceeds from Sale of Capital Assets	3,601	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(8,905,691)</u>	<u>-</u>
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	578,156	(262,076)
Investment Interest Received	389,947	6,303
Lease Financing - Principal Payments Received	39,105	-
Net Cash Provided (Used) by Investing Activities	<u>1,007,208</u>	<u>(255,773)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(49,153)</u>	<u>29,290</u>
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	1,331,333	248,525
Restricted Cash and Cash Equivalents	35,759	-
	<u>1,367,092</u>	<u>248,525</u>
Cash and Cash Equivalents at End of Year:		
Cash and Cash Equivalents	1,259,918	277,815
Restricted Cash and Cash Equivalents	58,021	-
	<u>\$ 1,317,939</u>	<u>\$ 277,815</u>

Continued

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities <u>Utility Fund</u>	Governmental Activities <u>Internal Service Funds</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 6,107,035	\$ 288,061
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	3,505,895	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(1,048,425)	(9,965)
Inventory/Prepaid Items	108,463	(3,423)
Net Pension Asset/Deferred Pension Related Outflows	170,892	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(1,582,433)	1,490
Accrued Expenses	26,153	-
Net Other Postemployment Benefit Obligation	47,985	-
Net Pension Liability	239,605	-
Unearned Revenue	354,398	-
Customer Deposits	1,485	-
	<u>1,824,018</u>	<u>(11,898)</u>
	<u>\$ 7,931,053</u>	<u>\$ 276,163</u>
Transactions Not Affecting Cash and Cash Equivalents:		
Capital and Related Financing Activities:		
Contributions from Developers - Capital Assets	<u>\$ 1,845,532</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	\$ 1,915	\$ 27,507
Investments	283,573	-
Inventory	<u>359,431</u>	<u>-</u>
Total Assets	<u>644,919</u>	<u>27,507</u>
LIABILITIES		
Accounts Payable/ Due to Others	<u>-</u>	<u>27,507</u>
Total Liabilities	<u>-</u>	<u>\$ 27,507</u>
NET POSITION		
Held in Trust for Scholarship	2,491	
Held in Trust for Riverside Cemetery	14,768	
Held in Trust for Industrial Development	<u>627,660</u>	
Total Net Position	<u>\$ 644,919</u>	

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Interest	\$ 2,264
Total Additions	<u>2,264</u>
 DEDUCTIONS	
Distributions to Participants	<u>2,000</u>
Total Deductions	<u>2,000</u>
 Change in Net Position	 264
 Net Position, Beginning of Year	 <u>644,655</u>
 Net Position, End of Year	 <u>\$ 644,919</u>

See accompanying notes to basic financial statements.



It's real.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Seguin, Texas (“City”) was incorporated in 1853. The City Charter was adopted on December 7, 1971, under the provisions of the Home Rule Charter Act of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, general administrative services, electric, water, and wastewater services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below:

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The Seguin Economic Development Corporation, a nonprofit corporation, was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A. The Corporation is organized exclusively for public purposes of the City of Seguin, and the City Council appoints directors of the Corporation. It receives all proceeds from the 0.25% sales tax adopted in 1994 for economic development in Seguin. The corporation meets the criteria of a discretely presented component unit, described above, and is presented in the government-wide financial statements. Complete financial statements for the Seguin Economic Development Corporation may be obtained at City Hall.

Joint Ventures

A joint venture is a legally separate entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures:

The Guadalupe Regional Medical Center is a joint venture between the City of Seguin and Guadalupe County. Each participating government appoints one-half of the board of directors and approves annual budgets. In addition, the participating governments are financially responsible for indigent health care provided by the hospital, and are contingently liable for hospital debts. Separate financial statements of the Guadalupe Regional Medical Center may be obtained by contacting the hospital administrator.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. REPORTING ENTITY (Continued)

Joint Ventures (Continued)

The Schertz/Seguin Local Government Corporation is a public, nonprofit corporation organized to aid, assist, and act on behalf of the cities of Schertz and Seguin in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Separate financial statements for the Schertz/Seguin Local Government Corporation may be obtained at City Hall.

Summarized financial data for joint ventures has been provided in Note M.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit (except for City fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government-wide statements.

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

Separate **fund financial statements** are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, 2016 Certificates of Obligation (Capital Projects) Fund, 2016-A Certificates of Obligation (Capital Projects) Fund, and the Debt Service Fund meet criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Projects Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented in the Combining Fund Statements and Schedules as "Supplementary Information".

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition. Nondepartmental expenses include insurance costs, professional services and miscellaneous costs that do not benefit any one department, as well as contributions to local charitable organizations and the Guadalupe Regional Medical Center.

2016 Certificates of Obligation Fund is used to account for funds received from the 2016 Certificates of Obligation to finance major improvements to the City's fairgrounds, constructing an animal services facility, as well as certain street and drainage improvements.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

2016-A Certificates of Obligation Fund is used to account for funds received from the 2016-A Certificates of Obligation to finance street and drainage improvements to selected city streets.

Debt Service Fund accounts for ad valorem tax and contributions from the component unit to support city bonded debt.

Nonmajor funds include Special Revenue Funds (other than major projects and grants) and Capital Projects Funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Utility Fund (used to account for the provision of electric, water and sewer services to residents) and the Internal Service Funds used to account for the City's group medical insurance program and workers compensation benefits.

Revenues are derived from charges for services for utilities, city contributions, employee and retiree/cobra premiums, and investment of idle funds. Expenses are charges incurred for operating, purchases of electricity and water, premiums and administrative expenses for insurance.

The **Proprietary Funds** are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds. Fiduciary fund reporting focuses on net position and changes in net position. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM (or equivalent) rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost (see Note B).

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1, 2016 and past due after January 31, 2017. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible in the amount of \$27,616.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. ACCOUNTS RECEIVABLE (Continued)

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. INVENTORIES & PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the moving average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent “available spendable resources.”

9. RESTRICTED ASSETS

Certain proceeds of General Obligation Bonds, Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds are segregated to report those proceeds of revenue bond issuances that are restricted for use in construction. Funds are also segregated to provide for debt service as provided under bond indenture agreements.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. CAPITAL ASSETS (Continued)

Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation, with the exception of works of art and capital assets received in a service concession arrangement. Those assets are reported at acquisition value rather than fair value.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings and improvements	20 to 40 years
Improvements other than buildings	20 to 40 years
Utility system in service	20 to 67 years
Machinery and equipment	5 to 15 years

11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category: deferred pension related costs which will be included in the subsequent actuarial valuation, and deferred charge on refundings reported in the government-wide statement of net position, as well as the Proprietary Fund statement of position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and EMS receivables are deferred and recognized as an inflow of resource in the period the amounts become available.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. COMPENSATED ABSENCES

The City permits employees to accumulate earned but unused vacation pay benefits up to the amount earned in two years. Upon resignation, an employee may receive pay for any unused accrued vacation provided the employee gives two weeks written notice of the resignation and is not subject to discharge for misconduct. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

13. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. PENSIONS

The net pension liability, deferred outflows related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government’s highest level of decision making authority. The City Council is the highest level of decision-making authority for the city that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (by adoption of another ordinance) to remove or revise the limitation.

The City Council adopted an ordinance in March 2012 establishing an *emergency fund stabilization arrangement*. The Ordinance requires additions to the fund in the event the fund balance falls below \$2,000,000. Additions are to come from interest earnings, direct transfers from the General Fund and/or Utility Fund, or reimbursements from insurance or grants for expenditures incurred by the fund. The stabilization fund may be expended on recovery efforts for public infrastructure damage that occurs as a result of a disaster declared by the City or the State. During fiscal year 2017, significant expenditures occurred due to Hurricane Harvey. Guadalupe County was included in the federal disaster area and the City anticipates a partial reimbursement from FEMA for expenses incurred due to flood damage.

Assigned fund balance. This classification reflects the amounts constrained by the city’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council has designated the City Manager as the responsible agent for assigning fund balances. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. FUND EQUITY (Continued)

As of September 30, 2017, the City Manager had assigned fund balances for the following:

- Excess recycling fees over expenditures were assigned for future expenditures associated with “green” waste disposal (\$1,348), also favorable budget variances for street maintenance were assigned for future street projects (\$2,092).
- Funds set aside in nonmajor capital project funds that are not otherwise restricted by bond covenants are assigned for specific capital projects.

Total assigned funds in the General Fund were \$3,440. Total assigned balances in nonmajor capital project funds were \$4,763,452.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

The City Council has set a General Fund minimum fund balance target at three months of expenditures and recurring transfers. No other fund balance policies exist.

17. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

18. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Utility (Proprietary) Fund an indirect cost percentage of general government administration expenses that are paid through the General Fund. During the year ended September 30, 2017, the City allocated \$4,641,289 as a transfer for such services. The indirect cost allocation is reflected as an operating expense in the Utility Fund, and a reduction of current expenditures in the General Fund, and in a separate column in the Statement of Activities.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

19. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services and premiums for employee insurances. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

20. USE OF 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 and disclosure of contingent 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.

21. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Utility Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds. Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. The reclassifications had no effect on the changes in financial position.

22. NEW REPORTING REQUIREMENTS

Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.”* This statement changes the focus of accounting of postemployment benefits other than pension from whether they are responsibly funding the benefits over time to a point-in-time liability that is reflected on the employer’s financial statements for any actuarially underfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE B -- DEPOSITS AND INVESTMENTS

As of September 30, 2017, the City of Seguin had the following investments:

Investment Type	Fair Value	Input Level	Weighted Average Maturity (Days)
<i>Primary Government</i>			
Local Government Investment Pools:			
TexPool	\$ 7,017,906	1	37
LOGIC	57,271,175	1	78
Certificates of Deposit	7,301,978	1	427
Florida State Revenue Bond	6,990,000	1	269
	<u>\$ 78,581,059</u>		
Portfolio Weighted Average Maturity			124
<i>Component Unit</i>			
Local Government Investment Pools:			
TexPool	\$ 193,868	1	37
LOGIC	121,797	1	78
	<u>\$ 315,665</u>		
Portfolio Weighted Average Maturity			53

Investment Rate Risk. The City and component unit manage exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk. The City's investment policy limits investments to obligations of the United States (up to 95% of total invested funds) or its agencies and instrumentalities (maximum 80% of funds); direct obligations of the State of Texas; obligations of states, agencies, contracts, cities, and other political subdivisions rated as to investment quality of not less than AAA by a nationally recognized investment firm. U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality. The Florida State Revenue Bond is rated AA and Aa3 by S&P and Moody's respectively.

The City may also invest funds in government investment pools provided the pool maintains a AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days. As of September 30, 2017, the investments in TexPool and LOGIC were rated AAAM by Standard & Poor's. The City may invest in Money Market Mutual funds that are regulated by the SEC and have a dollar weighted average stated maturity of 90 days or less and maintain a net asset value of \$1.00 per share.

The City's and Component Units' investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Both Texpool and Logic Pools operate in a manner consistent with Rule 2a7. Therefore, the investments are reported at \$1 per share, which approximates fair value. There was no change in fair value of the investment pools for the year ended September 30, 2017.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2017, the government's deposits were fully collateralized or insured by FDIC. The City's certificates of deposit are brokered through the City's depository and are fully insured through FDIC.

The Component Unit had deposits that were fully insured by FDIC.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2017, the City and Component Unit were not exposed to custodial credit risk.

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2016, upon which the fiscal 2017 levy was based, was \$1,798,558,709 (i.e., market value less exemptions). The estimated market value was \$2,793,328,727 making the taxable value 64% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2017, was \$0.5412 per \$100 of assessed value, which means that the City has a tax margin of \$1.9588 for each \$100 value and could increase its annual tax levy by approximately \$35,230,168 based upon the present assessed valuation of \$1,798,558,709 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE D -- INTERFUND RECEIVABLE/PAYABLE

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2017, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
<i>Primary Government</i>		
General Fund		
Interval Service Fund	\$ -	\$ 494
	-	494
Internal Service Fund		
General Fund	494	-
	494	-
Totals	\$ 494	\$ 494

	Due From	Due To
<i>Primary Government</i>		
General Fund	\$ -	\$ 190,351
Enterprise Fund	19,035	-
	19,035	190,351
<i>Component Unit</i>		
General Fund	190,351	-
Enterprise Fund	-	19,035
	190,351	19,035
Totals	\$ 209,386	\$ 209,386

NOTE E -- NOTES RECEIVABLE (COMPONENT UNIT)

The SEDC (Component Unit) provides incentives in the form of grants and notes receivable to area businesses in conjunction with its function of generating economic development. Various notes receivable were outstanding as of September 30, 2017 with interest rates ranging from 3.0% to 5.5% and mature from 2023 through 2026. Future payments on the notes are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 37,211	\$ 12,204	\$ 49,415
2019	39,270	10,145	49,415
2020	41,443	7,972	49,415
2021	43,739	5,676	49,415
2022	46,162	3,253	49,415
2023-2026	37,174	971	38,145
	\$ 244,999	\$ 40,221	\$ 285,220

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE F -- NET PRESENT VALUE OF LEASE FINANCING

The City has leased property located at 2460 Crossroads Blvd., consisting of a 49,120 square foot building and improvements, to Pure and Gentle Soap Products, Inc. under a sales-type lease agreement. The lease is for an original term of twenty (20) years and transfers property to the lessee for \$1 at the end of the lease term (2026), or earlier by paying the remaining base rental payments under the lease, discounted at 5.75%.

The agreement calls for the lessee to operate a business within the premises in order to generate sales tax revenue, property tax and utility revenue. Failure to continue the business would be considered a breach of the contract.

Future minimum lease payments under the lease are as follows:

September 30,		\$
2018		75,151
2019		75,151
2020		75,151
2021		98,277
2022		105,986
Thereafter		344,615
Total Payments		774,331
Less: Amount Representing Interest		(312,359)
Net Present Value of Lease Financing		\$ 461,972

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2016	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2017
Land	\$ 4,467,991	\$ 116,825	\$ -	\$ -	\$ 4,584,816
Construction in Progress	19,981,296	3,280,013	-	(6,908,538)	16,352,771
Total Assets Not Depreciated	24,449,287	3,396,838	-	(6,908,538)	20,937,587
Buildings and Improvements	33,889,397	2,349,273	-	1,597,506	37,836,176
Improvements Other Than Buildings	56,208,317	3,271,158	-	5,311,032	64,790,507
Transportation and Equipment	15,063,342	3,403,771	(591,230)	-	17,875,883
Totals at Historical Cost	129,610,343	12,421,040	(591,230)	-	141,440,152
Less Accumulated Depreciation:					
Buildings and Improvements	(7,465,415)	(701,824)	-	-	(8,167,239)
Improvement Other Than Buildings	(29,061,881)	(1,726,811)	-	-	(30,788,692)
Transportation and Equipment	(9,986,314)	(1,625,547)	571,281	-	(11,040,580)
	(46,513,610)	(4,054,182)	571,281	-	(49,996,511)
Governmental Capital Assets, Net	\$ 83,096,733	\$ 8,366,858	\$ (19,949)	\$ -	\$ 91,443,641

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE G -- CAPITAL ASSETS

<u>Business-Type Activities</u>	Balance 10/1/2016	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2017
Land	\$ 727,026	\$ -	\$ -	\$ -	\$ 727,026
Construction in Progress	34,102,978	7,317,047	-	(23,391,361)	18,028,664
Total Assets Not Depreciated	34,830,004	7,317,047	-	(23,391,361)	18,755,690
Buildings and Improvements	24,672,813	-	-	11,266,045	35,938,858
Utility System	69,105,148	8,638,105	-	12,125,316	89,868,569
Transportation and Equipment	7,755,774	349,503	(44,343)	-	8,060,934
Totals at Historical Cost	136,363,739	16,304,655	(44,343)	-	152,624,051
Less Accumulated Depreciation:					
Buildings and Improvements	(18,581,432)	(254,276)	-	-	(18,835,708)
Improvement Other Than Buildings	(34,791,118)	(2,747,214)	-	-	(37,538,332)
Transportation and Equipment	(5,435,766)	(504,405)	44,343	-	(5,895,828)
	(58,808,316)	(3,505,895)	44,343	-	(62,269,868)
Business-Type Capital Assets, Net	<u>\$ 77,555,423</u>	<u>\$ 12,798,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,354,183</u>
<u>Discretely Presented Component Unit</u>					
Land	\$ 2,190,912	\$ -	\$ -	\$ -	\$ 2,190,912
Buildings and Improvements	89,547	-	-	-	89,547
Accumulated Depreciation	(9,474)	(1,720)	-	-	(11,194)
	<u>\$ 2,270,985</u>	<u>\$ (1,720)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,269,265</u>

Primary Government

Depreciation Expense was charged to functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 24,234
Public Safety	1,129,000
Public Service	2,439,704
Nondepartmental	461,244
<i>Total Governmental Activities</i>	<u>\$ 4,054,182</u>
<i>Business-Type Activities:</i>	
Administration	\$ 5,865
Electric	781,750
Water Production	475,362
Water Distribution	1,551,137
Sewer Plant	355,668
Other	336,113
<i>Total Business-Type Activities</i>	<u>\$ 3,505,895</u>

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE H -- CAPITAL LEASES

The City has entered into a lease agreement to finance the acquisition of public safety, public works and golf equipment. The City has also financed the acquisition of the Springs Hill Wastewater Collection System through its Utility Fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<i>Assets:</i>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Police Equipment	\$ 1,360,119	\$ -
Golf Course Equipment	38,405	
Public Works Equipment	750,324	
Wastewater Collection System	-	425,000
Less: Accumulated Depreciation	(253,712)	(262,917)
Total	<u>\$ 1,895,136</u>	<u>\$ 162,083</u>

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2017 were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2018	\$ 450,771	\$ -
2019	508,044	35,000
2020	299,582	35,000
2021	334,872	-
Total Payments	<u>1,593,269</u>	<u>70,000</u>
Less: Amount Representing Interest	(75,971)	(33,880)
Present Value of Minimum Lease Payments	<u>\$ 1,517,298</u>	<u>\$ 36,120</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE I -- LONG-TERM DEBT

Bonded debt and obligations payable at September 30, 2017, comprise the following individual issues:

General Obligation Bonds:

\$2,884,816 2011 General Obligation Refunding Bonds due in annual installments of \$265,000 to \$550,000 through September 1, 2021; interest at 2.0% to 3.0%	\$	1,165,288
\$4,350,000 2013 General Obligation Refunding Bonds due in annual installments of \$65,000 to \$460,000 through February 1, 2024; interest at 1.51%		3,090,000
\$19,785,000 2014 General Obligation Bonds due in annual installments of \$200,000 to \$4,130,000 through February 1, 2034; interest at 3.0 to 6.0%		19,100,000
\$8,465,000 2014 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$1,170,000 through September 1, 2026; interest at 2.0% - 4%		7,310,000
\$9,370,000 2015 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$1,945,000 through September 1, 2028; interest at 2.0% - 5.0%		8,925,000
<i>Total General Obligation Bonds</i>		39,590,288

Certificates of Obligation:

\$10,760,000 2010 Certificates of Obligation due in annual installments of \$70,000 to \$2,650,000 through September 1, 2031; interest at 2.0% to 4.25%		10,165,000
\$3,400,000 2011 Certificates of Obligation due in annual installments of \$100,000 to \$290,000 through September 1, 2031; interest at 2.0% to 3.5%		1,955,000
\$2,500,000 2013 Certificates of Obligation due in annual installments of \$100,000 to \$200,000 through September 1, 2028; interest at 2.7%		1,825,000
\$12,445,000 2016 Certificates of Obligation due in annual installments of \$100,000 to \$4,305,000 through September 1, 2036; interest at 3.0% to 5.0%		12,345,000
\$8,800,000 2016A Certificates of Obligation due in annual installments of \$100,000 to \$4,200,000 through September 1, 2037; interest at 3.5% to 5.5%		8,800,000
<i>Total Certificates of Obligation Bonds</i>		35,090,000
Total Governmental Bonded Debt	\$	74,680,288

Utility Fund Revenue Bonds:

\$7,835,000 Utility System Revenue, Series 2010, due in annual installments of \$65,000 to \$1,065,000 through February 1, 2031; interest at 2.0% to 4.0%	\$	7,400,000
\$21,405,000 Utility System Revenue, Series 2014, due in annual installments of \$190,000 to \$2,335,000 through February 1, 2037; interest at 3.0% to 5.0%.		20,970,000
\$4,430,000 Utility System Revenue, Series 2016, due in annual installments of \$100,000 to \$345,000 through February 1, 2037; interest at 3.0% to 5.0%.		4,330,000
\$8,415,000 Utility System Revenue, Series 2017, due in annual installments of \$190,000 to \$620,000 through February 1, 2037; interest at 3.0% to 4.0%.		8,415,000
<i>Total Utility Revenue Bonds</i>		41,115,000

General Obligation Bonds - Utility Portion

\$1,490,184 2011 General Obligation Refunding Bonds due in annual installments of \$265,000 to \$550,000 through September 1, 2021, Interest at 2.0% to 3.0%		264,711
\$4,825,000 2013 General Obligation Refunding Bonds due in annual installments of \$330,000 to \$650,000 through February 1, 2023; interest at 1.51%		3,445,000
\$5,385,000 2015 General Obligation Refunding Bonds due in annual installments of \$25,000 to \$1,025,000 through September 1, 2026; interest at 2.0% to 5.0%		4,875,000
<i>Total GO Refunding Bonds</i>		8,584,711
Total Business-Type Bonded Debt	\$	49,699,711

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE I -- LONG-TERM DEBT (Continued)

The City is required by the revenue bond ordinances to establish certain accounts to maintain and operate the Utility System and to provide for the payment of bond principal and interest. Included in these requirements is maintenance of a "Reserve Fund" for the payment of bond principal and interest when other required accounts are insufficient for that purpose. The Reserve Fund is to contain, at a minimum, an amount equal to the average debt service requirement of all the outstanding Utility System Bonds. The Reserve Fund requirement was met with the purchase of a surety bond. The City is in compliance with other significant requirements. The assets of these restricted accounts are classified in the balance sheet as restricted assets.

The annual requirements to amortize all bonded debt and obligations outstanding as of September 30, 2017, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 2,756,622	\$ 2,739,317	\$ 1,773,378	\$ 1,738,630
2019	2,726,750	2,658,149	1,878,249	1,694,536
2020	2,936,916	2,567,038	1,983,084	1,644,735
2021	2,860,000	2,474,634	2,100,000	1,583,250
2022	3,015,000	2,372,302	2,195,000	1,504,573
2023-2027	17,085,000	10,119,017	11,130,000	6,227,839
2028-2032	20,475,000	6,769,769	13,105,000	3,942,474
2033-2037	22,825,000	2,497,594	15,535,000	1,403,079
	<u>\$ 74,680,288</u>	<u>\$ 32,197,820</u>	<u>\$ 49,699,711</u>	<u>\$ 19,739,116</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE I -- LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

<u>Governmental Activities</u>	Balance 10/1/2016	Additions	Reductions	Balance 9/30/2017	Due Within One Year
General Obligation Bonds	\$ 41,464,030	\$ -	\$ (1,873,742)	\$ 39,590,288	\$ 1,961,622
Bond Premiums	1,853,468	477,120	(182,654)	2,147,934	-
Certificates of Obligation	26,970,000	8,800,000	(680,000)	35,090,000	795,000
Capital Leases	126,393	1,698,016	(307,111)	1,517,298	423,476
Compensated Absences	1,154,725	765,995	(624,772)	1,295,948	736,897
Net Other Post Employment Benefit Obligations Payable	241,583	129,737	-	371,320	-
Net Pension Liability	24,503,531	636,889	-	25,140,420	-
<i>Total Governmental Activities</i>	<u>96,313,730</u>	<u>12,507,757</u>	<u>(3,668,279)</u>	<u>105,153,208</u>	<u>3,916,995</u>
 <u>Business-Type Activities</u>					
Revenue Bonds	33,120,000	8,415,000	(420,000)	41,115,000	700,000
General Obligation Refunding Bonds	9,635,970	-	(1,051,259)	8,584,711	1,073,378
Bond Premiums	1,055,428	494,961	(97,698)	1,452,691	-
Capital Leases	36,120	-	-	36,120	18,512
Compensated Absences	399,941	237,844	(217,741)	420,044	232,913
Net Other Post Employment Benefit Obligations Payable	89,354	47,985	-	137,339	-
Net Pension Liability	8,213,594	239,605	-	8,453,199	-
<i>Total Business-Type Activities</i>	<u>52,550,407</u>	<u>9,435,395</u>	<u>(1,786,698)</u>	<u>60,199,104</u>	<u>2,024,803</u>
Total Primary Government	<u>\$ 148,864,137</u>	<u>\$ 21,943,152</u>	<u>\$ (5,454,977)</u>	<u>\$ 165,352,312</u>	<u>\$ 5,941,798</u>

Compensated absences and other postemployment benefit obligation for governmental activities are generally liquidated by the general fund.

Utility System Revenue Bonds, Series 2017, were issued in March 2017 in the amount of \$8,415,000. Proceeds of the bonds are for wastewater treatment improvements and to fund the purchase of the Springs Hill Wastewater Treatment Plant.

Certificates of Obligation, Series 2016-A, were issued February 2017 in the amount of \$8,800,000 to fund various streets and drainage improvements.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE I -- LONG-TERM DEBT (Continued)

Component Unit

The component unit received funds from First Commercial Bank N.A. to partially finance the purchase of land held for future economic incentive and development. The original principal amount of \$863,128 carries interest at the rate of 2.54% for a 10-year fixed period, after which the interest rate will equal the Prime Rate less 1.00%. The loan calls for monthly payments of \$5,786.78 (including principal and interest) and is secured by the real estate. Long-term debt activity for the component unit is summarized as follows:

	Balance Outstanding 10/1/2016	Increases	Decreases	Balance Outstanding 9/30/2017
Notes Payable	\$ 851,344	\$ -	\$ (48,084)	\$ 803,260

Annual requirements to amortize the notes payables as of September 30, 2016 are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 49,337	\$ 20,104	\$ 69,441
2019	50,623	18,819	69,442
2020	51,893	17,548	69,441
2021	53,294	16,147	69,441
2022	54,683	14,759	69,442
Thereafter	543,430	64,131	607,561
	\$ 803,260	\$ 151,508	\$ 954,768

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. The TMRS defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Texas Municipal Retirement System (Continued)

Benefits Provided

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

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

At the December 31, 2016 valuation and measurement dates, the following employees were covered by the benefit terms:

	Plan Year 2016	Plan Year 2015
Inactive employees or beneficiaries		
currently receiving benefits	221	213
Inactive employees entitled to but not		
yet receiving benefits	161	137
Active employees	363	348
	745	698

Contributions

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

For the year ending September 30, 2017, employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.25% and 16.04% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$3,862,340, and exceeded the required contributions by \$674,365.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding the expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
CoreFixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
	<u>100.00%</u>	

Discount Rate

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2016:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2015:	\$ 94,243,215	\$ 61,526,090	\$ 38,037,194
Changes for the year:			
Service Cost	3,288,440	-	3,288,440
Interest	6,345,379	-	6,345,379
Change of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	124,086	-	124,086
Changes of Assumptions	-	-	-
Contributions - Employer	-	3,457,964	(3,457,964)
Contributions - Employee	-	1,315,376	(1,315,376)
Net Investment Income	-	4,157,561	(4,157,561)
Benefit Payments, Including Refunds of Employee Contributions	(3,763,653)	(3,763,653)	-
Administrative Expense	-	(46,960)	46,960
Other Changes	-	(2,530)	2,530
Net Changes	5,994,252	5,117,758	876,494
Balance at December 31, 2016:	\$ 100,237,467	\$ 66,643,848	\$ 33,593,619

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

	Discount Rate		
	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	\$ 48,468,544	\$ 33,593,619	\$ 21,485,456

Pension Plan Fiduciary Net Position

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

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

For the year ended September 30, 2017, the City recognized pension expense of \$5,327,761. Also as of September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual		
Economic Experience	\$ 111,703	\$ -
Changes in Actuarial Assumptions	161,228	-
Differences between Projected and		
Actual Investment Earnings	2,809,614	-
Contributions subsequent to the		
Measurement Date	3,053,778	
	\$ 6,136,323	\$ -

Deferred outflows of resources in the amount of \$3,053,778 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2017	\$ 1,112,839
2018	1,079,814
2019	877,508
2020	12,384
	\$ 3,082,545

NOTE K -- POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retiree Health Benefits

Plan Description

In addition to the pension benefits described in Note J, the City administers a single-employer defined benefit healthcare plan for retirees (the Plan), established under legal authority of the City Charter. The City is the only employer participating and contributing to the Plan. The Plan does not issue a publicly available financial report.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS (CONTINUED)

Retiree Health Benefits (Continued)

Plan Description (Continued)

The Plan provides healthcare insurance for eligible retirees (employees hired prior to January 1, 2008, and retire eligible for service retirement from Texas Municipal Retirement System with a retirement date of December 31, 2002 or later) and their dependents. This benefit is based on years of service with the City as follows:

<u>Minimum Years Continuous Service</u>	<u>Minimum Age</u>	<u>% Premium Paid by City</u>
15	57	0%
20	57	50%
25	57	100%

Eligible retirees will continue until the employee becomes Medicare eligible, at which time the employee will have the option to obtain a Medicare supplement or continue on the City's retiree plan at their own expense. Employees hired on or after January 1, 2008 will not receive a City contribution and will be responsible for payment of the actuarially established premium for retiree and dependent coverage.

Retiree premiums are the same as the premiums for active employees. For eligible employees retiring after December 31, 2010, the City will establish premium rates using actuarial methods to determine the appropriate rates by attained age. The City's contribution for a retiree's premium will not exceed the City's standard contribution toward an active employee's premium.

Plan members consist of the following at September 30, 2017:

Retirees and beneficiaries receiving benefits	14
Active Plan Members	54
Total	68

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the unit credit method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation of the Plan:

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS (CONTINUED)

Retiree Health Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Asset) (Continued)

Annual Required Contribution (ARC)	\$ 181,898
Interest on Net OPEB Obligation	11,583
Adjustment to Annual Required Contribution	<u>(15,759)</u>
Annual OPEB Cost (Expense)	177,722
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation (Asset)	177,722
Net OPEB Obligation (Asset) - Beginning of Year	330,937
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 508,659</u></u>

The total net OPEB obligation was \$371,320 for governmental activities and \$137,339 for business-type activities. The City's annual OPEB cost, contributions and unfunded liability for the past three years are as follows:

Fiscal Year	Annual OPEB Cost	Contribution Percentage	Net OPEB Obligation
2017	\$ 177,722	0.0%	\$ 508,659
2016	96,258	16.5%	330,938
2015	105,581	16.3%	250,536

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,493,356. The covered payroll (annual payroll of active employees covered by the Plan) was about \$3,766,855, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 39.6%.

The projected benefit payments for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, will present information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE K -- POST EMPLOYMENT BENEFITS (Continued)

Retiree Health Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit using full accrual at full eligibility age actuarial method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5.0%. The Plan's unfunded actuarial accrued liability is being amortized over 22 years utilizing the unit credit method. Demographic and other assumptions include mortality rates by age and gender, and termination rates by age and years of service. No provision was provided for inflation or for salary increases, as they do not play any role in the calculation of the liability. Additionally, post-retirement benefit increases were not included in the calculations.

Supplemental Death Benefits Plan

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

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

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

The City's contributions to the TMRS SDBF for the years ended September 2017, 2016, and 2015 were \$36,210; \$36,611; and \$32,552, respectively, which equaled the required contributions each year.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE L -- INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2017, were as follows:

<u>Receiving Fund/Activity</u>	<u>Transferring Fund/Activity</u>	<u>Amount</u>	
General Fund	Nonmajor Governmental Fund	\$ 95,000	Reimbursement for Payroll Costs
Debt Service	General Fund	565,000	Support Annual Debt Service
Nonmajor Special Revenue	General Fund	218,488	Support Golf Course Operations
Nonmajor Capital Projects	General Fund	2,259,585	Support Various Capital Projects
Nonmajor Capital Projects	Nonmajor Special Revenue	150,000	Support Various Capital Projects
Nonmajor Capital Projects	Utility Fund	89,413	Support Infrastructure Improvements
Utility Fund	Nonmajor Capital Projects	16,590	Support Utility System Improvements
Internal Service Fund	Utility Fund	8,900	Support Retiree Benefits
Total Transfers		<u>\$ 3,402,976</u>	

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. 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 City expects such amounts, if any, to be immaterial.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as park improvements. Estimated future commitments associated with these contracts as of September 30, 2017 are as follows:

Primary Government	Total	Incurred Thru	Estimated
<u>General Government</u>	Commitments	September 2017	Future
			Commitments
Bldgs, Streets & Drainage	\$ 15,293,427	\$ 10,393,173	\$ 4,900,254
Professional Services	1,601,790	1,328,143	273,647
	<u>16,895,217</u>	<u>11,721,316</u>	<u>5,173,901</u>
 <u>Utility System</u>			
Utility System Improvements	19,125,668	15,729,810	3,395,858
Professional Services (Engineering)	3,608,760	2,234,177	1,374,583
	<u>22,734,428</u>	<u>17,963,987</u>	<u>4,770,441</u>
 Total Primary Government Commitments	 <u>\$ 39,629,645</u>	 <u>\$ 29,685,303</u>	 <u>\$ 9,944,342</u>

Economic Development Agreements

WDW Development, LP Agreement

The City entered into a Chapter 380 Agreement with WBW Land Investments, LP (WBW) which provides that the City shall reimburse WBW for certain public infrastructure improvements out of 50% of the increased tax received from home sales in the residential development project known as the Meadows at Nolte Farms over a period of ten years, beginning one year immediately after the date of initial completion, at a cost not to exceed \$500,000. The City estimates the increase in assessed value on the project over the base year to be \$15,000,000. Reimbursements to WBW are to begin March 2017 and are estimated to be \$24,000 annually. Reimbursement for the year ended September 30, 2017 was \$22,654.

Power Purchase Agreements

On December 17, 2015, the City entered into a fifteen (15) year agreement with the City of Garland to purchase energy produced by a solar-power facility, along with associated Environmental Attributes. The terms of the agreement began on the Commercial Operation Date (March 17, 2017) and ends on the day preceding the 15th anniversary of the agreement. In addition, the City entered into a separate twenty (20) year agreement with the City of Garland to purchase energy produced by a wind energy facility, along with associated Environmental Attributes. The terms of the agreement began on the Commercial Operation Date (November 13, 2016) and ends on the day preceding the 20th anniversary of the agreement. Both agreements carry performance guarantees for all parties, as well as mutual security provisions.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Commitments under Noncapitalized Leases

Commitments under noncapitalized (operating) leases for copiers provide for future rental payments as of September 30, 2017 as follows:

Year Ending September 30,	Rentals
2018	\$ 34,508
2019	30,662
2020	25,664
2021	15,491
2022	5,403
Total	\$ 111,728

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year. Therefore, there were no outstanding encumbrances as of September 30, 2017.

Guadalupe Regional Medical Center

The City of Seguin is contingently liable for 50% of operating deficits produced by Guadalupe Regional Medical Center (GRMC), if any, with Guadalupe County contingently responsible for the remainder. As of September 30, 2016, long-term debt of GRMC consisted of Revenue Bonds in the amount of \$115,440,000. The bonds are secured by revenues of the Medical Center, mortgage insurance issued by FHA and funds held in trust.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Guadalupe Regional Medical Center (Continued)

Following is a summary of financial data as reported in the Guadalupe Regional Medical Center's most recent audited financial statements for the year ended September 30, 2016:

Assets:	
Current Assets	\$ 74,140,584
Other Assets	20,476,071
Capital Assets (Net)	97,068,522
Deferred Outflows of Resources	7,397,272
Total Assets	<u>199,082,449</u>
Liabilities & Net Assets:	
Current Liabilities	29,048,690
Other Liabilities	124,768,403
Total Liabilities	<u>153,817,093</u>
Deferred Inflows of Resources	1,111,232
Net Position	<u>\$ 44,154,124</u>
Operating Revenues:	
Net Revenues from Patient Services	\$ 146,703,264
Other Operating Revenues	2,700,341
Total Operating Revenues	<u>149,403,605</u>
Operating Expenses:	
Total Net Operating Income	<u>5,094,176</u>
Nonoperating Revenues and (Expenses)	<u>(7,130,786)</u>
Increase (Decrease) in Net Position	<u>\$ (2,036,610)</u>

Schertz/Seguin Local Government Corporation

The City of Seguin is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation (See Note A1). Following is a summary of financial data as reported in the Corporation's most recent audited financial statements dated September 30, 2016:

Assets:	
Current Assets	\$ 14,027,427
Restricted Cash and Cash Equivalents	6,859,879
Property, Plant & Equipment	95,187,724
Other Assets & Deferred Charges	2,546,875
Total Assets & Deferred Charges	<u>118,621,905</u>
Liabilities & Net Position:	
Current Liabilities	4,858,647
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	100,976,449
Total Liabilities	<u>105,835,096</u>
Net Position:	
Net Investment in Capital Assets	(2,288,897)
Restricted	5,364,082
Unrestricted	9,820,433
Total Net Position	<u>\$ 12,895,618</u>

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Schertz/Seguin Local Government Corporation (Continued)

The Corporation had revenue bonds outstanding in the amount of \$101,245,000 (as of September 30, 2016) to provide funds to build, improve, extend, enlarge and repair the Corporation’s utility system, fund a reserve, and pay the costs of bond issuance. The bond resolution pledges intergovernmental contract revenues from the cities of Schertz and Seguin (the participating governments) to bond holders. Under the intergovernmental water supply contract, the participating governments are unconditionally obligated to pay their respective shares of annual contract revenue bond debt service from the operation of their respective utility systems.

NOTE N – PLEDGED REVENUE

The Seguin Economic Development Corporation (SEDC) entered into an interlocal cooperative agreement with the City to transfer lawfully available surplus sales and use tax collected on behalf of SEDC to fund a portion of the debt service requirements of the 2011 *Combination Tax and Limited Pledge Revenue Certificates*. SEDC has pledged to transfer, on an annual basis, debt service requirements up to a total cumulative principal amount of \$880,000. Remaining commitment on the agreement as of September 30, 2017 is \$139,050.

In addition, SEDC entered into an agreement, along with the City, to fund certain improvements to the IH-10 frontage road in an amount not to exceed \$1,250,000. SEDC’s portion of the commitment will be funded by a pledge of future sales tax revenue to reimburse the City ½ of the debt service requirements of bonded debt to fund the improvements. The remaining commitment on the agreement as of September 30, 2017 is \$615,775 over a three-year period.

Total contributions to the City in support of debt were \$344,375 for the year ended September 30, 2017. Annual requirements to satisfy the commitment are estimated to be 15% to 28% of the underlying revenue source (sales tax) and are as follows:

	Pledged Revenue
2018	\$ 344,175
2019	203,650
2020	207,000
Total Pledged	\$ 754,825

NOTE O -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2017 were \$349,836 for property and casualty and \$186,597 for workers’ compensation coverage.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE P – TAX ABATEMENT DISCLOSURES

The City of Seguin negotiates property tax abatement agreements on a cases-by-case basis. The agreements freeze property tax revenues received from the paying entity at current levels and deprives the City of a percentage of future increases in ad valorem property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas until the tax abatement period terminates. The Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code authorizes taxing jurisdictions to provide property tax abatement for a limited period of time as inducement for the development or redevelopment of property.

The City of Seguin Tax Abatement Guidelines (the “Guidelines”), adopted and effective on January 1, 2017, allow abatements to be granted only for the additional value of real or personal property improvements. No abatement will be approved that exceeds 100% of the new appraised value of capital improvements and/or personal property, or that will reduce current ad valorem revenue, and will be effective for no more than ten years. In the event that a facility that has been granted a tax abatement discontinues producing goods or services, fails to commence or complete the required capital investment, or fails to comply with any other provisions of the tax abatement agreement, the abatement agreement may be terminated by the City and all taxes previously abated will be recaptured and paid within 60 days of the termination. The Guidelines also include three abatement schedules that identify maximum allowable percentages based on the amount of real and personal property investment. These schedules serve as a guide for staff in determining a recommended abatement for a specific project.

As of September 30, 2017, the City has tax abatement agreements with seven entities. The gross amount of property tax abated during 2017 was \$2,792,877.

Caterpillar, Inc.: Tax abatement is for a period of ten years beginning January 1, 2010 for the construction and operation of a diesel engine manufacturing facility with an estimated value of \$161,000,000.

ET Seguin Dist, LLC: Tax abatement agreement for a period of five years beginning January 1, 2013 for the construction of a new manufacturing facility valued at an estimated cost of \$11,500,000.

Temic Automotive of North America, Inc.: Tax abatement agreement for a ten year period beginning January 1, 2009 for the purchase and installation of specific personal property representing an investment in excess of \$15,000,000.

Continental Automotive Systems, Inc.: Tax abatement agreement for a period of five years beginning January 1, 2013 for the expansion of real and personal property at Continental’s existing facility with an estimated value of \$113,000,000.

Tractor Supply Co. of Texas, LP: Tax abatement agreement for a period of five years beginning January 1, 2016 for the construction and operation of a distribution facility with an estimated value of \$8,000,000.

Cerealto Seguin, LLC: Tax abatement agreement for a period of five years beginning January 1, 2018 for the construction and operation of a food manufacturing facility with an estimated value of \$58,000,000.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE P – TAX ABATEMENT DISCLOSURES (Continued)

Six Forks International, LLC: Tax abatement agreement for a period of ten years beginning January 1, 2016 for the restoration of property located at 217 S. River Street, including building a restaurant and bar with an estimated value of \$1,400,000.

NOTE Q – SUBSEQUENT EVENTS

The City approved issuance of *Tax Notes, Series 2017*, in the amount of \$775,000 for purchasing and equipping a fire truck and public works equipment. The notes are to be repaid over seven years at 1.785% interest. The City also approved issuance of *Tax Notes, Series 2018*, in the amount of \$649,000 to be repaid over four years at 2.25% interest. The Tax Notes are to purchase golf carts and equipment.

The City approved an Advance Funding Agreement with TxDOT for Rudeloff Roadway Expansion Project with a total project cost of \$8,501,910 and the City contributing a total of \$1,914,996 of the total cost. The Agreement also carries certain performance requirements by the city.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Defined Benefit Plan - Net Pension Liability and Related Ratios
- Schedule of City Contributions – Defined Benefit Plan
- Schedule of Funding Progress – Other Postemployment Benefits

CITY OF SEGUIN, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (With Comparative Actual Amounts for 2016)

	Budgeted Amounts		2017 Actual	Variance With	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 12,596,818	\$ 12,596,818	\$ 12,678,017	\$ 81,199	\$ 12,182,731
Licenses and Permits	668,000	668,000	941,986	273,986	723,820
Intergovernmental	760,577	915,840	1,396,474	480,634	862,132
Charges for Services	5,551,496	5,551,496	5,711,530	160,034	5,696,651
Fines and Forfeits	1,721,850	1,735,850	1,707,497	(28,353)	1,497,809
Interest	31,955	68,061	144,635	76,574	64,240
Miscellaneous	742,609	756,609	819,081	62,472	762,398
Total Revenues	22,073,305	22,292,674	23,399,220	1,106,546	21,789,781
EXPENDITURES					
GENERAL GOVERNMENT:					
<i>Administration:</i>					
Personnel Services	56,844	56,844	55,532	1,312	56,900
Contracted Services	600	600	600	-	623
Supplies	900	900	559	341	347
Other Services and Charges	22,000	22,000	8,769	13,231	8,414
<i>Total Administration</i>	80,344	80,344	65,460	14,884	66,284
<i>Financial Administration:</i>					
Personnel Services	340,165	340,165	338,340	1,825	307,862
Contracted Services	154,851	164,176	161,241	2,935	139,057
Supplies	10,500	36,000	28,756	7,244	13,148
Other Services and Charges	7,765	7,765	6,189	1,576	7,729
<i>Total Financial Administration</i>	513,281	548,106	534,526	13,580	467,796
<i>City Manager:</i>					
Personnel Services	228,005	228,005	227,638	367	263,102
Contracted Services	2,050	2,050	1,743	307	1,757
Supplies	3,700	3,700	2,511	1,189	2,389
Other Services and Charges	16,699	16,699	11,639	5,060	10,469
<i>Total City Manager</i>	250,454	250,454	243,531	6,923	277,717
<i>Human Resources:</i>					
Personnel Services	275,827	275,833	275,662	171	256,880
Contracted Services	45,450	50,819	50,819	-	42,889
Supplies	5,100	5,100	4,106	994	5,417
Other Services and Charges	51,400	46,025	31,294	14,731	29,547
<i>Total Human Resources</i>	\$ 377,777	\$ 377,777	\$ 361,881	\$ 15,896	\$ 334,733

Continued

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Budgeted Amounts		2017 Actual	Variance With	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
General Government (Cont.):					
<i>Planning and Zoning Office:</i>					
Personnel Services	\$ 945,814	\$ 921,424	\$ 907,221	\$ 14,203	\$ 809,267
Contracted Services	107,695	132,085	130,579	1,506	91,011
Supplies	24,775	24,775	20,081	4,694	21,985
Other Services and Charges	24,300	24,300	17,293	7,007	16,639
<i>Total Planning and Zoning Office</i>	<u>1,102,584</u>	<u>1,102,584</u>	<u>1,075,174</u>	<u>27,410</u>	<u>938,902</u>
<i>City Secretary's Office:</i>					
Personnel Services	51,112	51,112	49,128	1,984	62,011
Contracted Services	5,100	5,100	4,570	530	4,736
Supplies	2,300	3,269	3,170	99	1,692
Other Services and Charges	34,600	33,631	26,590	7,041	11,244
<i>Total City Secretary's Office</i>	<u>93,112</u>	<u>93,112</u>	<u>83,458</u>	<u>9,654</u>	<u>79,683</u>
<i>Information Technology</i>					
Personnel Services	229,456	229,271	214,591	14,680	192,483
Contracted Services	204,238	202,221	201,826	395	151,017
Supplies	1,075	1,444	1,410	34	704
Other Services and Charges	3,025	4,858	4,858	-	2,804
<i>Total Information Technology</i>	<u>437,794</u>	<u>437,794</u>	<u>422,685</u>	<u>15,109</u>	<u>347,008</u>
<i>City Attorney:</i>					
Personal Services	91,542	92,164	90,347	1,817	84,846
Contracted Services	5,450	5,758	5,758	-	4,362
Supplies	225	225	72	153	136
Other Services and Charges	2,400	2,400	1,919	481	1,806
<i>Total City Attorney:</i>	<u>99,617</u>	<u>100,547</u>	<u>98,096</u>	<u>2,451</u>	<u>91,150</u>
<i>Facilities and Grounds:</i>					
Personnel Services	157,409	157,409	112,087	45,322	120,942
Contracted Services	76,560	76,560	67,584	8,976	78,689
Supplies	8,700	8,700	5,518	3,182	4,013
Other Services and Charges	2,200	2,200	934	1,266	625
<i>Total Facilities and Grounds</i>	<u>244,869</u>	<u>244,869</u>	<u>186,123</u>	<u>58,746</u>	<u>204,269</u>
Total General Government	<u>\$ 3,199,832</u>	<u>\$ 3,235,587</u>	<u>\$ 3,070,934</u>	<u>\$ 164,653</u>	<u>\$ 2,807,542</u>

Continued

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Budgeted Amounts		2017 Actual	Variance With	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
Public Safety:					
<i>Police:</i>					
Personnel Services	\$ 6,823,860	\$ 6,840,802	\$ 6,710,497	\$ 130,305	\$ 6,318,237
Contracted Services	138,600	134,350	129,387	4,963	121,187
Supplies	104,900	105,400	103,213	2,187	92,531
Other Services and Charges	224,500	230,700	200,397	30,303	175,107
<i>Total Police</i>	<u>7,291,860</u>	<u>7,311,252</u>	<u>7,143,494</u>	<u>167,758</u>	<u>6,707,062</u>
<i>Fire/EMS:</i>					
Personnel Services	5,179,663	5,169,494	5,034,488	135,006	4,732,953
Contracted Services	261,300	287,469	271,118	16,351	229,987
Supplies	178,300	176,427	163,212	13,215	155,760
Other Services and Charges	126,850	120,223	89,842	30,381	71,273
<i>Total Fire/EMS</i>	<u>5,746,113</u>	<u>5,753,613</u>	<u>5,558,660</u>	<u>194,953</u>	<u>5,189,973</u>
<i>Municipal Court:</i>					
Personnel Services	285,969	286,275	285,733	542	268,372
Contracted Services	63,930	63,624	60,134	3,490	60,385
Supplies	9,500	9,500	8,967	533	10,437
Other Services and Charges	6,350	6,350	5,435	915	3,636
<i>Total Municipal Court</i>	<u>365,749</u>	<u>365,749</u>	<u>360,269</u>	<u>5,480</u>	<u>342,830</u>
<i>Animal Control:</i>					
Personnel Services	398,689	398,689	352,623	46,066	293,724
Contracted Services	59,350	59,350	29,340	30,010	10,381
Supplies	51,800	51,800	46,295	5,505	45,014
Other Services and Charges	10,600	10,600	7,247	3,353	6,439
<i>Total Animal Control</i>	<u>520,439</u>	<u>520,439</u>	<u>435,505</u>	<u>84,934</u>	<u>355,558</u>
Total Public Safety	<u>13,924,161</u>	<u>13,951,053</u>	<u>13,497,928</u>	<u>453,125</u>	<u>12,595,423</u>
Public Service:					
<i>Public Works:</i>					
Personnel Services	1,880,688	1,860,000	1,741,976	118,024	1,592,071
Contracted Services	1,914,219	1,926,907	1,893,968	32,939	1,777,244
Supplies	66,400	56,400	47,817	8,583	49,851
Other Services and Charges	97,850	115,850	100,200	15,650	73,714
<i>Total Public Works</i>	<u>\$ 3,959,157</u>	<u>\$ 3,959,157</u>	<u>\$ 3,783,961</u>	<u>\$ 175,196</u>	<u>\$ 3,492,880</u>

Continued

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Budgeted Amounts		2017 Actual	Variance With	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
Public Service: (Cont.)					
<i>Vehicle Maintenance:</i>					
Personnel Services	\$ 227,795	\$ 218,591	\$ 217,570	\$ 1,021	\$ 209,671
Contracted Services	198,916	210,262	209,794	468	128,864
Supplies	13,700	13,212	13,212	-	13,376
Other Services and Charges	6,300	4,646	3,984	662	2,510
<i>Total Vehicle Maintenance</i>	<u>446,711</u>	<u>446,711</u>	<u>444,560</u>	<u>2,151</u>	<u>354,421</u>
<i>Library:</i>					
Personnel Services	868,475	913,010	912,334	676	646,568
Contracted Services	114,710	118,821	105,235	13,586	90,930
Supplies	103,700	178,374	174,342	4,032	122,990
Other Services and Charges	4,550	9,589	9,429	160	6,053
<i>Total Library</i>	<u>1,091,435</u>	<u>1,219,794</u>	<u>1,201,340</u>	<u>18,454</u>	<u>866,541</u>
<i>Parks and Recreation:</i>					
Personnel Services	1,402,743	1,397,465	1,275,458	122,007	1,194,463
Contracted Services	234,240	238,337	211,325	27,012	204,410
Supplies	105,900	99,900	81,025	18,875	91,448
Other Services and Charges	23,500	38,681	34,233	4,448	26,465
<i>Total Parks and Recreation</i>	<u>1,766,383</u>	<u>1,774,383</u>	<u>1,602,041</u>	<u>172,342</u>	<u>1,516,786</u>
<i>Golf Course:</i>					
Personnel Services	-	-	-	-	523,074
Contracted Services	-	-	-	-	49,246
Supplies	-	-	-	-	46,904
Other Services and Charges	-	-	-	-	53,339
<i>Total Golf Course</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>672,563</u>
<i>Downtown & Main St. Programs:</i>					
Personnel Services	117,946	118,346	118,128	218	142,806
Contracted Services	8,100	5,950	3,507	2,443	4,879
Supplies	11,600	9,500	9,412	88	1,186
Other Services and Charges	19,470	31,620	29,047	2,573	22,965
<i>Total Downtown & Main St. Programs</i>	<u>157,116</u>	<u>165,416</u>	<u>160,094</u>	<u>5,322</u>	<u>171,836</u>
Total Public Service	<u>\$ 7,420,802</u>	<u>\$ 7,565,461</u>	<u>\$ 7,191,996</u>	<u>\$ 373,465</u>	<u>\$ 7,075,027</u>

Continued

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Budgeted Amounts		2017 Actual	Variance With	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
Nondepartmental:					
Contracted Services	\$ 189,135	\$ 216,765	\$ 165,391	\$ 51,374	\$ 143,146
Building and Auto Insurance	135,000	135,000	125,262	9,738	140,880
Unemployment Insurance	10,000	10,000	2,950	7,050	17,341
Contributions - Civic Organizations	1,665,931	1,665,931	1,665,931	-	1,602,703
Other Services and Charges	69,300	429,978	427,140	2,838	66,494
Total Nondepartmental	2,069,366	2,457,674	2,386,674	71,000	1,970,564
Capital Outlay	-	1,000,000	929,461	70,539	158,620
Indirect Cost					
Recovery - Utility Fund	(4,400,000)	(4,400,000)	(4,641,289)	241,289	(4,352,992)
Total Expenditures	22,214,161	23,809,775	22,435,704	1,374,071	20,254,184
Excess (Deficiency) of Revenues Over (Under) Expenditures	(140,856)	(1,517,101)	963,516	2,480,617	1,535,597
OTHER FINANCING SOURCES (USES)					
Transfers In	95,000	95,000	95,000	-	95,801
Transfers (Out)	(1,760,288)	(3,043,073)	(3,043,073)	-	(4,463,666)
Total Other Financing Sources (Uses)	(1,665,288)	(2,948,073)	(2,948,073)	-	(4,367,865)
Net Change in Fund Balance	(1,806,144)	(4,465,174)	(1,984,557)	2,480,617	(2,832,268)
Fund Balance at Beginning of Year	15,158,011	15,158,011	15,158,011	-	17,990,279
Fund Balance at End of Year	\$ 13,351,867	\$ 10,692,837	\$ 13,173,454	\$ 2,480,617	\$ 15,158,011

CITY OF SEGUIN, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2017

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are funds which have legally adopted annual budgets: General Fund, Debt Service Fund, Occupancy Tax (Special Revenue) Fund, Coliseum (Special Revenue) Fund, Aquatic Center (Special Revenue) Fund, Golf Course (Special Revenue) Fund, Convention & Visitor’s Bureau (Special Revenue Fund), Sebastopol House (Special Revenue) Fund, Police Donations (Special Revenue) Fund, PEG Capital Fees (Special Revenue) Fund, Library Development (Special Revenue) Fund, and Seguin Events Complex (Special Revenue) Fund. Project – length financial plans are adopted for the Capital Projects Funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF SEGUIN, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
 LAST THREE PLAN YEARS

	Total Pension Liability		
	2014	2015	2016
Service Cost	\$ 2,513,154	\$ 3,015,806	\$ 3,288,440
Interest (on the Total Pension Liability)	5,806,091	6,178,108	6,345,379
Changes of Benefit Terms	-	-	-
Difference between Expended and Actual Experience	337,633	(179,540)	124,086
Change of Assumptions	-	289,698	-
Benefit Payments, Including Refunds of Employee Contributions	(3,564,077)	(3,623,283)	(3,763,653)
Net Change in Total Pension Liability	5,092,801	5,680,789	5,994,252
Total Pension Liability - Beginning	83,469,625	88,562,426	94,243,215
Total Pension Liability - Ending	<u>\$ 88,562,426</u>	<u>\$ 94,243,215</u>	<u>\$ 100,237,467</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,992,250	\$ 2,722,654	\$ 3,457,964
Contributions - Employee	1,132,877	1,228,792	1,315,376
Net Investment Income	3,335,330	90,246	4,157,561
Benefit Payments, Including Refunds of Employee Contributions	(3,564,077)	(3,623,283)	(3,763,653)
Administrative Expense	(34,824)	(54,973)	(46,960)
Other	(2,863)	(2,716)	(2,530)
Net Change in Plan Fiduciary Net Position	2,858,693	360,720	5,117,758
Plan Fiduciary Net Position - Beginning	58,306,677	61,165,370	61,526,090
Net Pension Liability - Ending	<u>\$ 61,165,370</u>	<u>\$ 61,526,090</u>	<u>\$ 66,643,848</u>
Net Pension Liability (Asset) - Ending	\$ 27,397,056	\$ 32,717,125	\$ 33,593,619
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.06%	65.28%	66.49%
Covered Employee Payroll	\$ 16,183,951	\$ 17,554,166	\$ 18,791,085
Net Pension Liability as a Percentage of Covered Employee Payroll	169.29%	186.38%	178.77%

GASB 68 Pension Information is being applied prospectively. 10-year historical trend information will be developed beginning with 2015

CITY OF SEGUIN, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 LAST THREE FISCAL YEARS

Schedule of Contributions:	2015	2016	2017
Actuarially Determined Contribution	\$ 1,882,050	\$ 2,732,499	\$ 3,151,764
Contributions in Relation to the Actuarially Determined Contribution	2,545,271	3,451,731	3,826,130
Contribution Deficiency (Excess)	\$ (663,221)	\$ (719,232)	\$ (674,366)
 Covered Employee Payroll	 \$ 17,132,808	 \$ 18,313,373	 \$ 19,869,160
 Contribution as a Percentage of Covered Employee Payroll	 14.86%	 18.85%	 19.26%

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50 to 10.5%
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with blue Collar Adjustment; male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

GASB 68 Pension Information is being applied prospectively. 10-year historical trend information will be developed beginning with 2015

CITY OF SEGUIN, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFITS
 RETIREE INSURANCE
 SCHEDULE OF FUNDING PROGRESS
 LAST THREE ACTUARIAL VALUATIONS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
4/30/2012	\$ -	\$ 1,405,548	\$ 1,405,548	0%	\$ 7,036,484	20.0%
4/30/2014	-	1,027,966	1,027,966	0%	7,086,680	14.5%
1/1/2016	-	1,493,356	1,493,356	0%	3,766,855	39.6%

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Statement of Revenues, Expenditures & Changes in Fund Balance – Budget and Actual – Debt Service Fund
- Combining Statements – Nonmajor Governmental Funds
 - *Combining Statements – Nonmajor Special Revenue Funds*
 - *Combining Statements – Nonmajor Capital Projects Funds*
 - *Budgetary Statements*
- Comparative Statements – Enterprise (Utility) Fund
- Combining Statements – Internal Service (Insurance) Funds
- Combining Statements – Fiduciary (Private Purpose Trust) Funds
- Statement of Changes in Assets & Liabilities – Agency Fund



It's real.

CITY OF SEGUIN, TEXAS
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 291,306	\$ 772,928
Investments	13,367,512	14,484,023
Receivables:		
Taxes	1,701,228	1,679,282
Accounts	759,016	1,111,981
Grants	445,449	30,497
Miscellaneous	182,937	86,636
Inventory of Supplies	22,167	23,962
Prepaid Items	98,671	83,421
Total Assets	\$ 16,868,286	\$ 18,272,730
 LIABILITIES		
Accounts Payable	\$ 1,623,372	\$ 811,123
Accrued Expenditures	639,414	539,334
Due to Component Unit	190,351	197,686
Unearned Revenue	248,906	227,942
Due to Other Funds	494	-
Due to Others	10,539	42,536
Total Liabilities	2,713,076	1,818,621
 Deferred Inflows of Resources		
Unavailable Revenue	981,756	1,296,098
Total Deferred Inflows of Resources	981,756	1,296,098
 Fund Balance:		
Nonspendable	120,838	107,383
Restricted - Tree Mitigation Fees	7,905	5,300
Committed - Stabilization Arrangement	1,536,104	2,018,494
Assigned	3,440	52,312
Unassigned	11,505,167	12,974,522
Total Fund Balance	13,173,454	15,158,011
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 16,868,286	\$ 18,272,730

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

REVENUES	<u>2017</u>	<u>2016</u>
Taxes	\$ 12,678,017	\$ 12,182,731
Licenses and Permits	941,986	723,820
Intergovernmental	1,396,474	862,132
Charges for Services	5,711,530	5,696,651
Fines and Forfeits	1,707,497	1,497,809
Interest	144,635	64,240
Miscellaneous	819,081	762,398
Total Revenues	<u>23,399,220</u>	<u>21,789,781</u>
 EXPENDITURES		
<i>Current:</i>		
General Government	3,070,934	2,807,542
Public Safety	13,497,928	12,595,423
Public Service	7,191,996	7,075,027
Nondepartmental	2,386,674	1,970,564
Indirect Cost Allocation (Recovery)	(4,641,289)	(4,352,992)
Capital Outlay	929,461	158,620
Total Expenditures	<u>22,435,704</u>	<u>20,254,184</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>963,516</u>	<u>1,535,597</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In	95,000	95,801
Transfers (Out)	(3,043,073)	(4,463,666)
Total Other Financing Sources (Uses)	<u>(2,948,073)</u>	<u>(4,367,865)</u>
Net Change in Fund Balance	<u>(1,984,557)</u>	<u>(2,832,268)</u>
Fund Balance at Beginning of Year	<u>15,158,011</u>	<u>17,990,279</u>
Fund Balance at End of Year	<u>\$ 13,173,454</u>	<u>\$ 15,158,011</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(with Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Taxes	\$ 3,818,121	\$ 3,964,599	\$ 146,478	\$ 3,218,707
Intergovernmental	344,375	344,375	-	342,925
Interest	6,047	19,450	13,403	9,189
Total Revenues	<u>4,168,543</u>	<u>4,328,424</u>	<u>159,881</u>	<u>3,570,821</u>
EXPENDITURES				
Debt Service:				
Principal	2,553,742	2,553,742	-	2,453,230
Interest and Fiscal Charges	2,727,651	2,689,139	38,512	2,242,406
Bond Issue Costs	-	-	-	158,373
Total Expenditures	<u>5,281,393</u>	<u>5,242,881</u>	<u>38,512</u>	<u>4,854,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,112,850)</u>	<u>(914,457)</u>	<u>198,393</u>	<u>(1,283,188)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	565,000	565,000	-	640,000
Certificates Issued	297,850	260,227	(37,623)	9,370,000
Premiums on Issuance of Bonds	-	-	-	592,615
Payments to Refunding Agent	-	-	-	(9,804,242)
Total Other Financing Sources (Uses)	<u>862,850</u>	<u>825,227</u>	<u>(37,623)</u>	<u>798,373</u>
Net Change in Fund Balance	(250,000)	(89,230)	160,770	(484,815)
FUND BALANCE, OCTOBER 1	<u>982,371</u>	<u>982,371</u>	<u>-</u>	<u>1,467,186</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 732,371</u>	<u>\$ 893,141</u>	<u>\$ 160,770</u>	<u>\$ 982,371</u>

CITY OF SEGUIN, TEXAS
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Occupancy Tax Fund – To account for the Occupancy Tax revenues paid the City and restricted by State Law. The revenues provide for contributions to various civic organizations. In addition, certain occupancy tax proceeds are designated for specific uses and are reflected in separate special revenue funds.

Coliseum Fund – To account for occupancy tax and revenues earned by the coliseum that provide for the operations and maintenance of the coliseum.

Aquatic Center Fund – To account for the revenues earned by the Aquatic Center committed for the operations and maintenance of the Aquatic Center.

Municipal Court Security – To account for revenues from court fines restricted to improving municipal court security.

Municipal Court Technology – To account for revenues from court fines restricted to improving court technology.

Forfeiture & Seizure Fund – Account for revenues under federal, state and civil cases that allow confiscation of money and property. All forfeited proceeds are to be spent on law enforcement.

Golf Course Fund – To account for the operations of the golf course and related pro shop. Revenues are committed for enhancement of the golf course facilities.

D.A.R.E. Fund – Established in fiscal 1995 to account for donations received for the D.A.R.E. program.

Juvenile Case Manager Fund – To account for fees assessed and restricted to support a case manager for juvenile offenders.

Convention & Visitors Bureau – To account for occupancy tax revenues restricted for specific purposes by state law.

CVB Building Fund – Established to receive a portion of the Occupancy Tax Revenue to support a future building site for the Convention and Visitors Bureau.

Sebastopol House – To account for occupancy tax revenues restricted for specific purposes by state law. The Sebastopol House is a registered historic landmark.

Police Department Donations – To account for contributions restricted to the City Police Department.

PEG Capital Fees – To account for fees collected and remitted to the city with cable franchise fees to support government-access cable broadcasting.

Library Development Fund – To account for contributions restricted to library enhancement.

CITY OF SEGUIN, TEXAS
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (continued)

Seguin Events Complex – To account for occupancy tax and charges for use of the Complex restricted to supporting the operations of the Complex

Seguin Arts Commission – To track donations received specific to enhancement of downtown Seguin

CAPITAL PROJECTS FUNDS

The Capital Projects funds are used to account for proceeds from bond issues and other resources specifically assigned for capital expenditures.

CITY OF SEGUIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017

	Combined Special Revenue	Combined Capital Projects	Total
ASSETS			
Cash and Cash Equivalents	\$ 198,430	\$ 85,065	\$ 283,495
Investments	1,836,150	5,050,924	6,887,074
Receivables (net of allowances for uncollectibles):			
Taxes	198,274	-	198,274
Accounts	58,504	132,679	191,183
Prepaid Items	900	42,426	43,326
Restricted Assets:			
Cash and Cash Equivalents	-	36,603	36,603
Investments	-	2,120,172	2,120,172
Total Assets	\$ 2,292,258	\$ 7,467,869	\$ 9,760,127
 LIABILITIES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts Payable	\$ 67,130	\$ 529,134	\$ 596,264
Accrued Expenditures	15,248	-	15,248
Unearned Revenues	25,591	500	26,091
Due to Others	53,870	-	53,870
Total Liabilities	161,839	529,634	691,473
 <i>Fund Balance:</i>			
Nonspendable:			
Prepays	900	42,426	43,326
Restricted			
Tourism & Economic Development	1,066,076	-	1,066,076
Public Safety	570,985	-	570,985
Public Service	278,273	-	278,273
Capital Projects	-	2,132,357	2,132,357
Committed	214,185	-	214,185
Assigned	-	4,763,452	4,763,452
Total Fund Balance	2,130,419	6,938,235	9,068,654
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 2,292,258	 \$ 7,467,869	 \$ 9,760,127

CITY OF SEGUIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2017

REVENUES	Combined Special Revenue	Combined Capital Projects	Total
Taxes	\$ 849,391	\$ -	\$ 849,391
Licenses and Permits	-	120,350	120,350
Intergovernmental	52,470	186,656	239,126
Charges for Services	972,747	168,259	1,141,006
Fines and Forfeits	202,209	-	202,209
Interest	15,627	79,663	95,290
Miscellaneous	22,120	79,440	101,560
Total Revenues	<u>2,114,564</u>	<u>634,368</u>	<u>2,748,932</u>
EXPENDITURES			
Current:			
General Government	1,586,242	345,216	1,931,458
Nondepartmental	339,484	-	339,484
Capital Outlay	-	5,205,577	5,205,577
Debt Service:			
Principal	-	307,116	307,116
Interest & Fiscal Charges	-	16,310	16,310
Total Expenditures	<u>1,925,726</u>	<u>5,874,219</u>	<u>7,799,945</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>188,838</u>	<u>(5,239,851)</u>	<u>(5,051,013)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	218,488	2,498,998	2,717,486
Transfers Out	(245,000)	(16,590)	(261,590)
Proceeds of Debt Financing	-	1,698,015	1,698,015
Total Other Financing Sources (Uses)	<u>(26,512)</u>	<u>4,180,423</u>	<u>4,153,911</u>
Net Change in Fund Balances	162,326	(1,059,428)	(897,102)
FUND BALANCE, OCTOBER 1	<u>1,968,093</u>	<u>7,997,663</u>	<u>9,965,756</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 2,130,419</u>	<u>\$ 6,938,235</u>	<u>\$ 9,068,654</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017

	Occupancy Tax Fund	Coliseum Fund	Acquatic Center Fund	Municipal Court Security Fund
ASSETS				
Cash and Cash Equivalents	\$ 2,163	\$ 25,698	\$ 2,657	\$ 8,482
Investments	430,429	160,887	18,206	42,111
Receivables (net of allowances for uncollectibles):				
Accounts	-	11,783	-	-
Taxes	187,899	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 620,491</u>	<u>\$ 198,368</u>	<u>\$ 20,863</u>	<u>\$ 50,593</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 13,306	\$ 8,340	\$ -	\$ -
Accrued Expenditures	-	938	-	-
Due to Others	-	53,870	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>13,306</u>	<u>63,148</u>	<u>-</u>	<u>-</u>
<i>Fund Balance:</i>				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	607,185	135,220	-	-
Public Safety	-	-	-	50,593
Public Service	-	-	-	-
Committed	-	-	20,863	-
Total Fund Balance	<u>607,185</u>	<u>135,220</u>	<u>20,863</u>	<u>50,593</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 620,491</u>	<u>\$ 198,368</u>	<u>\$ 20,863</u>	<u>\$ 50,593</u>

<u>Municipal Court Technology</u>	<u>Forfeiture & Seizure Fund</u>	<u>Golf Course Fund</u>	<u>DARE Program Fund</u>	<u>Juvenile Case Manager</u>
\$ 12,322	\$ 42,604	\$ 6,076	\$ 20,904	\$ 11,783
57,358	211,369	207,091	68,849	9,212
-	34,727	3,989	-	-
-	-	-	-	-
900	-	-	-	-
<u>\$ 70,580</u>	<u>\$ 288,700</u>	<u>217,156</u>	<u>\$ 89,753</u>	<u>\$ 20,995</u>
\$ -	\$ -	11,904	\$ -	\$ -
-	-	9,477	-	-
-	-	-	-	-
-	-	2,453	-	-
-	-	<u>23,834</u>	-	-
900	-	-	-	-
-	-	-	-	-
69,680	288,700	-	89,753	20,995
-	-	-	-	-
-	-	193,322	-	-
<u>70,580</u>	<u>288,700</u>	<u>193,322</u>	<u>89,753</u>	<u>20,995</u>
<u>\$ 70,580</u>	<u>\$ 288,700</u>	<u>\$ 217,156</u>	<u>\$ 89,753</u>	<u>\$ 20,995</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2017

	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House	Police Department Donations
ASSETS				
Cash and Cash Equivalents	\$ 5,095	\$ 11,198	\$ 837	\$ 641
Investments	275,167	46,959	12,545	58,614
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	-	-
Taxes	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 280,262</u>	<u>\$ 58,157</u>	<u>\$ 13,382</u>	<u>\$ 59,255</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 22,480	\$ -	\$ 1,125	\$ -
Accrued Expenditures	2,410	-	960	-
Due to Others	-	-	-	-
Unearned Revenue	-	-	1,155	7,991
Total Liabilities	<u>24,890</u>	<u>-</u>	<u>3,240</u>	<u>7,991</u>
<i>Fund Balance:</i>				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	255,372	58,157	10,142	-
Public Safety	-	-	-	51,264
Public Service	-	-	-	-
Committed	-	-	-	-
Total Fund Balance	<u>255,372</u>	<u>58,157</u>	<u>10,142</u>	<u>51,264</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 280,262</u>	<u>\$ 58,157</u>	<u>\$ 13,382</u>	<u>\$ 59,255</u>

PEG Capital Fees	Library Development Fund	Seguin Events Complex	Seguin Arts Commission	Totals
\$ 9,500	\$ 181	\$ 23,105	\$ 15,184	\$ 198,430
52,983	128,368	56,002	-	1,836,150
-	-	8,005	-	58,504
10,375	-	-	-	198,274
-	-	-	-	900
<u>\$ 72,858</u>	<u>\$ 128,549</u>	<u>\$ 87,112</u>	<u>\$ 15,184</u>	<u>\$ 2,292,258</u>
\$ 2,960	\$ -	\$ 6,951	\$ 64	\$ 67,130
-	-	1,463	-	15,248
-	-	-	-	53,870
-	-	13,992	-	25,591
<u>2,960</u>	<u>-</u>	<u>22,406</u>	<u>64</u>	<u>161,839</u>
-	-	-	-	900
-	-	-	-	1,066,076
-	-	-	-	570,985
69,898	128,549	64,706	15,120	278,273
-	-	-	-	214,185
<u>69,898</u>	<u>128,549</u>	<u>64,706</u>	<u>15,120</u>	<u>2,130,419</u>
<u>\$ 72,858</u>	<u>\$ 128,549</u>	<u>\$ 87,112</u>	<u>\$ 15,184</u>	<u>2,292,258</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

REVENUES	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
Taxes	\$ 59,218	\$ 217,500	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	101,891	81,831	-
Fines and Forfeits	-	-	-	30,281
Interest	4,135	1,093	89	298
Miscellaneous	-	251	-	-
Total Revenues	<u>63,353</u>	<u>320,735</u>	<u>81,920</u>	<u>30,579</u>
 EXPENDITURES				
Current:				
General Government	115,852	307,806	85,294	-
Economic Development	-	-	-	-
Nondepartmental	-	-	-	23,043
Total Expenditures	<u>115,852</u>	<u>307,806</u>	<u>85,294</u>	<u>23,043</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(52,499)</u>	<u>12,929</u>	<u>(3,374)</u>	<u>7,536</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(127,499)	12,929	(3,374)	7,536
FUND BALANCE, OCTOBER 1	<u>734,684</u>	<u>122,291</u>	<u>24,237</u>	<u>43,057</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 607,185</u>	<u>\$ 135,220</u>	<u>\$ 20,863</u>	<u>\$ 50,593</u>

Municipal Court Technology	Forfeiture & Seizure Fund	Golf Course Fund	DARE Program Fund	Juvenile Case Manager
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	50,221	-
-	-	736,440	-	-
40,396	71,892	-	-	59,640
428	1,617	2,039	617	37
-	4,001	-	-	-
<u>40,824</u>	<u>77,510</u>	<u>738,479</u>	<u>50,838</u>	<u>59,677</u>
29,312	30,743	763,645	19,766	-
-	-	-	-	-
9,959	-	-	-	-
<u>39,271</u>	<u>30,743</u>	<u>763,645</u>	<u>19,766</u>	<u>-</u>
<u>1,553</u>	<u>46,767</u>	<u>(25,166)</u>	<u>31,072</u>	<u>59,677</u>
-	-	218,488	(40,000)	(55,000)
-	-	218,488	(40,000)	(55,000)
1,553	46,767	193,322	(8,928)	4,677
<u>69,027</u>	<u>241,933</u>	<u>-</u>	<u>98,681</u>	<u>16,318</u>
<u>\$ 70,580</u>	<u>\$ 288,700</u>	<u>\$ 193,322</u>	<u>\$ 89,753</u>	<u>\$ 20,995</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

REVENUES	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House	Police Department Donations
Taxes	\$ 382,500	\$ -	\$ 77,908	\$ -
Intergovernmental	-	-	2,249	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest	2,789	408	56	435
Miscellaneous	3,189	-	5,100	1,186
Total Revenues	<u>388,478</u>	<u>408</u>	<u>85,313</u>	<u>1,621</u>
EXPENDITURES				
Current:				
General Government	-	-	76,609	500
Economic Development	306,482	-	-	-
Nondepartmental	-	-	-	-
Total Expenditures	<u>306,482</u>	<u>-</u>	<u>76,609</u>	<u>500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	81,996	408	8,704	1,121
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(75,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,996	408	8,704	1,121
FUND BALANCE, OCTOBER 1	<u>248,376</u>	<u>57,749</u>	<u>1,438</u>	<u>50,143</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 255,372</u>	<u>\$ 58,157</u>	<u>\$ 10,142</u>	<u>\$ 51,264</u>

PEG Capital Fees	Library Development Fund	Seguin Events Complex	Seguin Arts Commission	Totals
\$ 40,221	\$ -	\$ 72,044	\$ -	\$ 849,391
-	-	-	-	52,470
-	-	52,585	-	972,747
-	-	-	-	202,209
367	934	362	(77)	15,627
-	-	-	8,393	22,120
<u>40,588</u>	<u>934</u>	<u>124,991</u>	<u>8,316</u>	<u>2,114,564</u>
39,277	-	106,989	10,449	1,586,242
-	-	-	-	306,482
-	-	-	-	33,002
<u>39,277</u>	<u>-</u>	<u>106,989</u>	<u>10,449</u>	<u>1,925,726</u>
1,311	934	18,002	(2,133)	188,838
-	-	-	-	(26,512)
-	-	-	-	(26,512)
1,311	934	18,002	(2,133)	162,326
<u>68,587</u>	<u>127,615</u>	<u>46,704</u>	<u>17,253</u>	<u>1,968,093</u>
<u>\$ 69,898</u>	<u>\$ 128,549</u>	<u>\$ 64,706</u>	<u>\$ 15,120</u>	<u>\$ 2,130,419</u>

CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017

ASSETS	General Fund Capital Projects	Golf Course Capital Projects	2013 Certificates of Obligation	2014 GO Bond Fund
Cash and Cash Equivalents	\$ 30,123	\$ 23,136	972	\$ -
Investments	4,507,420	252,191	39,795	-
Receivables, Net	129,279	-	-	3,400
Prepaid Items	42,426	-	-	-
Restricted Cash and Equivalents	-	-	-	35,753
Restricted Investments	-	-	-	321,627
Total Assets	<u>\$ 4,709,248</u>	<u>\$ 275,327</u>	<u>\$ 40,767</u>	<u>360,780</u>
 LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 226,219	\$ 3,340	\$ 1,725	85,494
Unearned Revenue	-	500	-	-
Total Liabilities	<u>226,219</u>	<u>3,840</u>	<u>1,725</u>	<u>85,494</u>
 <i>Fund Balances:</i>				
Nonspendable - Prepaids	42,426	-	-	-
Restricted for Capital Projects	-	-	-	275,286
Assigned to Capital Projects	4,440,603	271,487	39,042	-
Total Fund Balance	<u>4,483,029</u>	<u>271,487</u>	<u>39,042</u>	<u>275,286</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 4,709,248</u>	 <u>\$ 275,327</u>	 <u>\$ 40,767</u>	 <u>\$ 360,780</u>

2010 Certificates of Obligation	Miscellaneous Projects Fund	Total
\$ -	\$ 30,834	\$ 85,065
-	251,518	5,050,924
-	-	132,679
-	-	42,426
850	-	36,603
1,798,545	-	2,120,172
<u>\$ 1,799,395</u>	<u>\$ 282,352</u>	<u>\$ 7,467,869</u>

\$ 212,356	\$ -	\$ 529,134
-	-	500
<u>212,356</u>	<u>-</u>	<u>529,634</u>

-	-	42,426
1,587,039	270,032	2,132,357
-	12,320	4,763,452
<u>1,587,039</u>	<u>282,352</u>	<u>6,938,235</u>

<u>\$ 1,799,395</u>	<u>\$ 282,352</u>	<u>\$ 7,467,869</u>
---------------------	-------------------	----------------------------

CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

REVENUES	General Fund Capital Projects	Golf Course Capital Projects	2013 Certificates of Obligation	2014 GO Bond Fund
Intergovernmental	\$ 182,045	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Charges for Services	-	168,259	-	-
Interest	51,438	1,387	760	4,057
Miscellaneous	79,440	-	-	-
Total Revenues	<u>312,923</u>	<u>169,646</u>	<u>760</u>	<u>4,057</u>
EXPENDITURES				
General Government	345,216	-	-	-
Capital Outlay	4,076,434	68,968	155,591	395,271
Debt Service:				
Principal	283,917	23,199	-	-
Interest & Fiscal Charges	13,847	2,463	-	-
Total Expenditures	<u>4,719,414</u>	<u>94,630</u>	<u>155,591</u>	<u>395,271</u>
Excess (Deficiency) of Revenues Over (Under Expenditures)	<u>(4,406,491)</u>	<u>75,016</u>	<u>(154,831)</u>	<u>(391,214)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	2,498,998	-	-	-
Proceeds of Lease Financing	1,657,330	40,685	-	-
Total Other Financing Sources (Uses)	<u>4,156,328</u>	<u>40,685</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(250,163)	115,701	(154,831)	(391,214)
FUND BALANCE, OCTOBER 1	<u>4,733,192</u>	<u>155,786</u>	<u>193,873</u>	<u>666,500</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 4,483,029</u>	<u>\$ 271,487</u>	<u>\$ 39,042</u>	<u>\$ 275,286</u>

2010 Certificates of Obligation	Miscellaneous Projects Fund	Total
\$ -	\$ 4,611	\$ 186,656
-	120,350	120,350
-	-	168,259
18,866	3,155	79,663
-	-	79,440
<u>18,866</u>	<u>128,116</u>	<u>634,368</u>
-	-	345,216
331,935	177,378	5,205,577
-	-	307,116
-	-	16,310
<u>331,935</u>	<u>177,378</u>	<u>5,874,219</u>
<u>(313,069)</u>	<u>(49,262)</u>	<u>(5,239,851)</u>
-	(16,590)	2,482,408
-	-	1,698,015
<u>-</u>	<u>(16,590)</u>	<u>4,180,423</u>
(313,069)	(65,852)	(1,059,428)
<u>1,900,108</u>	<u>348,204</u>	<u>7,997,663</u>
<u>\$ 1,587,039</u>	<u>\$ 282,352</u>	<u>\$ 6,938,235</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
OCCUPANCY TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Occupancy Tax	\$ 48	\$ 59,218	\$ 59,170	113,696
Interest	950	4,135	3,185	1,703
Miscellaneous	-	-	-	30
Total Revenues	<u>998</u>	<u>63,353</u>	<u>62,355</u>	<u>115,429</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contributions to Local Organizations	115,852	115,852	-	110,339
Total Expenditures	<u>115,852</u>	<u>115,852</u>	<u>-</u>	<u>110,339</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(114,854)</u>	<u>(52,499)</u>	<u>62,355</u>	<u>5,090</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(75,000)	(75,000)	-	(157,167)
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>(157,167)</u>
Net Change in Fund Balance	(189,854)	(127,499)	62,355	(152,077)
FUND BALANCE, OCTOBER 1	<u>734,684</u>	<u>734,684</u>	<u>-</u>	<u>886,761</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 544,830</u>	<u>\$ 607,185</u>	<u>\$ 62,355</u>	<u>\$ 734,684</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COLISEUM FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Occupancy Tax	\$ 217,500	\$ 217,500	\$ -	195,750
Charges for Services	80,450	101,891	21,441	84,810
Interest	200	1,093	893	357
Miscellaneous	100	251	151	159
Total Revenues	<u>298,250</u>	<u>320,735</u>	<u>22,485</u>	<u>281,076</u>
EXPENDITURES				
<i>General Government/Facilities & Grounds:</i>				
Personnel Services	54,753	48,717	6,036	39,549
Contracted Services	209,850	194,518	15,332	200,790
Supplies	20,366	19,946	420	18,454
Other Services and Charges	45,265	44,625	640	1,541
Total Expenditures	<u>330,234</u>	<u>307,806</u>	<u>22,428</u>	<u>260,334</u>
Net Change in Fund Balance	(31,984)	12,929	44,913	20,742
FUND BALANCE, OCTOBER 1	<u>122,291</u>	<u>122,291</u>	<u>-</u>	<u>101,549</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 90,307</u>	<u>\$ 135,220</u>	<u>\$ 44,913</u>	<u>\$ 122,291</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
AQUATIC CENTER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Charges for Services	\$ 97,000	\$ 81,831	\$ (15,169)	85,273
Interest	-	89	89	7
Total Revenues	<u>97,000</u>	<u>81,920</u>	<u>(15,080)</u>	<u>85,280</u>
EXPENDITURES				
Current:				
<i>General Government/ Parks & Recreation</i>				
Personnel Services	47,189	47,190	(1)	45,038
Contracted Services	24,418	19,696	4,722	20,740
Supplies	18,408	18,408	-	19,473
Total Expenditures	<u>90,015</u>	<u>85,294</u>	<u>4,721</u>	<u>85,251</u>
Net Change in Fund Balance	6,985	(3,374)	(10,359)	29
FUND BALANCE, OCTOBER 1	<u>24,237</u>	<u>24,237</u>	-	<u>24,208</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 31,222</u>	<u>\$ 20,863</u>	<u>\$ (10,359)</u>	<u>\$ 24,237</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GOLF COURSE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)
REVENUES			
Charges for Services	\$ 665,280	\$ 736,440	\$ 71,160
Interest	-	2,039	2,039
Total Revenues	<u>665,280</u>	<u>738,479</u>	<u>73,199</u>
EXPENDITURES			
Current:			
General Government	883,768	763,645	120,123
Total Expenditures	<u>883,768</u>	<u>763,645</u>	<u>120,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(218,488)</u>	<u>(25,166)</u>	<u>193,322</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	218,488	218,488	-
Total Other Financing Sources (Uses)	<u>218,488</u>	<u>218,488</u>	<u>-</u>
Net Change in Fund Balances	-	193,322	193,322
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ -</u></u>	<u><u>\$ 193,322</u></u>	<u><u>\$ 193,322</u></u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CONVENTION & VISITORS BUREAU
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Occupancy Tax	\$ 382,500	\$ 382,500	\$ -	\$ 322,898
Interest	300	2,789	2,489	628
Miscellaneous	100	3,189	3,089	2,260
Total Revenues	<u>382,900</u>	<u>388,478</u>	<u>5,578</u>	<u>325,786</u>
EXPENDITURES				
Current:				
General Government	306,483	306,482	1	244,306
Total Expenditures	<u>306,483</u>	<u>306,482</u>	<u>1</u>	<u>244,306</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>76,417</u>	<u>81,996</u>	<u>5,579</u>	<u>81,480</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,417	6,996	5,579	81,480
FUND BALANCE, OCTOBER 1	<u>248,376</u>	<u>248,376</u>	<u>-</u>	<u>166,896</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 249,793</u>	<u>\$ 255,372</u>	<u>\$ 5,579</u>	<u>\$ 248,376</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
SEBASTOPOL HOUSE
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Occupancy Tax	\$ 77,908	\$ 77,908	\$ -	\$ 69,614
Intergovernmental	2,500	2,249	(251)	2,763
Interest	-	56	56	3
Miscellaneous	5,100	5,100	-	9,775
Total Revenues	<u>85,508</u>	<u>85,313</u>	<u>(195)</u>	<u>82,155</u>
EXPENDITURES				
Current:				
General Government	85,508	76,609	8,899	80,687
Total Expenditures	<u>85,508</u>	<u>76,609</u>	<u>8,899</u>	<u>80,687</u>
Net Change in Fund Balance	-	8,704	8,704	1,468
FUND BALANCE, OCTOBER 1	<u>1,438</u>	<u>1,438</u>	<u>-</u>	<u>(30)</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,438</u>	<u>\$ 10,142</u>	<u>\$ 8,704</u>	<u>\$ 1,438</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
POLICE DONATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Interest	\$ 100	\$ 435	\$ 335	\$ 168
Miscellaneous	-	1,186	1,186	-
Total Revenues	<u>100</u>	<u>1,621</u>	<u>1,521</u>	<u>168</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Supplies	10,000	500	9,500	269
Total Expenditures	<u>10,000</u>	<u>500</u>	<u>9,500</u>	<u>269</u>
Net Change in Fund Balance	(9,900)	1,121	11,021	(101)
FUND BALANCE, OCTOBER 1	<u>50,143</u>	<u>50,143</u>	<u>-</u>	<u>50,244</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 40,243</u>	<u>\$ 51,264</u>	<u>\$ 11,021</u>	<u>\$ 50,143</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PEG CAPITAL FEES
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Franchise Tax	\$ 40,000	40,221	\$ 221	\$ 39,153
Interest	125	367	242	144
Total Revenues	<u>40,125</u>	<u>40,588</u>	<u>463</u>	<u>39,297</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	40,000	39,277	723	43,112
Total Expenditures	<u>40,000</u>	<u>39,277</u>	<u>723</u>	<u>43,112</u>
Net Change in Fund Balance	125	1,311	1,186	(3,815)
FUND BALANCE, OCTOBER 1	<u>68,587</u>	<u>68,587</u>	<u>-</u>	<u>72,402</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 68,712</u>	<u>\$ 69,898</u>	<u>\$ 1,186</u>	<u>\$ 68,587</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
LIBRARY DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Interest	\$ 300	\$ 934	\$ 634	\$ 391
Total Revenues	<u>300</u>	<u>934</u>	<u>634</u>	<u>391</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	300	934	634	391
FUND BALANCE, OCTOBER 1	<u>127,615</u>	<u>127,615</u>	<u>-</u>	<u>127,224</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 127,915</u>	<u>\$ 128,549</u>	<u>\$ 634</u>	<u>\$ 127,615</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
SEGUIN EVENTS COMPLEX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Actual Amounts for 2016)

	Final Budgeted Amounts	2017	Variance Favorable (Unfavorable)	2016
REVENUES				
Taxes	\$ 72,044	\$ 72,044	\$ -	\$ 73,395
Charges for Services	37,000	52,585	15,585	40,016
Interest	-	362	362	(16)
Total Revenues	<u>109,044</u>	<u>124,991</u>	<u>15,947</u>	<u>113,395</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Personal Services	65,619	65,068	551	44,147
Contracted Services	31,200	30,034	1,166	12,810
Supplies	12,225	11,887	338	9,734
Total Expenditures	<u>109,044</u>	<u>106,989</u>	<u>2,055</u>	<u>66,691</u>
Net Change in Fund Balance	-	18,002	18,002	46,704
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>46,704</u>	46,704	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ 64,706</u>	<u>\$ 64,706</u>	<u>\$ 46,704</u>

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION
 UTILITY FUND
 SEPTEMBER 30, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
<i>Current Assets:</i>		
Cash and Cash Equivalents		
Restricted Cash	\$ 58,021	\$ 35,759
Unrestricted Cash	1,259,918	1,331,333
Investments		
Restricted Investments	13,939,344	16,517,975
Unrestricted Investments	26,507,658	24,507,183
Accounts Receivable (Net)	5,733,206	4,879,981
Miscellaneous Receivables	1,929,770	1,734,570
Due from Component Unit	19,035	19,769
Inventories	1,714,946	1,828,261
Prepaid Items	42,470	37,618
<i>Total Current Assets</i>	<u>51,204,368</u>	<u>50,892,449</u>
Net Present Value of Lease Financing	461,972	501,077
Capital Assets	152,624,051	136,363,737
Accumulated Depreciation	(62,269,868)	(58,808,316)
Total Assets	<u>142,020,523</u>	<u>128,948,947</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Related Outflows	1,597,883	1,768,775
Deferred Charge on Refundings	143,517	164,915
Total Deferred Outflows of Resources	<u>\$ 1,741,400</u>	<u>\$ 1,933,690</u>

Continued

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)
 UTILITY FUND
 SEPTEMBER 30, 2017 AND 2016

LIABILITIES	2017	2016
<i>Current Liabilities:</i>		
Accounts Payable	\$ 3,689,357	\$ 5,271,790
Accrued Expenses	423,238	402,017
Unearned Revenue	449,928	95,530
Customer Deposits	619,800	618,315
Current Maturities of Capital Leases	18,512	-
<i>Payable from Restricted Assets:</i>		
Accrued Interest Payable	272,622	226,947
Revenue Bonds Due Within One Year	1,773,378	1,471,259
<i>Total Current Liabilities</i>	7,246,835	8,085,858
Capital Leases Payable (Net of Current Maturities)	17,608	36,120
Compensated Absences	187,132	182,200
Net Other Post Employment Benefit Obligation	137,339	89,354
Net Pension Liability	8,453,199	8,213,594
Revenue Bonds Payable (Net of Current Maturities)	49,379,025	42,340,139
<i>Total Noncurrent Liabilities</i>	58,174,303	50,861,407
Total Liabilities	65,421,138	58,947,265
 NET POSITION		
Net Investment in Capital Assets	49,099,409	44,783,121
Restricted for:		
Debt Service	520,794	559,676
Impact Fees	2,455,075	2,153,557
Unrestricted	26,265,507	24,439,018
Total Net Position	\$ 78,340,785	\$ 71,935,372

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2017 AND 2016

OPERATING REVENUES	2017	2016
Charges for Services:		
Electric	\$ 30,207,682	\$ 28,090,818
Water	10,368,096	9,793,743
Sewer	7,258,422	6,720,687
Miscellaneous Revenues	2,145,371	1,897,175
Total Operating Revenues	49,979,571	46,502,423
 OPERATING EXPENSES		
Administration	2,294,180	2,103,144
Operation and Maintenance:		
Electric Distribution	21,710,301	19,798,287
Utility Services	1,135,092	1,089,640
Water Production	5,251,391	4,689,210
Water/Sewer Maintenance	4,384,411	3,999,349
Sewer Plant	1,832,403	1,989,632
Economic Development	286,973	378,611
Facilities Maintenance	728,018	695,555
Information Technology	360,369	283,609
City Attorney	226,845	408,241
Nondepartmental	1,021,264	852,045
Indirect Cost Allocation	4,641,289	4,352,992
Total Operating Expenses	43,872,536	40,640,315
Operating Income (Loss)	6,107,035	5,862,108
 NONOPERATING REVENUES (EXPENSES)		
Interest Income	389,947	191,925
Gain (Loss) on Sale of Assets	3,601	14,112
Interest and Fiscal Charges	(1,559,703)	(1,322,631)
Bond Issue Costs	(299,276)	(273,016)
Total Nonoperating Revenues (Expenses)	(1,465,431)	(1,389,610)
Net Income (Loss) before Contributions and Transfers	4,641,604	4,472,498
 Capital Contributions	1,845,532	975,222
Transfers In (Out)	(81,723)	80,406
	1,763,809	1,055,628
 Change in Net Position	6,405,413	5,528,126
Net Position at Beginning of Year	71,935,372	66,407,246
Net Position at End of Year	\$ 78,340,785	\$ 71,935,372

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 49,287,029	\$ 45,935,882
Cash Paid for Employee Wages and Benefits	(7,450,073)	(7,352,905)
Cash Paid to Suppliers for Goods and Services	(29,264,614)	(23,249,228)
Cash Paid General Fund for Indirect Costs	(4,641,289)	(4,352,992)
Net Cash Provided (Used) by Operating Activities	7,931,053	10,980,757
Cash Flows From Noncapital Financing Activities:		
Transfers From (To) Other Funds	(81,723)	80,406
Net Cash Provided (Used) by Noncapital Financing Activities	(81,723)	80,406
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(14,459,123)	(19,814,540)
Proceeds from Revenue and Refunding Bonds	8,415,000	9,815,000
Premiums Received on Bonds	494,961	997,589
Payments to Refunding Agent	-	(6,039,573)
Principal Payments on Long-Term Bonds	(1,471,259)	(1,326,771)
Interest and Fiscal Charges Paid	(1,590,329)	(1,385,989)
Bond Issue Costs	(299,276)	(273,016)
Principal Payments on Capital Leases	-	(16,681)
Advances (To) From Component Unit	734	1,232
Proceeds from Sale of Capital Assets	3,601	14,112
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,905,691)	(18,028,637)
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	578,156	6,826,667
Investment Interest Received	389,947	191,925
Lease Financing - Principal Payments Received	39,105	37,490
Net Cash Provided (Used) by Investing Activities	1,007,208	7,056,082
Net Increase (Decrease) in Cash and Cash Equivalents	(49,153)	88,608
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	1,331,333	1,163,275
Restricted Cash and Cash Equivalents	35,759	115,209
	1,367,092	1,278,484
Cash and Equivalents at End of Year:		
Cash and Cash Equivalents	1,259,918	1,331,333
Restricted Cash and Cash Equivalents	58,021	35,759
	\$ 1,317,939	\$ 1,367,092

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 6,107,035	\$ 5,862,108
Adjustments to reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	3,505,895	3,166,531
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(1,048,425)	162,993
Inventory/Prepaid Items	108,463	169,076
Deferred Pension Related Outflows	170,892	(1,066,184)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(1,582,433)	2,083,123
Accrued Expenses	26,153	(127,054)
Net Other Postemployment Benefit Obligation	47,985	21,708
Net Pension Liability	239,605	1,437,990
Unearned Revenue	354,398	(610,300)
Customer Deposits	1,485	(119,234)
	\$ 7,931,053	\$ 10,980,757
Net Cash Provided (Used) by Operating Activities		
Transactions Not Affecting Cash and Cash Equivalents:		
Capital and Related Financing Activities:		
Developer Contributions - Capital Assets	\$ 1,845,532	\$ 975,222

CITY OF SEGUIN, TEXAS
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<i>Administration:</i>		
Personnel Services	\$ 2,015,432	\$ 1,955,006
Contracted Services	171,197	44,733
Supplies and Materials	79,977	76,276
Other Charges	21,709	20,309
Depreciation	5,865	6,820
<i>Total Administration</i>	<u>2,294,180</u>	<u>2,103,144</u>
<i>Electric Production and Distribution:</i>		
Personnel Services	1,265,193	1,260,110
Contracted Services	1,286,799	1,410,471
Supplies and Materials	18,351,972	16,367,503
Other Charges	24,587	4,027
Depreciation	781,750	756,176
<i>Total Electric Production and Distribution</i>	<u>21,710,301</u>	<u>19,798,287</u>
<i>Utility Services</i>		
Personnel Services	959,214	894,320
Contracted Services	145,952	163,755
Supplies and Materials	20,625	24,737
Other Charges	9,301	6,828
<i>Total Utility Services</i>	<u>1,135,092</u>	<u>1,089,640</u>
<i>Water Production:</i>		
Personnel Services	786,515	747,495
Contracted Services	3,879,764	3,562,428
Supplies and Materials	92,761	99,012
Other Charges	16,989	13,459
Depreciation	475,362	266,816
<i>Total Water Production</i>	<u>5,251,391</u>	<u>4,689,210</u>
<i>Water/Sewer Maintenance:</i>		
Personnel Services	1,105,578	988,790
Contracted Services	1,435,310	1,346,630
Supplies and Materials	56,579	49,802
Other Charges	235,807	156,691
Depreciation	1,551,137	1,457,436
<i>Total Water/Sewer Maintenance</i>	<u>4,384,411</u>	<u>3,999,349</u>
<i>Sewer Plant:</i>		
Personnel Services	612,601	570,756
Contracted Services	762,926	978,478
Supplies and Materials	95,051	74,860
Other Charges	6,157	4,823
Depreciation	355,668	360,714
<i>Total Sewer Plant</i>	<u>\$ 1,832,403</u>	<u>\$ 1,989,631</u>

CITY OF SEGUIN, TEXAS
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2017	2016
<i>Economic Development:</i>		
Personnel Services	\$ 248,671	\$ 328,621
Contracted Services	20,844	28,384
Supplies and Materials	2,044	24
Other Charges	15,414	21,583
<i>Total Economic Development</i>	286,973	378,612
 <i>Facilities Maintenance:</i>		
Personnel Services	634,335	594,802
Contracted Services	63,540	69,043
Supplies and Materials	29,489	30,881
Other Charges	654	830
<i>Total Facilities Maintenance</i>	728,018	695,556
 <i>Information Technology:</i>		
Personnel Services	217,949	193,416
Contracted Services	136,216	86,714
Supplies and Materials	1,346	674
Other Charges	4,858	2,804
<i>Total Information Technology</i>	360,369	283,608
 <i>City Attorney:</i>		
Personnel Services	89,220	86,049
Contracted Services	135,634	320,305
Supplies and Materials	72	81
Other Charges	1,919	1,806
<i>Total City Attorney</i>	226,845	408,241
 <i>Nondepartmental:</i>		
Contracted Services	322,420	334,763
Supplies and Materials	23,681	4,377
Other Charges	339,049	194,336
Depreciation	336,114	318,569
<i>Total Nondepartmental</i>	1,021,264	852,045
Indirect Cost Allocation	4,641,289	4,352,992
Total Operating Expenses	\$ 43,872,536	\$ 40,640,315

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2017
 (With Comparative Amounts for 2016)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2017	2016
ASSETS					
Cash and Cash Equivalents	\$ 236,085	\$ 20,964	\$ 20,766	\$ 277,815	\$ 248,525
Investments	440,847	510,423	179,866	1,131,136	869,062
Miscellaneous Receivables	-	18,082	-	18,082	8,610
Due from Other funds	-	494	-	494	-
Prepaid Items	3,423	-	-	3,423	-
Total Assets	<u>680,355</u>	<u>549,963</u>	<u>200,632</u>	<u>1,430,950</u>	<u>1,126,197</u>
LIABILITIES					
Accounts Payable	7,401	-	-	7,401	5,911
Total Liabilities	<u>7,401</u>	<u>-</u>	<u>-</u>	<u>7,401</u>	<u>5,911</u>
NET POSITION					
Unrestricted	672,954	549,963	200,632	1,423,549	1,120,286
Total Net Position	<u>\$ 672,954</u>	<u>\$ 549,963</u>	<u>\$ 200,632</u>	<u>\$ 1,423,549</u>	<u>\$ 1,120,286</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION – INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (With Comparative Amounts for 2016)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2017	2016
OPERATING REVENUES					
Charges for Premiums	\$ 3,351,282	\$ 96,698	\$ 232,901	\$3,680,881	\$ 3,495,783
Miscellaneous Revenues	-	-	-	-	-
Total Operating Revenues	<u>3,351,282</u>	<u>96,698</u>	<u>232,901</u>	<u>3,680,881</u>	<u>3,495,783</u>
OPERATING EXPENSES					
Premiums	3,074,688	93,816	194,316	3,362,820	3,219,375
Administration	30,000	-	-	30,000	41,000
Total Operating Expenses	<u>3,104,688</u>	<u>93,816</u>	<u>194,316</u>	<u>3,392,820</u>	<u>3,260,375</u>
OPERATING INCOME (LOSS)	<u>246,594</u>	<u>2,882</u>	<u>38,585</u>	<u>288,061</u>	<u>235,408</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	1,239	4,345	718	6,302	2,037
Total Nonoperating Revenues (Expenses)	<u>1,239</u>	<u>4,345</u>	<u>718</u>	<u>6,302</u>	<u>2,037</u>
Net Income (Loss) Before Contributions and Transfers	<u>247,833</u>	<u>7,227</u>	<u>39,303</u>	<u>294,363</u>	<u>237,445</u>
Transfers In (Out)	<u>-</u>	<u>8,900</u>	<u>-</u>	<u>8,900</u>	<u>71,762</u>
Change in Net Position	<u>247,833</u>	<u>16,127</u>	<u>39,303</u>	<u>303,263</u>	<u>309,207</u>
Net Position At Beginning of Year	<u>425,121</u>	<u>533,836</u>	<u>161,329</u>	<u>1,120,286</u>	<u>811,079</u>
Net Position at End of Year	<u>\$ 672,954</u>	<u>\$ 549,963</u>	<u>\$ 200,632</u>	<u>\$1,423,549</u>	<u>1,120,286</u>

CITY OF SEGUIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(With Comparative Amounts for 2016)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2017	2016
Cash Flows From Operating Activities:					
Cash Received from Interfund Services	\$ 2,621,386	\$ 86,733	\$ 232,901	\$ 2,941,020	\$ 2,759,776
Cash Paid from Users	729,896	-	-	729,896	734,127
Cash Paid for Employee Benefits	(3,106,621)	(93,816)	(194,316)	(3,394,754)	(3,265,018)
Net Cash Provided (Used) by Operating Activities	<u>244,661</u>	<u>(7,083)</u>	<u>38,585</u>	<u>276,163</u>	<u>228,885</u>
Cash Flows From Noncapital Financing Activities:					
Operating Transfers from/to Other Funds	-	8,900	-	8,900	71,762
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>8,900</u>	<u>-</u>	<u>8,900</u>	<u>71,762</u>
Cash Flows From Investing Activities:					
Sale/(Purchase) of Investments	(208,833)	(9,084)	(44,159)	(262,076)	(214,618)
Investment Interest Received	1,240	4,345	718	6,303	2,037
Net Cash Provided (Used) by Investing Activities	<u>(207,593)</u>	<u>(4,739)</u>	<u>(43,441)</u>	<u>(255,773)</u>	<u>(212,581)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,068	(2,922)	(4,856)	29,290	88,066
Cash and Equivalents at Beg of Year	<u>199,017</u>	<u>23,886</u>	<u>25,622</u>	<u>248,525</u>	<u>160,459</u>
Cash and Equivalents at End of Year	<u><u>\$ 236,085</u></u>	<u><u>\$ 20,964</u></u>	<u><u>\$ 20,766</u></u>	<u><u>\$ 277,815</u></u>	<u><u>\$ 248,525</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 246,594	\$ 2,882	\$ 38,585	\$ 288,061	\$ 235,408
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in					
Miscellaneous Receivables	-	(9,471)	-	(9,471)	(1,880)
Advances to Other Funds	-	(494)	-	(494)	-
Prepaid Items	(3,423)	-	-	(3,423)	-
Increase (Decrease) in					
Accounts Payable	1,490	-	-	1,490	(4,643)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 244,661</u></u>	<u><u>\$ (7,083)</u></u>	<u><u>\$ 38,585</u></u>	<u><u>\$ 276,163</u></u>	<u><u>\$ 228,885</u></u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 SEPTEMBER 30, 2017

	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 875	\$ 1,040	\$ 1,915
Investments	14,768	267,354	1,451	283,573
Inventory	-	359,431	-	359,431
Total Assets	<u>14,768</u>	<u>627,660</u>	<u>2,491</u>	<u>644,919</u>
LIABILITIES				
Due to Others	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Held in Trust	<u>\$ 14,768</u>	<u>\$ 627,660</u>	<u>\$ 2,491</u>	<u>\$ 644,919</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ADDITIONS				
Interest	\$ 113	\$ 2,133	\$ 18	\$ 2,264
Total Additions	<u>113</u>	<u>2,133</u>	<u>18</u>	<u>2,264</u>
DEDUCTIONS				
Distribution to Participants	-	-	2,000	2,000
Total Deductions	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Change in Net Position	113	2,133	(1,982)	264
Net Position, Beginning of Year	<u>14,655</u>	<u>625,527</u>	<u>4,473</u>	<u>644,655</u>
Net Position, End of Year	<u>\$ 14,768</u>	<u>\$ 627,660</u>	<u>\$ 2,491</u>	<u>\$ 644,919</u>

CITY OF SEGUIN, TEXAS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

Evidence/Abandoned Funds	Balance September 30, 2016	Additions	Deductions	Balance September 30, 2017
<i>Assets:</i>				
Cash and Equivalents	\$ 50,132	\$ -	\$ 22,625	\$ 27,507
<i>Liabilities</i>				
Due to Others	\$ 50,132	\$ -	\$ 22,625	\$ 27,507

CITY OF SEGUIN, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2017

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

Financial Trends

Net Position by Component
Changes in Net Position
Fund Balances, Governmental Funds
Changes in Fund Balances, Governmental Funds

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

Tax Revenues by Source, Governmental Funds
Assessed Value and Actual Value of Property
Direct and Overlapping Property Tax Rates
Principal Property Taxpayers
Property Tax Levies and Collections

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax.

Debt Capacity

Ratios of Outstanding Debt by Type
Ratios of General Bonded Debt Outstanding
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin
Pledged Revenue Coverage

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

Demographic and Economic Statistics
Principal Employers

These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

Operating Indicators by Function
Capital Asset Statistics by Function
Full-time Equivalent City Government Employees by Function

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF SEGUIN, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 18,958,130	\$ 18,647,949	\$ 19,035,061	\$ 22,058,500
Restricted	970,062	1,091,155	1,243,295	2,399,602
Unrestricted	11,362,829	11,832,570	12,804,348	13,476,007
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 31,291,021</u>	<u>\$ 31,571,674</u>	<u>\$ 33,082,704</u>	<u>\$ 37,934,109</u>
<i>Business-Type Activities:</i>				
Net Investment in Capital Assets	\$ 24,502,485	\$ 25,817,049	\$ 26,030,163	\$ 26,908,429
Restricted	1,122,407	1,088,411	1,884,617	2,916,398
Unrestricted	15,241,512	17,796,040	19,735,076	29,660,618
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 40,866,404</u>	<u>\$ 44,701,500</u>	<u>\$ 47,649,856</u>	<u>\$ 59,485,445</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 43,460,615	\$ 44,464,998	\$ 45,065,224	\$ 48,966,929
Restricted	2,092,469	2,179,566	3,127,912	5,316,000
Unrestricted	26,604,341	29,628,610	32,539,424	43,136,625
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 72,157,425</u>	<u>\$ 76,273,174</u>	<u>\$ 80,732,560</u>	<u>\$ 97,419,554</u>

* Change in Accounting Principle pursuant to GASB 68 applied prospectively effective October 1, 2014.
Comparative information has not been restated.

TABLE 1

Fiscal Year						
2012	2013	2014	*	2015	2016	2017
\$ 21,979,540	\$ 21,518,984	\$ 21,780,455		\$ 25,657,965	\$ 28,065,213	\$ 30,491,009
2,793,614	3,323,527	3,352,071		3,306,292	2,912,376	2,806,714
24,998,610	26,172,941	24,028,627		2,882,554	(1,309,424)	(3,141,355)
<u>\$ 49,771,764</u>	<u>\$ 51,015,452</u>	<u>\$ 49,161,153</u>		<u>\$ 31,846,811</u>	<u>\$ 29,668,165</u>	<u>\$ 30,156,368</u>
\$ 27,668,999	\$ 29,869,105	\$ 36,385,747		\$ 39,946,492	\$ 44,783,121	\$ 49,099,409
3,239,558	3,594,942	3,558,479		3,651,700	2,713,233	2,975,869
30,740,418	30,205,790	32,360,850		22,809,054	24,439,018	26,265,507
<u>\$ 61,648,975</u>	<u>\$ 63,669,837</u>	<u>\$ 72,305,076</u>		<u>\$ 66,407,246</u>	<u>\$ 71,935,372</u>	<u>\$ 78,340,785</u>
\$ 49,648,539	\$ 51,388,089	\$ 58,166,202		\$ 65,604,457	\$ 72,848,334	\$ 79,590,418
6,033,172	6,918,469	6,910,550		6,957,992	5,625,609	5,782,583
55,739,028	56,378,731	56,389,477		25,691,608	23,129,594	23,124,152
<u>\$ 111,420,739</u>	<u>\$ 114,685,289</u>	<u>\$ 121,466,229</u>		<u>\$ 98,254,057</u>	<u>\$ 101,603,537</u>	<u>\$ 108,497,153</u>

CITY OF SEGUIN, TEXAS
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

Expenses	Fiscal Year			
	2008	2009	2010	2011
<i>Governmental Activities:</i>				
General Government	\$ 1,794,323	\$ 1,859,944	\$ 1,859,525	\$ 2,077,927
Public Safety	8,891,772	9,068,057	9,494,381	10,057,294
Public Service	5,946,254	6,471,090	6,636,986	6,912,623
Interest on Long-Term Debt	1,585,143	1,465,134	1,444,828	2,017,079
<i>Total Governmental Activities</i>	<u>18,217,492</u>	<u>18,864,225</u>	<u>19,435,720</u>	<u>21,064,923</u>
<i>Business-Type Activities:</i>				
Utility	38,124,954	38,051,066	36,430,136	37,928,870
<i>Total Business-Type Activities</i>	<u>38,124,954</u>	<u>38,051,066</u>	<u>36,430,136</u>	<u>37,928,870</u>
Total Primary Government Expenses	<u>\$ 56,342,446</u>	<u>\$ 56,915,291</u>	<u>\$ 55,865,856</u>	<u>\$ 58,993,793</u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for Services:				
General Government	\$ 2,396,731	\$ 2,438,156	\$ 2,419,222	\$ 2,423,729
Public Safety	2,178,103	2,312,047	2,957,157	3,337,034
Public Service	1,948,256	2,412,189	2,228,708	2,393,691
Operating Grants and Contributions	566,929	156,418	965,782	719,700
Capital Grants and Contributions	144,622	598,398	567,658	222,703
<i>Total Governmental Activities</i>	<u>7,234,641</u>	<u>7,917,208</u>	<u>9,138,527</u>	<u>9,096,857</u>
<i>Business-Type Activities:</i>				
Charges for Services	38,334,793	41,231,252	39,290,331	43,211,099
Operating Grants and Contributions	105,500	-	-	-
Capital Grants and Contributions	674,119	490,976	87,917	257,571
<i>Total Business-Type Activities</i>	<u>39,114,412</u>	<u>41,722,228</u>	<u>39,378,248</u>	<u>43,468,670</u>
Total Primary Government Program Revenues	<u>\$ 46,349,053</u>	<u>\$ 49,639,436</u>	<u>\$ 48,516,775</u>	<u>\$ 52,565,527</u>

TABLE 2

Fiscal Year						
2012	2013	2014	*	2015	2016	2017
\$ 1,482,333	\$ 1,617,167	\$ 1,891,420		\$ 6,354,347	\$ 7,500,656	\$ 8,757,882
10,617,994	11,147,424	11,757,015		13,399,458	14,279,914	15,578,523
7,849,643	8,269,202	8,464,114		8,043,970	10,077,096	9,644,071
1,778,567	1,685,881	2,516,964		2,343,340	2,560,726	2,864,443
<u>21,728,537</u>	<u>22,719,674</u>	<u>24,629,513</u>		<u>30,141,115</u>	<u>34,418,392</u>	<u>36,844,919</u>
39,484,763	39,212,917	36,900,786		38,627,413	37,882,970	41,090,227
<u>39,484,763</u>	<u>39,212,917</u>	<u>36,900,786</u>		<u>38,627,413</u>	<u>37,882,970</u>	<u>41,090,227</u>
<u>\$ 61,213,300</u>	<u>\$ 61,932,591</u>	<u>\$ 61,530,299</u>		<u>\$ 68,768,528</u>	<u>\$ 72,301,362</u>	<u>\$ 77,935,146</u>
\$ 2,617,386	\$ 2,616,261	\$ 2,888,748		\$ 3,381,353	\$ 3,209,656	\$ 3,647,445
2,940,217	3,053,799	3,524,917		3,641,594	3,515,320	3,478,473
2,464,152	2,435,778	3,081,696		3,005,082	3,072,719	3,493,086
985,512	658,404	841,529		801,179	546,156	618,406
221,193	140,973	197,027		2,014,336	656,203	2,868,007
<u>9,228,460</u>	<u>8,905,215</u>	<u>10,533,917</u>		<u>12,843,544</u>	<u>11,000,054</u>	<u>14,105,417</u>
41,463,853	40,827,258	42,017,948		42,645,590	46,502,423	49,979,572
-	-	-		-	-	-
40,454	215,212	2,961,261		749,579	975,222	1,845,532
<u>41,504,307</u>	<u>41,042,470</u>	<u>44,979,209</u>		<u>43,395,169</u>	<u>47,477,645</u>	<u>51,825,104</u>
<u>\$ 50,732,767</u>	<u>\$ 49,947,685</u>	<u>\$ 55,513,126</u>		<u>\$ 56,238,713</u>	<u>\$ 58,477,699</u>	<u>\$ 65,930,521</u>

CITY OF SEGUIN, TEXAS
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS (CONTINUED)
 (Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
Net (Expense)/Revenue				
Governmental Activities	\$ (10,982,851)	\$ (10,947,017)	\$ (10,297,193)	\$ (11,968,066)
Business-Type Activities	989,458	3,671,162	2,948,112	5,539,800
Total Primary Government				
Net (Expense)	<u>\$ (9,993,393)</u>	<u>\$ (7,275,855)</u>	<u>\$ (7,349,081)</u>	<u>\$ (6,428,266)</u>
General Revenues and Other				
Changes in Net Position				
<i>Governmental Activities:</i>				
General Property Taxes	\$ 5,049,451	\$ 5,620,048	\$ 5,694,180	\$ 6,363,981
Franchise Taxes	625,509	691,665	920,524	833,019
Sales Taxes	4,355,410	4,256,246	4,473,399	4,472,305
Occupancy Taxes	523,108	458,343	550,999	809,377
Interest and Investment Earnings	684,611	201,373	55,460	35,855
Miscellaneous	-	-	-	500,000
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Special Items	(1,330,867)	-	-	3,000,000
Transfers	584,000	-	72,034	804,934
<i>Total Governmental Activities</i>	<u>10,491,222</u>	<u>11,227,675</u>	<u>11,766,596</u>	<u>16,819,471</u>
<i>Business-Type Activities Charges for Services:</i>				
Interest and Investment Earnings	565,238	160,396	42,731	37,921
Gain (Loss) on Sale of Capital Assets	20,167	3,538	-	62,802
Special Items	-	-	-	7,000,000
Transfers	(584,000)	-	(72,034)	(804,934)
<i>Total Business-Type Activities</i>	<u>1,405</u>	<u>163,934</u>	<u>(29,303)</u>	<u>6,295,789</u>
Total Primary Government	<u>\$ 10,492,627</u>	<u>\$ 11,391,609</u>	<u>\$ 11,737,293</u>	<u>\$ 23,115,260</u>
Change in Net Position				
Governmental Activities	\$ (491,629)	\$ 280,658	\$ 1,469,403	\$ 4,851,405
Business-Type Activities	990,863	3,835,096	2,918,809	11,835,589
Total Primary Government	<u>\$ 499,234</u>	<u>\$ 4,115,754</u>	<u>\$ 4,388,212</u>	<u>\$ 16,686,994</u>

* Change in Accounting Principle pursuant to GASB 68 applied prospectively effective October 1, 2014.
 Comparative information has not been restated.

TABLE 2 (CONT.)

Fiscal Year						
2012	2013	2014	*	2015	2016	2017
\$ (12,500,077)	\$ (13,814,459)	\$ (14,095,596)		\$ (13,107,247)	\$ (19,065,346)	\$ (18,098,213)
2,019,544	1,829,553	8,078,423		577,432	5,241,683	6,093,588
<u>\$ (10,480,533)</u>	<u>\$ (11,984,906)</u>	<u>\$ (6,017,173)</u>		<u>\$ (12,529,815)</u>	<u>\$ (13,823,663)</u>	<u>\$ (12,004,625)</u>
\$ 7,032,068	\$ 7,123,720	\$ 6,952,798		\$ 7,516,954	\$ 7,922,023	\$ 9,362,955
853,330	897,556	913,296		986,176	1,252,005	1,096,104
5,512,435	5,833,464	5,841,830		6,089,793	6,232,146	6,271,333
869,409	762,465	726,361		825,433	830,356	842,217
63,548	49,726	36,602		40,371	183,931	400,790
505,000	510,000	515,000		520,000	546,645	531,294
-	-	-		-	-	-
9,585,200	-	(2,209,258)		-	-	-
(83,258)	(118,784)	(535,332)		(100,149)	(80,406)	81,723
<u>24,337,732</u>	<u>15,058,147</u>	<u>12,241,297</u>		<u>15,878,578</u>	<u>16,886,700</u>	<u>18,586,416</u>
67,211	39,696	20,456		34,353	191,925	389,947
(6,483)	32,829	1,028		483	14,112	3,601
-	-	-		-	-	-
83,258	118,784	535,332		100,149	80,406	(81,723)
<u>143,986</u>	<u>191,309</u>	<u>556,816</u>		<u>134,985</u>	<u>286,443</u>	<u>311,825</u>
<u>\$ 24,481,718</u>	<u>\$ 15,249,456</u>	<u>\$ 12,798,113</u>		<u>\$ 16,013,563</u>	<u>\$ 17,173,143</u>	<u>\$ 18,898,241</u>
\$ 11,837,655	\$ 1,243,688	\$ (1,854,299)		\$ 2,771,331	\$ (2,178,646)	\$ 488,203
2,163,530	2,020,862	8,635,239		712,417	5,528,126	6,405,413
<u>\$ 14,001,185</u>	<u>\$ 3,264,550</u>	<u>\$ 6,780,940</u>		<u>\$ 3,483,748</u>	<u>\$ 3,349,480</u>	<u>\$ 6,893,616</u>

CITY OF SEGUIN, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
<i>General Fund:</i>				
Nonspendable	\$ 66,379	\$ 61,015	\$ 56,899	\$ 73,101
Restricted	-	-	-	22,800
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>7,372,266</u>	<u>7,697,782</u>	<u>8,655,304</u>	<u>8,773,457</u>
<i>Total General Fund</i>	<u>\$ 7,438,645</u>	<u>\$ 7,758,797</u>	<u>\$ 8,712,203</u>	<u>\$ 8,869,358</u>
<i>All other Governmental Funds:</i>				
Nonspendable	\$ 2,160	\$ 5,520	\$ 4,295	\$ -
Restricted - Special Revenue	982,294	1,002,698	1,065,039	1,389,762
Restricted - Capital Projects	9,788,858	7,435,646	3,749,080	11,920,110
Restricted - Debt Service	851,815	945,507	1,068,598	945,380
Committed - Special Revenue	11,529	23,137	23,413	31,331
Assigned - Capital Projects	<u>2,196,305</u>	<u>2,259,074</u>	<u>1,940,052</u>	<u>2,059,875</u>
<i>Total Other Governmental Funds</i>	<u>\$ 13,832,961</u>	<u>\$ 11,671,582</u>	<u>\$ 7,850,477</u>	<u>\$ 16,346,458</u>

TABLE 3

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 66,104	\$ 2,037,347	\$ 70,386	\$ 98,698	\$ 107,383	\$ 120,838
22,800	20,100	20,100	25,300	5,300	7,905
2,208,762	2,163,385	2,165,441	2,167,774	2,018,494	1,536,104
-	157,464	151,582	126,887	52,312	3,440
17,454,678	15,568,700	16,586,852	15,571,620	12,974,522	11,505,167
<u>\$ 19,752,344</u>	<u>\$ 19,946,996</u>	<u>\$ 18,994,361</u>	<u>\$ 17,990,279</u>	<u>\$ 15,158,011</u>	<u>\$ 13,173,454</u>
\$ 22,852	\$ 12,803	\$ 5,874	\$ 15,570	\$ 1,163	\$ 43,326
1,701,526	1,748,490	1,752,872	1,854,260	1,942,693	1,915,334
14,004,274	13,155,149	30,155,607	17,309,757	11,643,846	15,335,309
1,019,857	1,510,096	1,645,809	1,467,186	982,371	893,141
11,113	10,726	24,192	24,208	24,237	214,185
2,183,206	2,860,482	3,220,890	4,067,387	5,045,454	4,763,452
<u>\$ 18,942,828</u>	<u>\$ 19,297,746</u>	<u>\$ 36,805,244</u>	<u>\$ 24,738,368</u>	<u>\$ 19,639,764</u>	<u>\$ 23,164,747</u>

CITY OF SEGUIN, TEXAS
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 10,578,794	\$ 11,000,334	\$ 11,586,011	\$ 12,413,070
Licenses and Permits	542,193	273,991	329,009	325,496
Intergovernmental	999,436	1,467,479	2,253,478	1,462,440
Charges for Services	4,260,013	4,942,725	5,127,519	5,071,986
Fines and Forfeits	964,752	818,794	1,366,173	1,534,392
Interest	674,264	201,149	54,851	35,283
Miscellaneous	455,465	329,079	129,349	741,762
Total Revenues	<u>18,474,917</u>	<u>19,033,551</u>	<u>20,846,390</u>	<u>21,584,429</u>
Expenditures				
General Government	2,930,937	3,047,345	3,043,817	3,271,912
Public Safety	8,277,544	8,532,673	8,862,366	9,919,756
Public Service	3,907,102	4,087,284	4,541,940	4,562,336
Nondepartmental	1,416,615	1,310,186	1,491,764	1,809,481
Indirect Cost Allocation (Recovery)	(2,798,522)	(2,869,702)	(2,952,855)	(3,288,861)
Capital Projects/ Outlay	5,705,912	4,970,168	5,751,957	3,792,747
Debt Service:				
Principal	1,189,174	1,414,361	1,466,258	1,584,205
Interest and Fiscal Charges	1,307,381	1,465,362	1,428,424	1,678,851
Bond Issue Costs	249,427	22,500	-	328,000
Total Expenditures	<u>22,185,570</u>	<u>21,980,177</u>	<u>23,633,671</u>	<u>23,658,427</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,710,653)</u>	<u>(2,946,626)</u>	<u>(2,787,281)</u>	<u>(2,073,998)</u>
Other Financing Sources (Uses)				
Transfers In	1,747,357	811,222	631,000	1,386,102
Transfers Out	(1,194,357)	(811,222)	(711,428)	(1,763,058)
Issuance of Long-Term Financing	9,380,927	1,105,409	-	11,104,090
Payments to Refunding Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>9,933,927</u>	<u>1,105,409</u>	<u>(80,428)</u>	<u>10,727,134</u>
Special Items	<u>230,662</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 6,453,936</u>	<u>\$ (1,841,217)</u>	<u>\$ (2,867,709)</u>	<u>\$ 8,653,136</u>
Debt Service as a percentage of Noncapital Expenditures	16.1%	16.5%	15.7%	16.4%

TABLE 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 14,250,325	\$ 14,653,908	\$ 14,396,360	\$ 15,437,258	\$ 16,237,296	\$ 17,492,007
404,953	384,153	688,637	1,242,939	740,076	1,062,336
1,842,006	1,062,026	1,692,199	3,397,057	1,891,931	2,151,733
5,375,293	5,364,318	5,724,792	5,846,015	6,047,893	6,852,536
1,422,147	1,446,373	1,894,219	1,899,976	1,695,053	1,909,706
63,074	378,958	36,579	40,290	181,889	394,487
721,692	778,174	1,080,418	979,661	958,334	920,641
<u>24,079,490</u>	<u>24,067,910</u>	<u>25,513,204</u>	<u>28,843,196</u>	<u>27,752,472</u>	<u>30,783,446</u>
2,970,433	2,995,289	3,291,439	3,469,890	4,029,991	5,002,392
9,946,852	10,421,044	11,099,683	11,847,542	12,595,423	13,497,928
5,877,185	5,996,218	6,087,470	6,523,397	7,075,027	7,191,996
1,620,181	1,949,011	2,202,136	2,047,626	2,251,191	2,726,158
(3,430,197)	(3,674,342)	(3,848,566)	(4,190,324)	(4,352,992)	(4,641,289)
2,702,978	2,305,774	5,466,886	17,192,358	21,967,537	10,730,592
1,973,707	1,977,394	2,370,179	2,680,967	2,602,766	2,860,858
1,686,787	1,628,268	2,011,346	2,164,212	2,249,581	2,705,449
146,006	45,636	363,655	193,604	379,187	216,893
<u>23,493,932</u>	<u>23,644,292</u>	<u>29,044,228</u>	<u>41,929,272</u>	<u>48,797,711</u>	<u>40,290,977</u>
585,558	423,618	(3,531,024)	(13,086,076)	(21,045,239)	(9,507,531)
1,264,924	2,496,336	3,536,891	4,178,395	4,668,304	3,377,486
(1,435,973)	(2,615,120)	(4,185,763)	(4,356,879)	(4,820,473)	(3,304,663)
6,455,635	4,549,100	22,944,017	8,817,821	23,070,779	10,975,135
(2,975,988)	(4,304,364)	-	(8,624,217)	(9,804,242)	-
<u>3,308,598</u>	<u>125,952</u>	<u>22,295,145</u>	<u>15,120</u>	<u>13,114,368</u>	<u>11,047,958</u>
9,585,200	-	(2,209,258)	-	-	-
<u>\$ 13,479,356</u>	<u>\$ 549,570</u>	<u>\$ 16,554,863</u>	<u>\$ (13,070,956)</u>	<u>\$ (7,930,871)</u>	<u>\$ 1,540,427</u>
17.5%	17.4%	18.1%	19.4%	17.1%	18.6%

CITY OF SEGUIN, TEXAS
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Property	Sales & Use	Occupancy	Franchise	Total
2008	\$ 5,074,767	\$ 4,355,410	\$ 523,108	\$ 625,509	\$ 10,578,794
2009	5,594,080	4,256,246	458,343	691,665	11,000,334
2010	5,641,089	4,473,399	550,999	920,524	11,586,011
2011	6,298,369	4,495,098	786,585	833,018	12,413,070
2012	7,015,151	5,512,435	869,409	853,330	14,250,325
2013	7,160,423	5,833,464	762,465	897,556	14,653,908
2014	6,914,873	5,841,830	726,361	913,296	14,396,360
2015	7,646,433	6,011,867	832,550	946,409	15,437,258
2016	8,030,337	6,158,250	835,858	1,212,852	16,237,297
2017	9,390,960	6,195,774	849,390	1,055,883	17,492,007

CITY OF SEGUIN, TEXAS
 ASSESSED VALUE AND ACTUAL VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (Unaudited)

TABLE 6

Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2017	\$ 952,385,968	\$ 557,472,552	\$ 760,165,027	\$ 523,305,180	\$ 994,770,018	\$ 1,798,558,709	0.5412
2016	862,290,556	536,741,553	629,614,703	181,755,812	655,592,928	1,554,809,696	0.5256
2015	810,622,634	523,445,251	587,892,017	148,519,377	598,745,708	1,471,733,571	0.5244
2014	738,143,976	489,211,189	576,499,288	136,133,611	570,260,123	1,369,727,941	0.5173
2013	738,982,849	465,714,399	785,423,174	152,396,679	713,834,301	1,428,682,800	0.5073
2012	723,441,220	431,521,993	550,501,805	150,003,452	467,115,554	1,388,352,916	0.5073
2011	716,337,690	381,012,529	344,847,282	220,121,445	334,238,078	1,328,080,868	0.4893
2010	668,475,414	383,484,507	330,139,839	209,183,412	312,223,664	1,279,059,508	0.4600
2009	657,580,380	369,860,723	334,046,725	195,824,119	342,543,265	1,214,768,682	0.4823
2008	602,014,523	330,995,847	312,967,426	190,092,227	320,532,212	1,115,537,811	0.4726

Source: Guadalupe County Appraisal District

Tax rates are per \$100 of assessed value.

Total Taxable Assessed Value is not adjusted for enacted freeze on property values for certain taxpayers, which became effective January 1, 2006.

The freeze adjusted taxable value for the 2016 tax roll was \$1,535,549,617.

CITY OF SEGUIN, TEXAS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (Unaudited)

TABLE 7

Fiscal Year	City Direct Rates			Overlapping Rates	
	General M&O	Debt Service	Total Direct	School District	Guadalupe County
2008	\$ 0.2587	\$ 0.2139	\$ 0.4726	\$ 1.1600	\$ 0.3845
2009	0.2323	0.2500	0.4823	1.2498	0.3295
2010	0.2325	0.2275	0.4600	1.2498	0.3895
2011	0.2693	0.2200	0.4893	1.2498	0.3999
2012	0.2693	0.2380	0.5073	1.2598	0.4036
2013	0.2698	0.2375	0.5073	1.2770	0.4036
2014	0.2942	0.2231	0.5173	1.2800	0.3999
2015	0.3000	0.2244	0.5244	1.3150	0.3941
2016	0.3126	0.2130	0.5256	1.4100	0.3851
2017	0.3104	0.2308	0.5412	1.4200	0.3851

CITY OF SEGUIN, TEXAS
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

TABLE 8

Taxpayer	Fiscal Year 2017 (2016 Tax Levy)			Fiscal Year 2008 (2007 Tax Levy)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Helmerich & Payne Inc.	\$ 120,741,336	1	6.71%	\$ -	--	--
Temec Automotive (Motorola)	70,291,506	2	3.91%	47,700,142	1	4.28%
Hexcel Corporation	21,876,886	3	1.22%	19,114,090	3	1.71%
8th Street Properties	14,447,522	4	0.80%	--	--	--
Ameritex Pipe & Products LLC	13,940,777	5	0.78%	--	--	--
Ranch @ SH123 Loop	12,228,600	6	0.68%	--	--	--
ET Seguin Dist LLC	10,904,073	7	0.61%	--	--	--
Wonder Properties LTD	9,972,000	8	0.55%	--	--	--
Tyson Foods, Inc.	9,690,453	9	0.54%	10,613,878	5	0.95%
Helmerich & Payne International Drill	8,500,000	10	0.47%	--	--	--
Rio Nogales Power Project LP	--	--	--	20,105,231	2	1.80%
ITW MiniGrip Inc.	--	--	--	12,101,856	4	1.08%
Frontier Land Limited	--	--	--	9,359,098	6	0.84%
Wal-Mart Real Estate Business Trust	--	--	--	7,435,946	7	0.67%
Wal Mart Store	--	--	--	6,882,258	8	0.62%
HD Development Properties LP	--	--	--	6,087,804	9	0.55%
Slomovic & Mark LLC	--	--	--	6,025,123	10	0.54%
Total	<u>\$ 292,593,153</u>		<u>16.27%</u>	<u>\$ 145,425,426</u>		<u>13.04%</u>

CITY OF SEGUIN, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 9

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	\$ 5,061,063	\$ 4,855,402	95.9%	\$ 196,739	\$ 5,052,141	99.8%
2009	5,618,105	5,443,556	96.9%	162,926	5,606,482	99.8%
2010	5,987,710	5,829,714	97.4%	143,855	5,973,569	99.8%
2011	6,243,006	6,056,865	97.0%	169,551	6,226,416	99.7%
2012	6,766,524	6,577,230	97.2%	169,674	6,746,904	99.7%
2013	6,971,685	6,842,125	98.1%	105,270	6,947,395	99.7%
2014	6,676,209	6,529,859	97.8%	105,689	6,635,548	99.4%
2015	7,438,963	7,320,383	98.4%	67,180	7,387,563	99.3%
2016	7,811,018	7,649,611	97.9%	87,526	7,737,137	99.1%
2017	9,263,759	8,999,501	97.1%	-	8,999,501	97.1%

Amount collected includes discounts

**CITY OF SEGUIN, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita	Percentage of Personal Income
	Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases					
2008	\$ 31,535,000	\$ 1,589,749	\$ 40,664	\$ 17,095,000	\$ 205,019	\$ 50,465,432	\$ 1,115,537,811	4.5%	\$ 1,805	13.1%
2009	30,580,000	2,164,298	112,163	16,345,000	185,325	49,386,786	1,214,768,682	4.1%	1,765	12.8%
2010	29,540,000	1,772,520	77,683	15,570,000	164,547	47,124,750	1,279,059,508	3.7%	1,607	10.2%
2011	39,235,000	1,345,970	329,118	22,600,000	144,321	63,654,409	1,328,080,868	4.8%	2,528	16.1%
2012	41,831,415	930,000	211,860	21,816,105	122,815	64,912,195	1,388,352,916	4.7%	2,502	15.9%
2013	40,604,177	565,000	310,476	20,980,197	101,857	62,561,707	1,428,682,800	4.4%	2,408	15.2%
2014	61,417,631	185,000	406,658	19,914,665	70,339	81,994,293	1,369,727,941	6.0%	3,076	16.3%
2015	59,514,639	-	238,572	40,328,318	52,801	100,134,330	1,471,733,571	6.8%	3,424	18.1%
2016	70,287,498	-	126,386	43,811,398	36,120	114,261,402	1,554,809,696	7.3%	3,808	19.3%
2017	76,828,222	-	1,517,298	51,152,402	36,120	129,534,042	1,798,558,709	7.2%	4,317	21.7%

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

** Population and Personal Income data can be found on Table 15.*

CITY OF SEGUIN, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 11

Fiscal Year	General Bonded Debt		Available in Debt Service Funds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property		Per Capita*
	Bonds	Notes Payable				Value of Property	Per Capita*	
2008	\$ 31,535,000	\$ 1,589,749	\$ (851,815)	\$ 32,272,934	\$ 1,115,537,811	2.9%	1,155	
2009	30,580,000	2,164,298	(945,517)	31,798,781	1,214,768,682	2.6%	1,137	
2010	29,540,000	1,772,520	(1,068,598)	30,243,922	1,279,059,508	2.4%	1,031	
2011	39,325,000	1,345,970	(945,380)	39,725,590	1,328,080,868	3.0%	1,578	
2012	41,831,415	930,000	(1,019,857)	41,741,558	1,388,352,916	3.0%	1,609	
2013	40,604,177	565,000	(1,510,096)	39,659,081	1,428,682,800	2.8%	1,526	
2014	61,417,631	185,000	(1,645,809)	59,956,822	1,369,727,941	4.4%	2,249	
2015	59,514,639	-	(1,467,186)	58,047,453	1,471,733,571	3.9%	1,985	
2016	70,287,498	-	(982,371)	69,305,127	1,554,809,696	4.5%	2,310	
2017	76,828,222	-	(893,141)	75,935,081	1,798,558,709	4.2%	2,531	

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

**Population data can be found on Table 15.*

CITY OF SEGUIN, TEXAS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 SEPTEMBER 30, 2017
 (Unaudited)

TABLE 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Guadalupe County	\$ 17,259,417	19.46%	\$ 3,358,683
Seguin Independent School District	146,199,647	48.80%	<u>71,345,428</u>
Subtotal, Overlapping Debt			74,704,111
Seguin Direct Debt			<u>76,828,222</u>
Total Direct and Overlapping Debt			<u><u>\$ 151,532,333</u></u>

Source: Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Seguin, Texas. This process recognizes that, when considering the City of Seguin's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF SEGUIN, TEXAS
 COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 (Unaudited)

TABLE 13

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	\$ 1,798,558,709
* Debt limit (10% of assessed value)	179,855,871
Outstanding Debt ^[1]	76,828,222
Less amount set aside for repayment of general obligation debt	(893,141)
Total net debt applicable to limit	75,935,081
Economic Debt Margin	\$ 103,920,790

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 111,553,781	\$ 121,476,868	\$ 127,905,951	\$ 132,808,087	\$ 138,835,292
Total net debt applicable to limit	(32,522,934)	(31,798,781)	(30,243,922)	(39,725,590)	(41,289,480)
Economic Debt Margin	\$ 79,030,847	\$ 89,678,087	\$ 97,662,029	\$ 93,082,497	\$ 97,545,812

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 142,868,280	\$ 136,972,794	\$ 147,173,357	\$ 155,480,970	\$ 179,855,871
Total net debt applicable to limit	(39,242,331)	(59,956,822)	(58,047,453)	(69,305,127)	(75,935,081)
Economic Debt Margin	\$ 103,625,949	\$ 77,015,972	\$ 89,125,904	\$ 86,175,843	\$ 103,920,790

^[1] Texas does not have a legal debt margin for cities. The only limit on taxation is \$2.50 per \$100 of assessed value. Good financial integrity calls for 10% of assessed value to be used for debt limit.

CITY OF SEGUIN, TEXAS
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (Unaudited)

TABLE 14

Fiscal Year	Utility Service Charges	Less: Operating Expenses*	Net Available Revenue	Debt Service Principal	Interest	Coverage
2008	\$ 38,334,793	\$ (34,927,078)	\$ 3,407,715	\$ 555,000	\$ 715,330	2.68
2009	41,231,252	(34,938,855)	6,292,397	750,000	744,488	4.21
2010	39,290,331	(33,098,744)	6,191,587	775,000	714,449	4.16
2011	43,211,099	(34,002,636)	9,208,463	805,000	961,171	5.21
2012	41,463,853	(35,728,904)	5,734,949	904,521	944,857	3.10
2013	40,827,258	(35,513,981)	5,313,277	839,048	734,437	3.38
2014	42,017,948	(33,121,499)	8,896,449	1,079,232	703,016	4.99
2015	42,645,590	(37,931,959)	4,713,631	1,077,119	1,253,491	2.02
2016	46,502,423	(37,473,784)	9,028,639	1,326,771	1,382,137	3.33
2017	49,979,571	(40,706,005)	9,273,566	1,471,259	1,636,004	2.98

* All operating expenses exclusive of depreciation

CITY OF SEGUIN, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS
 (Unaudited)

TABLE 15

Year	Census Population	Population Estimate	Median Family Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	22,011	27,951	\$ 36,931	\$ 13,740	32.6	7,501	4.7
2009	22,011	27,979	36,931	13,740	33.0	7,559	7.1
2010	22,011	29,325	38,060	15,730	32.4	7,562	6.4
2011	25,175	25,175	38,060	15,730	32.4	7,547	7.3
2012	25,175	25,943	38,060	15,730	32.4	7,440	6.8
2013	25,175	25,981	38,060	15,730	32.4	7,556	5.4
2014	25,175	26,660	38,526	18,901	35.3	7,529	4.2
2015	25,175	29,241	41,835	18,933	36.2	7,400	3.4
2016	25,175	30,006	41,835	19,754	37.2	7,459	3.4
2017	25,175	30,006	36,755	19,853	37.2	7,461	3.6

Sources: Population, median family income, per capita personal income, and median age information provided by the United States Census Bureau and the Texas State Data Center and are the most recent available for the city. Population estimates are based on addition of annexed areas. School enrollment information provided by Seguin Independent School District. Unemployment rate is for Guadalupe County and is provided by the Texas Workforce Commission and the U.S. Dept. of Labor. Unemployment data is not available for the City.

CITY OF SEGUIN, TEXAS
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

TABLE 16

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Texas Power Systems/CAT	1,800	1	14.18%	--	--	--
Continental AG (Motorola)	1,600	2	12.60%	717	3	7.79%
Seguin Independent School District	1,130	3	8.90%	1,184	1	12.87%
CMC Steel	835	4	6.58%	1,024	2	11.13%
Tyson Foods	745	5	5.87%	500	6	5.43%
Guadalupe Regional Medical Center	700	6	5.51%	698	4	7.59%
Guadalupe County	595	7	4.69%	568	5	6.17%
City of Seguin	380	8	2.99%	285	9	3.10%
HEB	340	9	2.68%	225	10	2.45%
Wal-Mart Super Center	300	10	2.36%	400	7	4.35%
Texas Lutheran University	--	--	--	304	8	3.30%
Total	<u>8,425</u>		<u>66.36%</u>	<u>5,905</u>		<u>64.18%</u>

Source: Seguin Area Chamber of Commerce, Texas Workforce Commission, and Seguin Economic Development Corporation.

CITY OF SEGUIN, TEXAS
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS
 (Unaudited)

Function	Fiscal Year				
	2017	2016	2015	2014	2013
Police					
Physical arrests	1,755	2,328	1,798	1,605	1,138
Traffic citations	12,206	11,068	12,740	15,988	8,911
Parking citations	1,324	70	265	308	291
Fire/EMS					
Emergency responses	3,842	4,130	3,682	3,748	3,903
Non-emergency response/Service Calls	1,424	1,366	1,126	804	588
Inspections	1,252	1,467	1,065	379	482
Refuse collection (by private contractor)					
# of customers	8,796	8,623	8,400	8,079	7,945
Parks and Recreation					
Park and sport facility rentals	732	763	701	639	622
Sport league participants	3,614	3,352	2,358	740	2,251
Program participants	3,359	3,769	4,539	4,640	3,509
Wave Pool admissions	11,430	12,801	13,447	13,077	13,126
Library					
Volumes in collection	73,137	69,055	56,276	64,366	62,220
Total volumes borrowed	269,824	168,429	183,771	197,204	205,281
Electric					
# of customers	8,538	8,438	8,500	8,314	8,293
Sales (millions of \$)	29.7	27.3	28.5	25.7	25.3
Water					
# of customers	7,393	7,298	7,250	7,120	7,116
Average daily production (millions of gal.)					
Surface water	3.20	3.73	2.84	2.69	2.35
Well water	3.06	2.71	2.92	3.04	3.01
Total	6.26	6.44	5.76	5.73	5.36
Water main repairs (main sizes from 3/4" to 16")	175	126	455	403	127
Wastewater					
Average daily sewage treatment (millions of gal.)	5.40	4.57	4.05	3.29	3.74

Sources: City departments

Notes: Fire/EMS statistics are on a calendar basis. Program participants under Parks and Recreation include day camp, after-school, softball, & swimming lessons. Sales of electricity are of purchased power; the City does not generate electric power.

TABLE 17

Fiscal Year				
2012	2011	2010	2009	2008
1,509	1,548	1,444	1,200	1,210
12,349	15,040	13,027	14,456	17,612
176	44	517	615	850
3,162	3,692	3,578	3,738	3,578
1,837	1,435	74	604	609
831	289	654	728	670
7,850	7,739	7,609	7,486	7,450
624	734	721	690	709
2,815	2,670	2,611	2,073	2,008
5,172	4,822	4,782	5,875	6,214
13,126	14,015	10,504	13,693	14,015
69,563	76,126	76,440	76,805	75,202
210,820	229,389	233,609	226,206	218,206
8,191	8,210	8,011	8,014	8,069
25.8	26.5	26.4	28.2	25.6
7,088	7,060	7,019	7,044	7,036
2.77	2.88	2.14	2.01	2.32
3.17	3.40	3.16	4.12	3.79
5.94	6.28	5.30	6.13	6.11
74	56	97	76	70
4.13	3.96	3.33	3.22	3.02

CITY OF SEGUIN, TEXAS
 CAPITAL ASSET STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS
 (Unaudited)

Function	Fiscal Year				
	2017	2016	2015	2014	2013
Police					
Stations	1	1	1	1	1
Police vehicles	84	73	70	67	66
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	179.64	178.48	178.48	178.48	178.48
Parks and Recreation					
Number of parks	12	12	12	11	11
Acreage	346.91	346.91	346.91	299.91	299.91
Water					
Water mains (miles)	165.73	164.00	164.00	161.00	161.00
Fire hydrants	1,306	1,293	1,284	1,100	1,085
Storage capacity (millions of gallons)	8.64	8.64	8.64	7.79	7.79
Wastewater					
Sanitary sewers (miles)	179.88	178.00	178.00	175.00	152.00

TABLE 18

Fiscal Year				
2012	2011	2010	2009	2008
1	1	1	1	1
62	62	62	61	60
3	3	3	3	3
178.48	178.48	174.91	174.63	174.52
11	10	10	10	10
299.91	289.41	289.41	289.41	289.41
117.00	118.90	118.63	118.28	117.64
1,081	978	978	978	976
7.79	7.79	7.79	7.79	7.79
118.00	129.00	124.27	123.84	119.25

CITY OF SEGUIN, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS
 (Unaudited)

TABLE 19

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Financial Administration	8	8	8	8	8	8	7	7	7	8
City Manager	3	4	4	4	3	3	3	3	5	5
Human Resources	6	6	5	5	5	5	5	5	5	6
Planning and Zoning	13	11	11	11	11	10	10	9	9	9
City Secretary	1	1	1	1	1	1	1	1	1	1
Information Systems	6	5	5	4	3	3	3	2	0	0
Facilities and Grounds	5	4	4	4	3	3	12	11	9	10
Public Safety										
Police	81	79	78	76	72	72	68	68	64	63
Fire/EMS	58	57	56	56	53	51	51	49	47	50
Legal & Judicial	6	6	5	5	5	5	5	4	4	4
Animal Control	7	5	5	4	4	4	3	3	3	3
Public Service										
Public Works	34	32	29	27	26	28	24	18	18	17
Vehicle Maintenance	3	3	3	3	3	3	3	3	3	3
Library	14	13	8	8	8	8	8	8	8	8
Parks and Recreation	19	19	19	16	18	17	10	8	7	8
Golf Course	8	9	9	9	9	9	9	9	9	8
DownTown & Main St. Program	2	2	2	2	2	2	2	2	2	2
Coliseum	2	2	1	1	1	1	1	1	1	1
Utility Fund										
Administration	3	3	3	2	2	2	2	2	2	4
Electric Production/Distribution	15	15	15	11	10	10	20	17	18	19
Utility Services	13	11	10	10	10	10	0	0	0	0
Water Production	11	11	11	11	10	11	11	17	15	17
Water/Sewer Maintenance	16	15	11	10	10	11	11	10	11	9
Sewer Plant	9	8	8	8	7	8	8	8	8	8
Economic Development	4	4	4	4	4	3	3	3	2	2
Facilities Maintenance	17	13	12	14	13	13	12	13	13	14
Utility Billing	6	5	5	5	5	6	6	6	6	6
CVB	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>373</u>	<u>354</u>	<u>335</u>	<u>321</u>	<u>308</u>	<u>308</u>	<u>299</u>	<u>287</u>	<u>277</u>	<u>285</u>

Source: City Human Resources Department

COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Seguin, Texas, basic financial statements and have issued our report thereon dated February 15, 2018. The financial statements of the discretely-presented component unit, Seguin Economic Development Corporation, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the City of Seguin, Texas in a separate letter dated February 15, 2018.

Purpose of this Report

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



Armstrong, Vaughan & Associates, P.C.

February 15, 2018



It's real.