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**CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

Prepared by: Finance Department
Susan Caddell
Director of Finance

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

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March 4, 2019

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, 2018. 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, 2018, 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, 2018. 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 the county seat and principal commercial center of Guadalupe County. Seguin is located thirty-five minutes east of San Antonio, fifty-five minutes south of Austin and about two and a half hours west of Houston. Seguin offers immediate access not only to Interstate 10, but to State Highway 130, the safe, fast and reliable alternative to congested Interstate 35 in Central Texas.

Founded in 1838 and 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 City of Seguin has grown substantially since 1838, and today Seguin's economy is a vital component to the San Antonio metropolitan area. Seguin's diverse economy is made of primary industries such as advanced manufacturing, distribution and warehousing, healthcare, agriculture, and education. Numerous businesses and Fortune ranked companies have major operations located within the City of Seguin. This includes Continental Automotive Group, Commercial Metals Corporation (CMC), Tyson Foods, Inc., Caterpillar, Inc., The Interplast Group – Minigrip, Alamo Group, Georgia Pacific and Hexcel. Since 2015, several businesses have established new operations within the City of Seguin, including Tractor Supply Company, Niagara Bottling, United Alloy and American Colors.

Manufacturing is the heart of the Seguin economy. Nearly 30 % of Seguin's workforce is employed within the manufacturing industry. In fact, the Seguin area has over 4,000 manufacturing jobs; this is more than three times the national average. The City of Seguin's proximity to San Antonio and Austin enables our manufacturers to tap into a large, diverse and skilled labor pool. Seguin is located three hours away from the U.S. – Mexico Border via Interstate 35 and two and a half hours away from the Port of Houston, one of the world's largest sea ports. This provides Seguin manufacturers with great access to get materials in and out to their customers around the world.

It's not all about manufacturing in Seguin, the City is also home to growing education and healthcare industries as well. In 2018, U.S. News & World Report ranked Seguin's Texas Lutheran University the #1 Best Value School, the #2 Best College for Veterans, and the #2 Regional College in the West. Seguin's Guadalupe Regional Medical Center (GRMC) was the proud recipient of the Healthgrades 2018 Patient Safety Excellence Award, a designation that recognizes superior performance in hospitals that have prevented the occurrence of serious, potentially avoidable complications for patients during hospital stays. The distinction has placed GRMC in the top 5% of all short-term acute care hospitals in the United States for patient safety. Each year GRMC 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.

The City of Seguin and the Seguin Economic Development Corporation continuously engage area employers in order to understand what needs to be done to remain economically competitive. Ensuring that we have strong workforce training options and a healthy talent pipeline will enable the City of Seguin to retain existing employers and will position us to recruit new ones.

The Alamo Colleges, in partnership with the Seguin Economic Development Corporation have worked to bring Alamo Colleges services to the Seguin area. Located just 15 minutes north of Seguin, the Central Texas Technology Center (CTTC) serves as an avenue for Seguin area residents and workers to attain entry-

level skills or increase technical skills and to connect to jobs or higher education opportunities. Area high school students also benefit from the CTTC through the Alamo Academies. The Alamo Academies is a national award winning, innovative, STEM-based instructional model operated by the Alamo Area Academies Inc., a non-profit organization, in partnership with the Alamo Colleges. The Alamo Academies provides Seguin area youth with tuition-free career pathways into critical demand technical STEM occupations. The program utilizes contextualized industry-driven curricula resulting in 94% of graduates entering higher education or high-wage careers in Aerospace, Manufacturing, Information Technology, and Healthcare. The Seguin Economic Development Corporation provides annual funding to support the operations of the Academies in the Seguin region. This enables Seguin area high school students to participate in the Advanced Technology and Manufacturing Academy, as well as the Information Technology and Security Academy in conjunction with the Alamo Academies program. Facilities such as the CTTC and programs like the Alamo Academies help ensure that Seguin has a strong pipeline of skilled workers to fill the jobs of today and the jobs of the future.

Data provided by the Bureau of Labor Statistics indicates that Economic conditions within the State of Texas, the San Antonio-New Braunfels Metropolitan Statistical Area (MSA) and the City of Seguin continue to be strong. Seguin primary employers have continued to expand operations and add new workers. In 2018, the unemployment rate remained below 4%, averaging 3.4% for the year, while the labor force population averaged 13,373. From January 2017 to December 2018, the labor force population grew by about 2.9%. Unemployment rates in 2018 averaged 3.3% for the San Antonio-New Braunfels MSA, 3.2% for the City of New Braunfels, 3.3% for the City of San Antonio, and 3.4% for the City of Schertz—all rates considered by economist to be at full employment.

Comparing the San Antonio-New Braunfels MSA to the state and nation, the Texas unadjusted (actual) unemployment rate for 2018 averaged 3.85%. The nation's unadjusted (actual) unemployment rate averaged 3.9% for 2018.

In 2018, CMC Steel Texas worked with the City of Seguin and the Seguin Economic Development Corporation to successfully be designated as a Texas enterprise project by the Office of the Governor's Economic Development and Tourism Division. As a designated enterprise project, CMC Steel has committed to creating 18 new jobs, retaining 462 jobs and a capital investment of \$150 Million at their Seguin facility.

In 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. In addition, Caterpillar also relocated its Americas Sales and Marketing team to the Seguin, Texas facility. The relocation involved employees throughout the United States and Europe. As of the end of 2018, Caterpillar has grown their workforce from 1200 employees to nearly 2000. This is a direct result of the operations shifted to the Seguin facility. The transfer of operations to Caterpillar's Seguin Plant speaks volumes about our region's workforce and the business friendly Texas economy.

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. The project created over \$85 million in new capital investment and currently employs about 120 people. Niagara Bottling is currently finalizing plans to add a 4th production line to their Seguin facility. The new line will create 30 new jobs and will represent a \$22 million investment.

Going into 2019, the Seguin Economic Development Corporation continues to work on a number of recruitment and retention projects that could result in investment and substantial job creation within the City of Seguin.

Long-term financial planning. The City issued \$9,900,000 in utility revenue bonds in June 2018, which funded major water and wastewater improvements. In addition, the City issued \$6,450,000 in certificates of obligation bonds in April 2018 which, provided funding for needed street and drainage improvements. The City also issued \$1,424,000 in Tax Anticipation Notes to provide financing for the purchase of larger pieces of equipment.

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 Sequin
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF SEGUIN, TEXAS

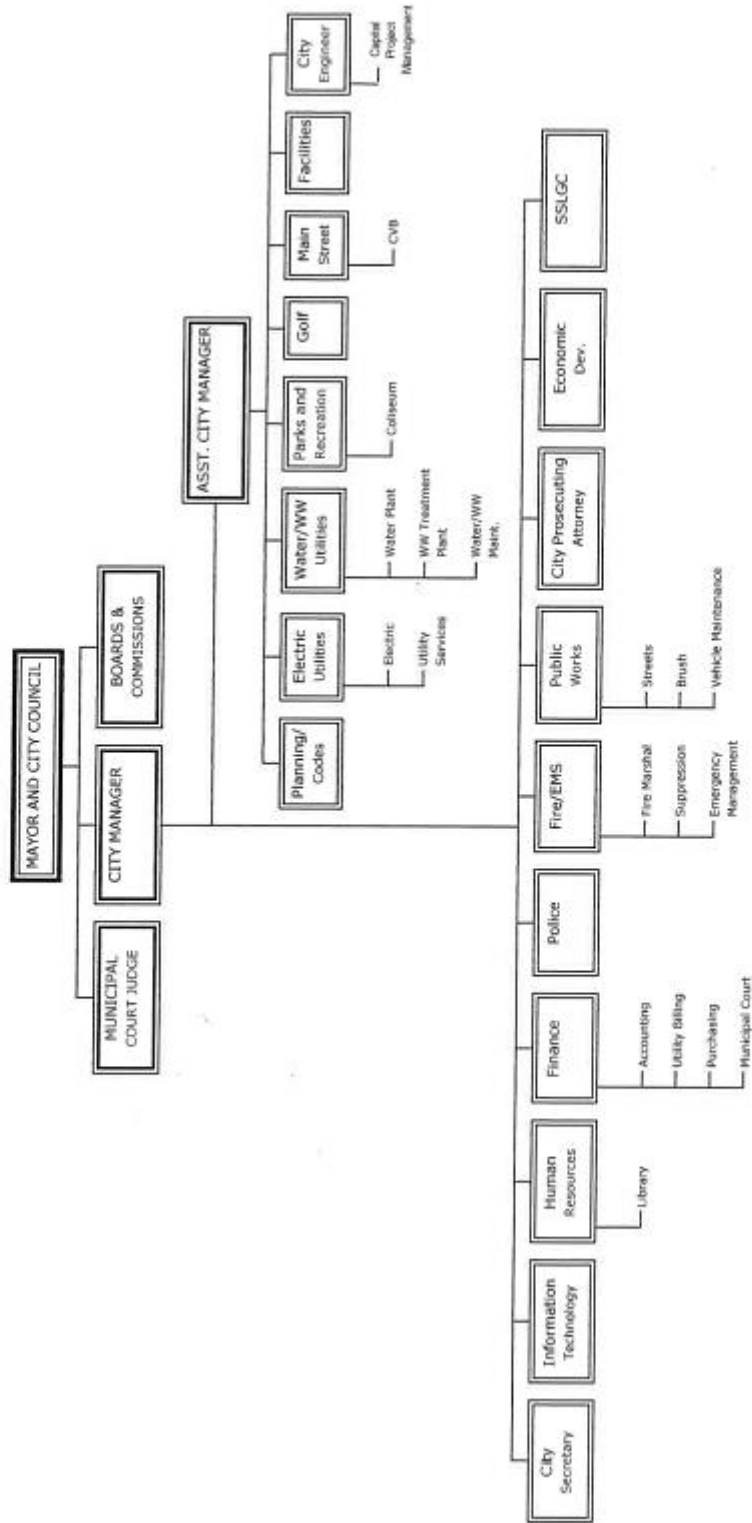
PRINCIPAL OFFICERS

DON KEIL Mayor
FONDA MATHIS. Mayor Pro-Tem
JEANETTE CRABB Councilwoman
DONNA DODGEN Councilwoman
MARK HERBOLD. Councilman
ERNESTO M. LEAL Councilman
CARLOS MEDRANO (deceased) 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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Note A23 to the financial statements, in 2018 the City adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 75 related to accounting for other post-employment benefits. This resulted in a restatement of prior year balances. Our opinion is not modified with respect to this matter.

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 benefits, 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, statistical section, and schedule of expenditures of federal awards (SEFA) as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements, combining and individual nonmajor fund financial statements, and SEFA 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, individual nonmajor fund financial

statements, and SEFA 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 22, 2019 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.

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

Armstrong, Vaughan & Associates, P.C.

February 22, 2019



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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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found 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, 2018, by \$115,752,891 (net position). Of this amount, \$30,685,639 (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 \$8,643,583 or 8% compared to the prior fiscal year.
- As of September 30, 2018 the City of Seguin's governmental funds reported combined ending fund balances of \$36,024,628, a decrease of \$313,573.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,529,800, or 48.6% of total General Fund expenses.
- The City's total debt increased by \$13,997,806 during the current fiscal year. The City issued Certificates of Obligation Bonds for \$6,450,000, Tax Anticipation Notes for \$1,424,000 and Utility Revenue Bonds for \$9,900,000.
- During the year, the City's expenses were \$2,265,528 less than the \$34,917,264 generated in taxes and other revenues for governmental activities before transfers.
- The total cost of the City's governmental activity programs increased by \$448,106 from last year, and no new programs were added this year. Salaries and benefits increased from fiscal year 2017.

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 15 - 18 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 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 19 - 24.

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 25 - 29 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 30 - 31 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 32 - 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 - 79 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 - 122 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, 2018, the City of Seguin's assets and deferred outflows of resources exceeded liabilities by \$115,752,891. Table A-1 is a condensed version of the City's statement of net position for the years ended September 30, 2018 and 2017, respectively.

The largest portion of the City's total net position (68.2%) 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 (26.5%) is its unrestricted net position.

Table A-1
City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Assets						
Current assets	\$ 28,177,210	\$ 27,017,724	\$ 42,318,382	\$ 37,207,003	\$ 70,495,592	\$ 64,224,727
Capital assets	99,413,041	91,443,641	92,015,611	90,354,183	191,428,652	181,797,824
Other non current assets	12,759,464	15,653,893	21,517,416	14,459,337	34,276,880	30,113,230
Total assets	<u>140,349,715</u>	<u>134,115,258</u>	<u>155,851,409</u>	<u>142,020,523</u>	<u>296,201,124</u>	<u>276,135,781</u>
Deferred Outflows of Resources	<u>3,403,782</u>	<u>5,132,092</u>	<u>1,088,610</u>	<u>1,741,400</u>	<u>4,492,392</u>	<u>6,873,492</u>
Liabilities						
Current liabilities	26,355,322	7,854,771	4,285,054	7,246,835	30,640,376	15,101,606
Noncurrent liabilities	84,442,920	102,230,507	59,969,809	58,567,856	144,412,729	160,798,363
Total liabilities	<u>110,798,242</u>	<u>110,085,278</u>	<u>64,254,863</u>	<u>65,814,691</u>	<u>175,053,105</u>	<u>175,899,969</u>
Deferred Inflows of Resources	<u>1,426,359</u>	<u>-</u>	<u>554,507</u>	<u>-</u>	<u>1,980,866</u>	<u>-</u>
Net Position						
Invested in Capital Assets	28,797,978	30,491,009	50,116,822	49,099,409	78,914,800	79,590,418
Restricted	3,098,632	2,806,714	3,053,820	2,975,869	6,152,452	5,782,583
Unrestricted	(367,714)	(4,135,651)	31,053,353	25,871,954	30,685,639	21,736,303
Total Net Position	<u>\$ 31,528,896</u>	<u>\$ 29,162,072</u>	<u>\$ 84,223,995</u>	<u>\$ 77,947,232</u>	<u>\$ 115,752,891</u>	<u>\$ 107,109,304</u>

*Restated for GASB 75

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 \$30,685,639 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 \$3,114,757 or 3.7%. This was largely due to increase in electric, water and sewer revenue along with an increase in property tax revenue and an increase in the developer contributions. The City's total government-wide expenses increased by \$1,364,785 or 1.8%. 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

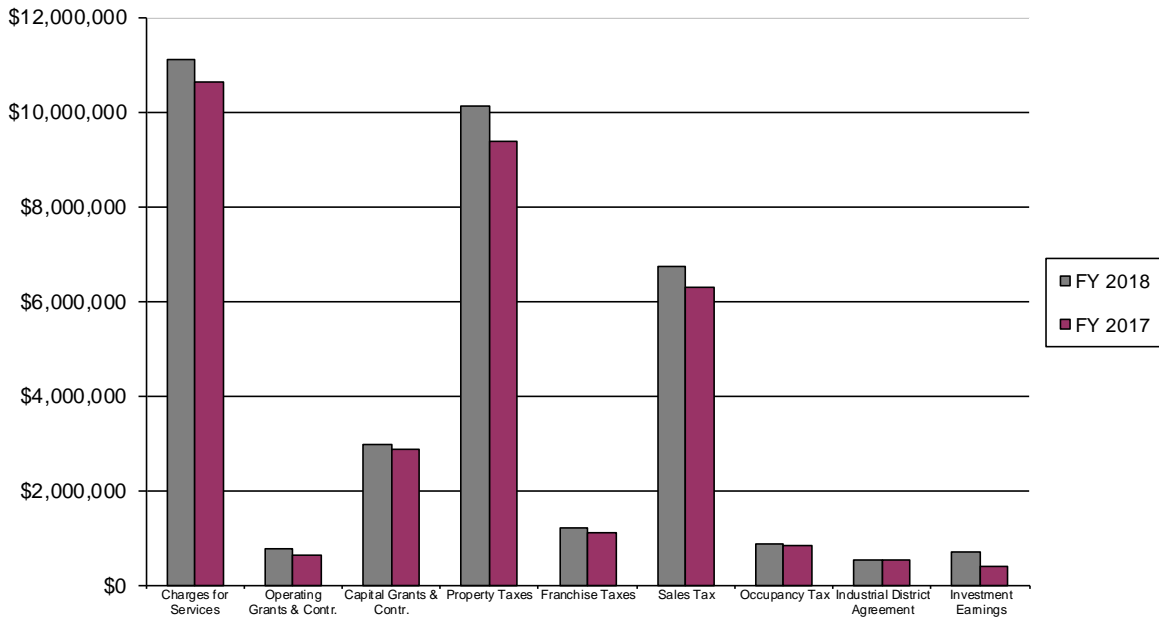
	Governmental Activities		Business-Type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Program Revenues:						
Charges for Services	\$ 11,086,538	\$ 10,619,004	\$ 52,260,672	\$ 49,979,572	\$ 63,347,210	\$ 60,598,576
Operating Grants and Contributions	760,164	618,406	-	-	760,164	618,406
Capital Grants and Contributions	2,952,449	2,868,007	-	1,845,532	2,952,449	4,713,539
General Revenues						
Property Taxes	10,126,201	9,362,955	-	-	10,126,201	9,362,955
Franchise Taxes	1,187,699	1,096,104	-	-	1,187,699	1,096,104
Sales Tax	6,729,041	6,271,333	-	-	6,729,041	6,271,333
Occupancy Tax	861,218	842,217	-	-	861,218	842,217
Industrial District Agreement	535,000	531,294	-	-	535,000	531,294
Investment Earnings	678,954	400,790	764,923	389,947	1,443,877	790,737
Gain (Loss) on Sale of Assets	-	-	660	3,601	660	3,601
Total Revenues:	34,917,264	32,610,110	53,026,255	52,218,652	87,943,519	84,828,762
Expenses:						
General Government	3,154,001	4,116,593	-	-	3,154,001	4,116,593
Public Safety	15,581,434	15,578,523	-	-	15,581,434	15,578,523
Public Service	11,044,845	9,644,071	-	-	11,044,845	9,644,071
Interest on Long-Term Debt	2,871,456	2,864,443	-	-	2,871,456	2,864,443
Utility	-	-	46,648,195	45,731,516	46,648,195	45,731,516
Total Expenses	32,651,736	32,203,630	46,648,195	45,731,516	79,299,931	77,935,146
Excess (Deficiency) Before Transfers In (Out)	2,265,528	406,480	6,378,060	6,487,136	8,643,588	6,893,616
Increase (Decrease) in Net Position	\$ 2,366,825	\$ 488,203	\$ 6,276,763	\$ 6,405,413	\$ 8,643,588	\$ 6,893,616

*Restated for GASB 75

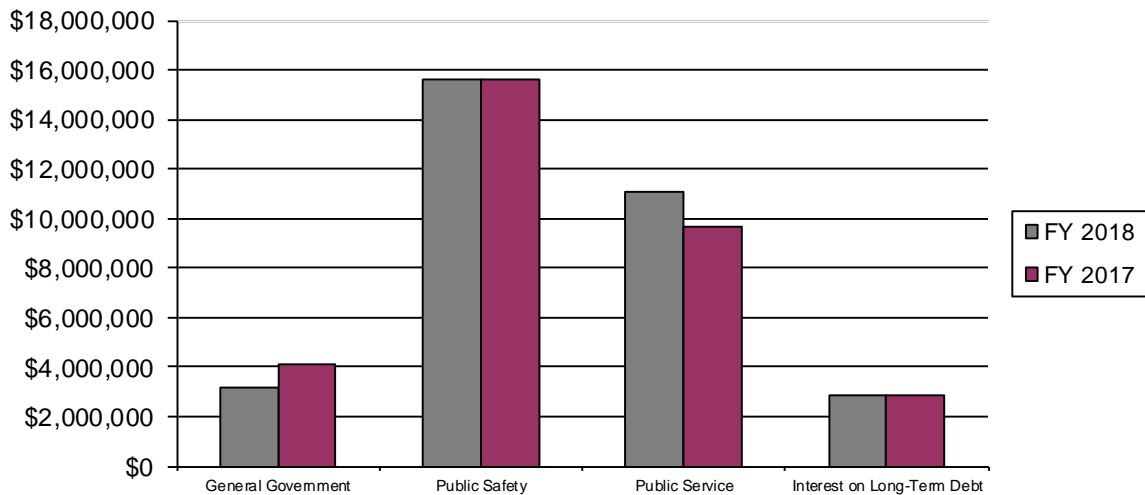
Governmental activities. The City's total governmental revenues increased by \$2,307,154 or 7.1% above last year. The City's total governmental expenses increased by \$448,106 or 1.4% above last year.

- Capital Grants and Contributions and Operating Grants and Contributions increased by \$226,200 or 6.49%.
- Property Taxes increased by \$763,246 or 8.15%. 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-A General Obligation Bonds.
- Interest and Investment Earnings increased by \$278,164. An increase in interest rates along with investments in higher yield investments occurred in FY18.
- Sales Tax increased by \$457,708 or 7.3%. In FY18, the City received a sales tax audit refund from the state in the amount of \$298,905.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$15,581,434. These expenses are offset by revenues collected from a variety of sources, with the largest being from fines and penalties in the amount of \$1,510,971. Additional funding also included EMS revenue in the amount of \$1,531,458 and Fire and EMS interlocal agreements with Guadalupe County in the amount of \$616,235. The major components of public safety are police and fire. Police accounted for \$7.2 million in public safety expense while Fire accounted for \$5.8 million in public safety expense.

Revenues - Governmental Activities



Expenses - Governmental Activities

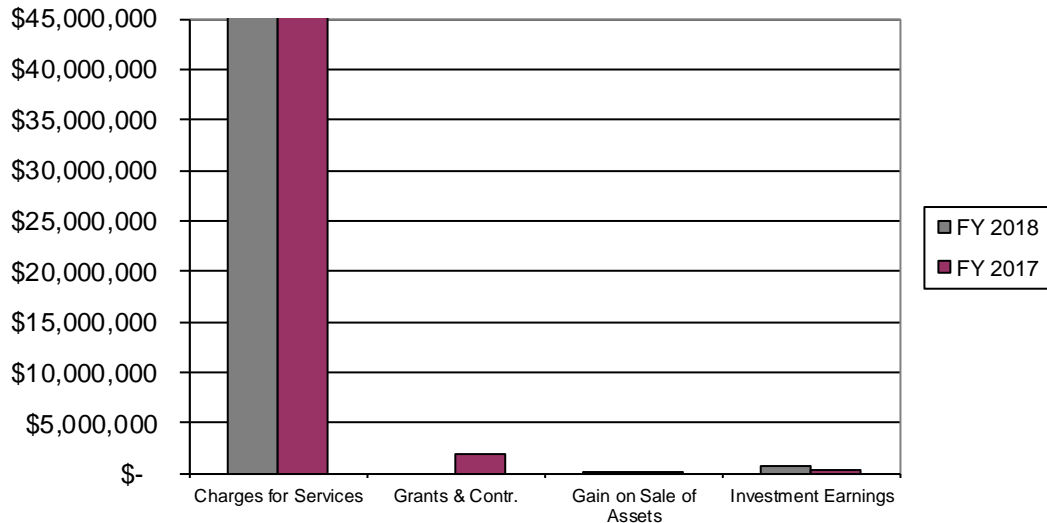


Business-type activities. The City's total business-type revenues increased by \$957,603 or 1.8%. The City's total business-type expenses increased by \$1,066,679 or 2.3%.

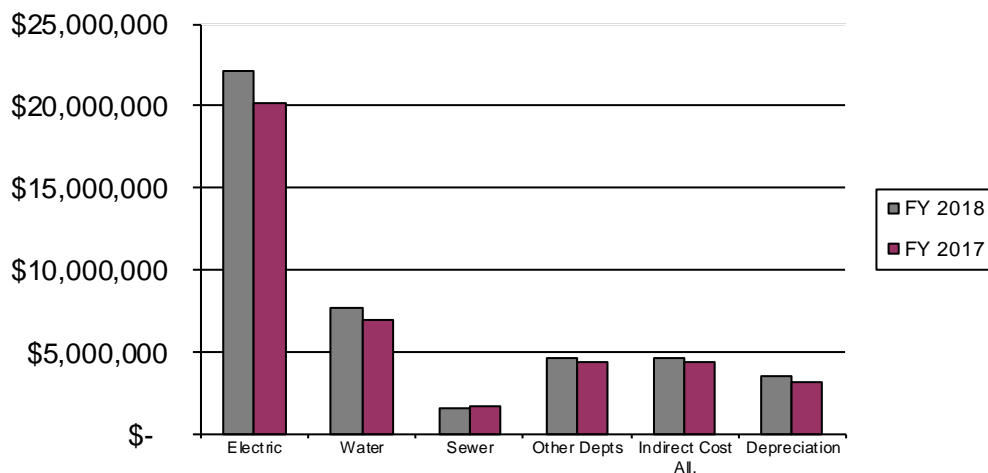
- Electric revenues make up \$30.6 million of the charges for services. This year electric revenues increased by \$427,214. The increase was due to an increase in consumption. Wholesale power costs decreased by \$1,384,947 or 7.58%.
- Water revenues make up \$11.6 million of the charges for services. This year water revenues increased by \$1,247,853 or 12.04%. This was a result of an increase in consumption along with an increase in rates. The wholesale water costs increased by \$245,258 or 7.32%. The City purchases water from the Schertz-Seguin Local Government Corporation (SSLGC).

- Sewer revenues make up \$8 million of the charges for services. This year sewer revenues increased by \$751,356 or 10.35%. This was due to an increase in water consumption along with an increase in rates.

Business-Type Activities-Revenues



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 \$36,024,628. This is a decrease of \$313,573. We continue to spend down bond proceeds received in previous fiscal years. Of this total amount of fund balance, \$10,529,800 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 \$153,322 which are prepaids and inventory, 2) restricted fund balance in the amount of \$16,022,560, 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 \$2,502,026, which is committed to stabilization agreement and aquatic and golf fees, and 4) assigned fund balance in the amount of \$6,816,920, 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 \$10,529,800, while total fund balance reached \$13,003,111. Of this amount, \$1,634,454 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 \$1,634,454 taken out of the equation, unassigned fund balance represents 41.1% of general fund expenditures, while total fund balance represents 52.5% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of 6,288,162, an increase of \$1,805,133. Additional projects have been funded and are in progress.

At the end of FY18, six bond funds had a total fund balance of \$12,593,408. This was a decrease of \$2,494,834. Even though new bond proceeds in the amount of \$7,874,000, the City still spent down bond funds issued in 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 \$31,053,353. The restricted net position for debt services is \$474,501, while restricted net position for impact fees is \$2,579,319. Net position invested in capital assets amounted to \$50,116,822.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2017-18, actual revenues on a budgetary basis were \$23,565,676 compared to the final budget of \$22,905,742, which is \$659,934 above budget. Property tax exceeded budget by \$101,130 due to an increase in values. Sales tax exceeded budget by \$412,913.

For FY 2017-18, actual expenditures on a budgetary basis were \$21,649,201 compared to the final budget of \$23,558,553, which was \$1,909,352 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 \$169,725.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2018, the City had invested \$191,428,652, 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 \$9,630,828 or 5.3%. The increase was due

in part to large bond projects being completed or underway begun during fiscal year 2018. More detailed information about the City's capital assets can be found in Note G, page 46 - 47.

Table A-3
City of Seguin's Capital Assets

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2018	2017	2018	2017	2018	2017	Change
							2017 - 2018
Land	\$ 4,584,816	\$ 4,584,815	\$ 727,026	\$ 727,026	\$ 5,311,842	\$ 5,311,841	0.0%
Buildings and Improvements	37,932,843	37,836,176	36,648,795	35,938,858	74,581,638	73,775,034	1.1%
Improvements Other than Buildings	77,074,132	64,790,507	101,676,276	89,868,569	178,750,408	154,659,076	15.6%
Transportation and Equipment	19,716,519	17,875,883	8,569,917	8,060,934	28,286,436	25,936,817	9.1%
Construction in Progress	14,867,151	16,352,771	11,508,821	18,028,664	26,375,972	34,381,435	-23.3%
Totals at Historical Cost	154,175,461	141,440,152	159,130,835	152,624,051	313,306,296	294,064,203	6.5%
Total Accumulated Depreciation	(54,762,420)	(49,996,511)	(67,115,224)	(62,269,868)	(121,877,644)	(112,266,379)	8.6%
Net Capital Assets	\$ 99,413,041	\$ 91,443,641	\$ 92,015,611	\$ 90,354,183	\$ 191,428,652	\$ 181,797,824	5.3%

Long-term debt. At year-end, the City had \$138,793,223 in bonds, loans and capital leases outstanding as shown in Table A-4. This was an increase of \$12,859,806 or 10.2% from 2017. This fiscal year, the City issued Certificates of Obligation in the amount of \$6,450,000, Tax Anticipation Notes in the amount of \$1,424,000 and Utility Revenue Bonds in the amount of \$9,900,000. More detailed information about the City's debt is presented in Notes H and I, pages 48 – 52.

The City's tax-supported debt rating by Fitch is AA with a stable outlook while Standard and Poor rating is AA with a stable outlook. The City's utility system revenue bonds' rating by Fitch is A+ with a stable 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 4.4%. The pledged revenue coverage for the utility system revenue bonds is 3.47.

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

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2018	2017	2018	2017	2018	2017	Change
							2017-2018
Bonds Payable	\$ 37,628,666	\$ 39,590,288	\$ 57,826,333	\$ 49,699,711	\$ 95,454,999	\$ 89,289,999	6.9%
Certificates of Obligation	41,883,000	35,090,000	-	-	41,883,000	35,090,000	19.4%
Tax Anticipation Notes	1,138,000	-	-	-	1,138,000	-	100.0%
Capital Leases	1,455,224	1,517,298	-	36,120	1,455,224	1,553,418	-6.3%
Total Bonds & Notes Payable	\$ 82,104,890	\$ 76,197,586	\$ 57,826,333	\$ 49,735,831	\$ 139,931,223	\$ 125,933,417	11.1%

Net Pension Liability. The City's net pension liability is determined annually by an actuarial valuation. The City's net pension liability decreased by \$3,915,368, from \$33,593,619 to \$29,678,251. Over the past several years, the City has been contributing more than what was required in order to reduce the liability. In FY18, the city contributed \$1,000,480 more than what was required. The excess contributions, along with increased earnings on investments, have helped to reduce the net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2018-19, 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 \$1,978,930 or 6.8% above the FY18 budget.

- Property tax revenue is budgeted to increase by \$770,963. This is based upon an increase in values.
- The property tax rate of \$.5412/\$100 remained the same as the prior year. It is higher than the effective rate by \$.01.
- ROW User Fees is budgeted to increase by \$533,512, which is based upon electric, water, and sewer revenues in the Utility Fund.
- Miscellaneous Revenue is budgeted to increase by \$365,000. The City is expected to receive a refund of indigent health care payments made to Guadalupe County in FY19.
- Building Permits is budgeted to increase by \$100,000 based upon anticipated construction of several new developments.
- Salaries and benefits are budgeted to increase by \$728,119. This includes a 2% cost of living effective January 1.
- Indigent Health Care is budgeted to increase by \$121,085, which represents a 7.5% increase.

The projected revenues and expenditures for the Utility Fund are budgeted to increase by \$4,137,527 or 8.8% above the FY18 budget.

- Electric revenue is budgeted to increase by \$2,201,600 due to increase in consumption of residential and industrial customers in FY18.
- Water revenue is budgeted to increase by \$1,154,111 due to a new wholesale water sales contract and an increase in rates as recommended by a water/wastewater rate study.
- Sewer revenue is budgeted to increase by \$734,500 due to an anticipated increase in consumption and customers along with an increase in rates.
- Wholesale power is budgeted to increase by \$629,731 due to an increase in consumption.
- ROW User Fees is budgeted to increase by \$533,512 due to an increase in revenue and an increase in the percentage of the electric fee from 3% to 4%.
- Salaries and benefits are budgeted to increase by \$447,393. This includes a 2% cost of living effective January 1.
- Transfers to the Rate Stabilization Fund is budgeted to increase by \$400,000 in order to transfer the remaining funds to provide full recommended funding.
- Indirect cost allocation is budgeted to increase by \$250,000 based upon prior years.
- Water Purchased is budgeted to increase by \$212,000 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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
ASSETS				
Cash and Cash Equivalents	\$ 1,147,325	\$ 731,075	\$ 1,878,400	\$ 3,833
Investments	22,870,055	31,611,401	54,481,456	584,328
Receivables (net of allowances for uncollectibles)				
Taxes	2,158,540	-	2,158,540	-
Accounts	1,063,338	6,036,506	7,099,844	696
Grants	709,054	-	709,054	-
Miscellaneous	75,576	2,076,198	2,151,774	-
Due From Component Unit/ Primary Government	-	21,505	21,505	215,049
Inventories	20,559	1,785,251	1,805,810	-
Prepays	132,763	56,446	189,209	-
Restricted Assets:				
Cash and Cash Equivalents	4,017	58,444	62,461	-
Investments	12,755,447	21,039,111	33,794,558	-
Notes Receivable	-	-	-	207,789
Net Present Value of Lease Financing	-	419,861	419,861	-
Capital Assets:				
Land	4,584,816	727,026	5,311,842	2,190,910
Buildings & Improvements	37,932,843	36,648,795	74,581,638	89,547
Improvements Other than Buildings/Infrastructure	77,074,132	101,676,276	178,750,408	-
Transportation & Equipment	19,716,519	8,569,917	28,286,436	-
Construction in Progress	14,867,151	11,508,821	26,375,972	-
Accumulated Depreciation	(54,762,420)	(67,115,224)	(121,877,644)	(12,914)
Total Assets	140,349,715	155,851,409	296,201,124	3,279,238
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension/OPEB Related Outflows	2,914,312	966,491	3,880,803	-
Deferred Charge on Refunding	489,470	122,119	611,589	-
Total Deferred Outflows of Resources	\$ 3,403,782	\$ 1,088,610	\$ 4,492,392	\$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 1,865,843	\$ 3,155,617	\$ 5,021,460	\$ 42,214
Unearned Revenue	288,714	169,223	457,937	-
Accrued Interest Payable	251,175	-	251,175	-
Due to Component Unit/ Primary Government	215,049	-	215,049	21,505
Customer Deposits	-	626,296	626,296	600
<i>Payable from Restricted Assets:</i>				
Accrued Interest Payable	-	333,918	333,918	-
Current Portion of Long-Term Debt	-	2,003,248	2,003,248	-
<i>Noncurrent Liabilities:</i>				
Due within One Year	4,515,058	244,826	4,759,884	50,623
Due in more than One Year	79,927,862	57,721,735	137,649,597	703,300
Net Pension Liability	22,321,087	7,357,164	29,678,251	-
Total OPEB Liabilities	1,413,454	549,490	1,962,944	-
Total Liabilities	110,798,242	72,161,517	182,959,759	818,242
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension/OPEB Related Inflows	1,426,359	554,507	1,980,866	-
Total Deferred Inflows of Resources	1,426,359	554,507	1,980,866	-
NET POSITION				
Net Investment in Capital Assets	28,797,978	50,116,822	78,914,800	1,513,620
Restricted for:				
Tourism & Economic Development	1,074,007	-	1,074,007	-
Public Safety	686,430	-	686,430	-
Public Service	310,888	-	310,888	-
Debt Service	1,027,307	474,501	1,501,808	-
Impact Fees	-	2,579,319	2,579,319	-
Unrestricted (Deficit)	(367,714)	31,053,353	30,685,639	947,376
Total Net Position	\$ 31,528,896	\$ 84,223,995	\$ 115,752,891	\$ 2,460,996

See accompanying notes to basic financial statements.

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

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	\$ 7,973,726	\$ (4,819,725)	\$ 3,306,325	\$ 389,044	\$ 6,530
Public Safety	15,581,434	-	3,897,134	232,372	231
Public Service	11,044,845	-	3,883,079	138,748	2,945,688
Interest on Long-term Debt	2,871,456	-	-	-	-
Total Governmental Activities	37,471,461	(4,819,725)	11,086,538	760,164	2,952,449
Business-Type Activities					
Utility	41,828,470	4,819,725	52,260,672	-	-
Total Business-Type Activities	41,828,470	4,819,725	52,260,672	-	-
Total Primary Government	\$ 79,299,931	\$ -	\$ 63,347,210	\$ 760,164	\$ 2,952,449
Component Unit:					
Seguin Economic Development Corporation					
	1,062,559	\$ -	\$ 7,524	3,294	\$ -
Total Component Unit	\$ 1,062,559	\$ -	\$ 7,524	\$ 3,294	\$ -
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					
Prior Period Adjustment					
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
\$ 547,898	\$ -	\$ 547,898	\$ -
(11,451,697)	-	(11,451,697)	-
(4,077,330)	-	(4,077,330)	-
(2,871,456)	-	(2,871,456)	-
(17,852,585)	-	(17,852,585)	-
-	5,612,477	5,612,477	-
-	5,612,477	5,612,477	-
(17,852,585)	5,612,477	(12,240,108)	-
-	-	-	(1,051,741)
-	-	-	(1,051,741)
10,126,201	-	10,126,201	-
1,187,699	-	1,187,699	-
6,729,041	-	6,729,041	1,328,416
861,218	-	861,218	-
535,000	-	535,000	-
-	660	660	-
678,954	764,923	1,443,877	19,734
20,118,113	765,583	20,883,696	1,348,150
101,297	(101,297)	-	-
2,366,825	6,276,763	8,643,588	296,409
30,156,368	78,340,785	108,497,153	2,164,587
(994,296)	(393,553)	(1,387,849)	-
<u>\$ 31,528,897</u>	<u>\$ 84,223,995</u>	<u>\$ 115,752,892</u>	<u>\$ 2,460,996</u>

CITY OF SEGUIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Other Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 476,489	\$ 10,053	\$ 260,697
Investments	12,540,923	1,074,657	8,540,372
Receivables (net of allowances for uncollectibles):			
Taxes	1,795,252	193,772	191,068
Accounts	1,004,026	-	648,639
Grants	85,431	-	-
Miscellaneous	75,576	-	-
Inventories	20,559	-	-
Prepaid Items	114,894	-	17,869
Restricted Assets:			
Cash and Cash Equivalents	-	-	3,720
Investments	-	-	12,673,744
Total Assets	<u>\$ 16,113,150</u>	<u>\$ 1,278,482</u>	<u>\$ 22,336,109</u>
LIABILITIES			
Accounts Payable	\$ 932,694	\$ -	\$ 287,873
Accrued Expenditures	522,429	-	17,278
Due to Component Unit	215,049	-	-
Unearned Revenues	252,871	-	36,240
Due to Others	30,893	-	67,015
Total Liabilities	<u>1,953,936</u>	<u>-</u>	<u>408,406</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	1,156,103	184,668	-
Total Deferred Inflows of Resources	<u>1,156,103</u>	<u>184,668</u>	<u>-</u>
FUND BALANCE			
<i>Nonspendable:</i>			
Prepays and Inventory	135,453	-	17,869
<i>Restricted:</i>			
Tourism & Economic Development	-	-	1,074,007
Public Safety	-	-	686,430
Public Service	5,300	-	305,588
Capital Projects	-	-	12,857,421
Debt Service	-	1,093,814	-
<i>Committed:</i>			
Stabilization Arrangement	2,202,612	-	-
Aquatic/ Golf Fees	-	-	299,414
<i>Assigned</i>	129,946	-	6,686,974
<i>Unassigned</i>	10,529,800	-	-
Total Fund Balances	<u>13,003,111</u>	<u>1,093,814</u>	<u>21,927,703</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	<u>\$ 16,113,150</u>	<u>\$ 1,278,482</u>	<u>\$ 22,336,109</u>

See accompanying notes to basic financial statements.

Total
Governmental
Funds

\$ 747,239
22,155,952

2,180,092
1,652,665
85,431
75,576
20,559
132,763

3,720
12,673,744

\$ 39,727,741

\$ 1,220,567
539,707
215,049
289,111
97,908

2,362,342

1,340,771

1,340,771

153,322

1,074,007
686,430
310,888
12,857,421
1,093,814

2,202,612
299,414
6,816,920
10,529,800

36,024,628

\$ 39,727,741



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CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 36,024,628
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.		99,413,041
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.		1,201,662
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,340,772
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	79,511,666	
Unamortized Premiums and Deferred Charges	1,620,304	
Capital Leases	1,455,224	
Net Other Post Employment Benefit Obligations (Net of Deferred Outflows & Inflows)	1,369,061	
Net Pension Liability (Net of Deferred Outflows & Inflows)	20,877,528	
Compensated Absences	1,366,249	(106,200,032)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		(251,175)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 31,528,896

See accompanying notes to basic financial statements.

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

	General Fund	Debt Service Fund	Other Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 13,340,223	\$ 4,796,846	\$ 869,557
Licenses and Permits	717,589	-	48,936
Intergovernmental	1,104,510	344,175	3,058,372
Charges for Services	5,779,712	-	1,228,517
Fines and Forfeits	1,573,956	-	245,292
Interest	226,354	49,653	388,601
Miscellaneous	823,332	10,161	160,610
Total Revenues	<u>23,565,676</u>	<u>5,200,835</u>	<u>5,999,885</u>
EXPENDITURES			
Current:			
General Government	3,273,323	-	1,682,629
Public Safety	13,917,286	-	-
Public Service	7,186,793	-	55,372
Nondepartmental	2,047,463	-	330,321
Indirect Cost Allocation (Recovery)	(4,819,725)	-	-
Capital Projects/Outlay	44,061	-	13,446,631
Debt Service:			
Principal	-	2,804,784	661,315
Interest and Fiscal Charges	-	2,747,306	38,072
Bond Issue Costs	-	-	159,158
Total Expenditures	<u>21,649,201</u>	<u>5,552,090</u>	<u>16,373,498</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,916,475</u>	<u>(351,255)</u>	<u>(10,373,613)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	501,659	551,928	2,245,522
Transfers Out	(2,588,477)	-	(609,335)
Issuance of Debt	-	-	8,235,403
Premiums on Issuance of Debt	-	-	158,120
Total Other Financing Sources (Uses)	<u>(2,086,818)</u>	<u>551,928</u>	<u>10,029,710</u>
Net Change in Fund Balance	(170,343)	200,673	(343,903)
Fund Balances at Beginning of Year	13,173,454	893,141	22,271,606
Fund Balances at End of Year	<u>\$ 13,003,111</u>	<u>\$ 1,093,814</u>	<u>\$ 21,927,703</u>

See accompanying notes to basic financial statements.

Total
Governmental
Funds

\$	19,006,626
	766,525
	4,507,057
	7,008,229
	1,819,248
	664,608
	994,103
	34,766,396

4,955,952
13,917,286
7,242,165
2,377,784
(4,819,725)
13,490,692

3,466,099
2,785,378
159,158
43,574,789

(8,808,393)

3,299,109
(3,197,812)
8,235,403
158,120

8,494,820

(313,573)

36,338,201
\$ 36,024,628



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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, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (313,573)

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	13,045,686	
Current Period Depreciation	<u>(5,070,812)</u>	7,974,874

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. (5,475)

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	136,526
----------------------------------	---------

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	(8,235,403)	
Premiums on Debt Issues	(158,120)	
Principal Payments	3,466,099	
Amortization of Deferred Charges & Premiums	<u>92,097</u>	(4,835,327)

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. (278,992)

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. (89,321)

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. (221,887)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 2,366,825

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
ASSETS		
<i>Current Assets</i>		
<i>Cash and Cash Equivalents:</i>		
Restricted Cash	\$ 58,444	\$ -
Unrestricted Cash	731,075	400,381
<i>Investments:</i>		
Restricted Investments	21,039,111	-
Unrestricted Investments	31,611,401	795,803
Accounts Receivable (Net)	6,036,506	-
Miscellaneous Receivables	2,076,198	13,564
Due from Component Unit	21,505	-
Inventories	1,785,251	-
Prepaid Items	56,446	-
<i>Total Current Assets</i>	63,415,937	1,209,748
 <i>Noncurrent Assets</i>		
Net Present Value of Lease Financing	419,861	-
	419,861	-
 <i>Capital Assets:</i>		
Land	727,026	-
Buildings and Improvements	36,648,795	-
Improvements Other than Buildings	101,676,276	-
Transportation & Equipment	8,569,917	-
Construction in Progress	11,508,821	-
Accumulated Depreciation	(67,115,224)	-
<i>Capital Assets, net</i>	92,015,611	-
<i>Total Noncurrent Assets</i>	92,435,472	-
 Total Assets	 155,851,409	 1,209,748
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Related Outflows	966,491	-
Deferred Charge on Refundings	122,119	-
Total Deferred Outflows of Resources	\$ 1,088,610	\$ -

Continued

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2018

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 2,983,167	\$ 8,086
Accrued Expenses	417,276	-
Unearned Revenue	169,223	-
Customer Deposits	626,296	-
<i>Current Liabilities</i>	4,195,962	8,086
 <i>Current Liabilities Payable from Restricted Assets:</i>		
Accrued Interest Payable	333,918	-
Current Portion of Long-term Bonds	2,003,248	-
<i>Current Liabilities Payable from Restricted Assets</i>	2,337,166	-
<i>Total Current Liabilities</i>	6,533,128	8,086
 <i>Noncurrent Liabilities:</i>		
Compensated Absences	193,556	-
Total Other Post Employment Benefit Liabilities	549,490	-
Net Pension Liability	7,357,164	-
Revenue & Refunding Bonds Payable	57,528,179	-
<i>Total Noncurrent Liabilities</i>	65,628,389	-
Total Liabilities	72,161,517	8,086
 DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	554,507	-
Total Deferred Inflows of Resources	\$ 554,507	\$ -
 NET POSITION		
Net Investment in Capital Assets	50,116,822	-
Restricted for:		
Debt Service	474,501	-
Impact Fees	2,579,319	-
Unrestricted	31,053,353	1,201,662
Total Net Position	\$ 84,223,995	\$ 1,201,662

See accompanying notes to basic financial statements.



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CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Utility Service	\$ 50,260,623	\$ -
Charges for Premiums	-	3,309,048
Miscellaneous Revenues	2,000,048	481
Total Operating Revenues	<u>52,260,671</u>	<u>3,309,529</u>
OPERATING EXPENSES		
Administration	2,371,580	3,545,760
Operation and Maintenance:		
Electric Distribution	20,980,876	-
Utility Services	1,183,237	-
Water Production	5,755,115	-
Water/Sewer Maintenance	4,951,145	-
Sewer	1,913,487	-
Economic Development	320,749	-
Facilities Maintenance	767,016	-
Information Technology	462,229	-
City Attorney	96,839	-
Nondepartmental	1,001,165	-
Indirect Cost Allocation	4,819,725	-
Total Operating Expenses	<u>44,623,163</u>	<u>3,545,760</u>
OPERATING INCOME (LOSS)	<u>7,637,508</u>	<u>(236,231)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	764,923	14,344
Gain (Loss) on Sale of Assets	660	-
Interest and Fiscal Charges	(1,707,309)	-
Bond Issue Costs	(317,722)	-
Total Nonoperating Revenues (Expenses)	<u>(1,259,448)</u>	<u>14,344</u>
Net Income (Loss) Before Contributions and Transfers	<u>6,378,060</u>	<u>(221,887)</u>
Transfers Out	(101,297)	-
	<u>(101,297)</u>	<u>-</u>
Change in Net Position	6,276,763	(221,887)
NET POSITION AT BEGINNING OF YEAR	78,340,785	1,423,549
Prior Period Adjustment	(393,553)	-
NET POSITION AT END OF YEAR	<u>\$ 84,223,995</u>	<u>\$ 1,201,662</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 51,536,734	\$ 3,314,541
Cash Paid for Employee Wages & Benefits	(7,938,168)	-
Cash Paid to Suppliers for Goods & Services	(27,701,461)	(3,541,652)
Cash Paid General Fund for Indirect Costs	(4,819,725)	-
Net Cash Provided (Used) by Operating Activities	<u>11,077,380</u>	<u>(227,111)</u>
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	(101,297)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(101,297)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(6,506,784)	-
Proceeds from Revenue and Refunding Bonds	9,900,000	-
Premiums received on Bonds	367,722	-
Principal Payments on Long-term Bonds	(1,773,378)	-
Interest and Fiscal Charges Paid	(1,739,935)	-
Principal Payments on Capital Leases	(36,120)	-
Bond Issue Costs	(317,722)	-
Advances (To) From Component Unit	(2,470)	-
Proceeds from Sale of Capital Assets	660	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(108,027)</u>	<u>-</u>
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	(12,203,510)	335,333
Investment Interest Received	764,923	14,344
Lease Financing - Principal Payments Received	42,111	-
Net Cash Provided (Used) by Investing Activities	<u>(11,396,476)</u>	<u>349,677</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(528,420)</u>	<u>122,566</u>
Cash and Equivalents at Beginning 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>
Cash and Cash Equivalents at End of Year:		
Cash and Cash Equivalents	731,075	400,381
Restricted Cash and Cash Equivalents	58,444	-
	<u>\$ 789,519</u>	<u>\$ 400,381</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, 2018

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 7,637,508	\$ (236,231)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	4,845,356	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(449,728)	5,012
Inventory/Prepaid Items	(84,281)	3,423
Net Deferred Pension/OPEB Related Outflows	631,392	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(706,190)	685
Accrued Expenses	462	-
Unearned Revenue	(280,705)	-
Customer Deposits	6,496	-
Total Other Postemployment Benefit Liability	18,598	-
Net Pension Liability	(1,096,035)	-
Net Deferred Pension/OPEB Related Inflows	554,507	9,120
	\$ 11,077,380	\$ (227,111)

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	\$ 3,209	\$ 27,507
Investments	268,908	-
Inventory	359,431	-
Total Assets	<u>631,548</u>	<u>27,507</u>
LIABILITIES		
Accounts Payable/ Due to Others	-	27,507
Total Liabilities	<u>-</u>	<u>\$ 27,507</u>
NET POSITION		
Held in Trust for Scholarship	960	
Held in Trust for Riverside Cemetery	15,012	
Held in Trust for Industrial Development	615,576	
Total Net Position	<u>\$ 631,548</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, 2018

	Private Purpose Trust Funds
ADDITIONS	
Interest	\$ 4,848
Total Additions	4,848
DEDUCTIONS	
Distributions to Participants	18,219
Total Deductions	18,219
Change in Net Position	(13,371)
Net Position, Beginning of Year	644,919
Net Position, End of Year	\$ 631,548

See accompanying notes to basic financial statements.



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CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018

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 and 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, 2018

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.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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

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, 2018

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, 2017 and past due after January 31, 2018. 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, 2018

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, 2018

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 and other post employment benefits 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. Deferred inflows for pension and other post employment benefits are deferred and will be recognized in a subsequent actuarial valuation. 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, 2018

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 and inflows 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, 2018

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

16. OTHER POST-EMPLOYMENT BENEFITS

The fiduciary net position of the Texas Municipal Retirement System (TMRS) and the City's Retiree Health Insurance have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions or deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as both OPEBs are pay-as-you-go plans.

17. 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 federal or state governments. During fiscal year 2017, significant expenditures occurred due to Hurricane Harvey. Guadalupe County was included in the federal disaster area. The City received funds from the Federal Emergency Management Agency as reimbursement for expenses incurred from the disaster. The FEMA funds were used to replenish the fund in accordance with the arrangement.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

17. FUND EQUITY (Continued)

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.

As of September 30, 2018, 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 (\$128,598).
- 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 \$129,946. Total assigned balances in nonmajor capital project funds were \$6,686,975.

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.

18. 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.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

19. 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, 2018, the City allocated \$4,819,725 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.

20. 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.

21. 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.

22. 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 2017 financial statements to conform to the 2018 financial statement presentation. The reclassifications had no effect on the changes in financial position.

23. ADOPTION OF GASB STATEMENT NO. 75

In accordance with GASB Statement No. 75, the City has recorded a prior period adjustment to recognize the Other Post-Employment Benefits Liability as described in Note K. The OPEB liability was allocated between the general and utility funds to restate beginning balances in accordance with the statement. The restatement is noted as a prior period adjustment on the Government-wide Statement of Activities, as well as the Statement of Revenues, Expenses and Changes in Net Position- Proprietary Funds.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE B -- DEPOSITS AND INVESTMENTS

As of September 30, 2018, 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	\$ 10,264,343	1	28
LOGIC	58,663,128	1	78
Certificates of Deposit	3,727,000	1	292
Federal and Local Bonds	15,890,450	1	365
	<u>\$ 88,544,921</u>		
Portfolio Weighted Average Maturity			132
<i>Component Unit</i>			
Local Government Investment Pools:			
TexPool	\$ 281,980	1	28
LOGIC	302,348	1	78
	<u>\$ 584,328</u>		
Portfolio Weighted Average Maturity			54

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, 2018, 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, 2018.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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, 2018, 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, 2018, 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, 2017, upon which the fiscal 2018 levy was based, was \$1,957,487,506 (i.e., market value less exemptions). The estimated market value was \$2,916,479,185 making the taxable value 67% 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, 2018, 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 \$38,343,265 based upon the present assessed valuation of \$1,957,487,506 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, 2018

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, 2018, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
Primary Government		
General Fund	\$ -	\$ 215,049
Enterprise Fund	21,505	-
	21,505	215,049
Component Unit		
General Fund	215,049	-
Enterprise Fund	-	21,505
	215,049	21,505
Totals	\$ 236,554	\$ 236,554

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, 2018 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
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	32,789	803	33,592
2024-2026	4,386	168	4,554
	\$ 207,789	\$ 28,017	\$ 235,806

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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,	
2019	\$ 75,151
2020	75,151
2021	98,277
2022	105,986
2023	105,986
2024-2026	238,633
Total Payments	699,184
Less: Amount Representing Interest	(279,323)
Net Present Value of Lease Financing	\$ 419,861

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2017	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2018
Land	\$ 4,584,816	\$ -	\$ -	\$ -	\$ 4,584,816
Construction in Progress	16,352,771	6,288,377	-	(7,773,997)	14,867,151
Total Assets Not Depreciated	20,937,587	6,288,377	-	(7,773,997)	19,451,967
Buildings and Improvements	37,836,176	96,667	-	-	37,932,843
Improvements Other Than Buildings	64,790,507	4,509,628	-	7,773,997	77,074,132
Transportation and Equipment	17,875,883	2,151,014	(310,378)	-	19,716,519
Totals at Historical Cost	141,440,153	13,045,686	(310,378)	-	154,175,461
Less Accumulated Depreciation:					
Buildings and Improvements	(8,167,239)	(682,962)	-	-	(8,850,201)
Improvement Other Than Buildings	(30,788,692)	(2,583,457)	-	-	(33,372,149)
Transportation and Equipment	(11,040,580)	(1,804,394)	304,903	-	(12,540,071)
	(49,996,511)	(5,070,812)	304,903	-	(54,762,420)
Governmental Capital Assets, Net	\$ 91,443,642	\$ 7,974,874	\$ (5,475)	\$ -	\$ 99,413,041

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE G -- CAPITAL ASSETS

<i>Business-Type Activities</i>	Balance 10/1/2017	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2018
Land	\$ 727,026	\$ -	\$ -	\$ -	\$ 727,026
Construction in Progress	18,028,664	4,765,386	-	(11,285,229)	11,508,821
Total Assets Not Depreciated	18,755,690	4,765,386	-	(11,285,229)	12,235,847
Buildings and Improvements	35,938,858	-	-	709,937	36,648,795
Utility System	89,868,569	1,232,415	-	10,575,292	101,676,276
Transportation and Equipment	8,060,934	508,983	-	-	8,569,917
Totals at Historical Cost	152,624,051	6,506,784	-	-	159,130,835
Less Accumulated Depreciation:					
Buildings and Improvements	(18,835,708)	(689,271)	-	-	(19,524,979)
Improvement Other Than Buildings	(37,538,332)	(3,586,264)	-	-	(41,124,596)
Transportation and Equipment	(5,895,828)	(569,821)	-	-	(6,465,649)
	(62,269,868)	(4,845,356)	-	-	(67,115,224)
Business-Type Capital Assets, Net	<u>\$ 90,354,183</u>	<u>\$ 1,661,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,015,611</u>
<i>Discretely Presented Component Unit</i>					
Land	\$ 2,190,912	\$ -	\$ -	\$ -	\$ 2,190,912
Buildings and Improvements	89,547	-	-	-	89,547
Accumulated Depreciation	(11,194)	(1,719)	-	-	(12,913)
	<u>\$ 2,269,265</u>	<u>\$ (1,719)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,267,546</u>

Primary Government

Depreciation Expense was charged to functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 33,145
Public Safety	1,172,834
Public Service	3,340,204
Nondepartmental	524,629
<i>Total Governmental Activities</i>	<u>\$ 5,070,812</u>
 <i>Business-Type Activities:</i>	
Administration	\$ 5,056
Electric	1,360,892
Water Production	683,564
Water Distribution	1,933,240
Sewer Plant	480,220
Other	382,384
<i>Total Business-Type Activities</i>	<u>\$ 4,845,356</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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>	Governmental Activities	Business-Type Activities
Public Safety Vehices & Equipment	\$ 1,816,145	\$ -
Golf Course Equipment	38,405	
Public Works Equipment	867,581	
Less: Accumulated Depreciation	(511,671)	-
Total	<u>\$ 2,210,460</u>	<u>\$ -</u>

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2019	\$ 585,972	\$ -
2020	377,510	-
2021	412,800	-
2022	181,928	-
Total Payments	1,558,210	-
Less: Amount Representing Interest	(102,986)	-
Present Value of Minimum Lease Payments	<u>\$ 1,455,224</u>	<u>\$ -</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE I -- LONG-TERM DEBT

Bonded debt and obligations payable at September 30, 2018, 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%	\$	863,666
\$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%		2,675,000
\$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%		18,775,000
\$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%		6,740,000
\$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%		8,575,000
<i>Total General Obligation Bonds</i>		37,628,666

Certificates of Obligation and Tax Anticipation Notes

\$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%		10,010,000
\$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%		1,700,000
\$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%		1,640,000
\$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%		12,245,000
\$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%		8,700,000
\$6,450,000 2018 Certificates of Obligation due in annual installments of \$200,000 to \$1,430,000 through September 1, 2038; interest at 3.5% to 5.5%		6,450,000
\$775,000 Tax Notes, Series 2017 due in annual installments of \$85,000 to \$135,000 through February 2024; interest at 1.785%		650,000
\$649,000 Tax Notes, Series 2018 due in annual installments of \$159,000 to \$166,000 through February 2021; interest at 2.25%		488,000
<i>Total Certificates and Tax Notes</i>		41,883,000
Total Governmental Bonded Debt	\$	79,511,666

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE I -- LONG-TERM DEBT (Continued)

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%	\$	7,325,000
\$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%.		20,635,000
\$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%.		4,230,000
\$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%.		8,225,000
\$9,900,000 Utility System Revenue, Series 2018, due in annual installments of \$125,000 to \$3,380,000 through February 1, 2038; interest at 3.25% to 5.0%.		9,900,000
		50,315,000

Total Utility Revenue Bonds

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%		176,333
\$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%		2,950,000
\$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%		4,385,000
		7,511,333

Total GO Refunding Bonds

Total Business-Type Bonded Debt	\$	57,826,333
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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. A reserve fund is not required as long as the net revenues for each fiscal year are equal to at least 110% of the average annual debt service requirements of all bonds similarly secured (*Springing Reserve Fund Covenant*). The City is in compliance with the Covenant and, accordingly, a reserve fund is not maintained.

The annual requirements to amortize all bonded debt and obligations outstanding as of September 30, 2018, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 3,215,752	\$ 2,914,583	\$ 2,003,248	\$ 2,103,019
2020	3,429,916	2,811,528	2,108,085	2,029,578
2021	3,361,000	2,707,058	2,240,000	1,961,467
2022	3,300,000	2,594,895	2,345,000	1,875,541
2023	3,455,000	2,465,857	2,470,000	1,785,276
2024-2028	18,830,000	10,487,400	12,995,000	7,363,706
2029-2033	22,515,000	6,668,906	15,615,000	4,614,146
2034-2038	21,404,998	2,064,425	18,050,000	1,601,698
	\$ 79,511,666	\$ 32,714,652	\$ 57,826,333	\$ 23,334,431

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE I -- LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

	Balance 10/1/2017	Additions	Reductions	Balance 9/30/2018	Due Within One Year
<i>Governmental Activities</i>					
General Obligation Bonds	\$ 39,590,288	\$ -	\$ (1,961,622)	\$ 37,628,666	\$ 2,026,752
Bond Premiums	2,147,934	158,120	(196,279)	2,109,775	-
Certificates of Obligation	35,090,000	6,450,000	(795,000)	40,745,000	900,000
Tax Anticipation Notes	-	1,424,000	(286,000)	1,138,000	289,000
Capital Leases	1,517,298	361,403	(423,477)	1,455,224	544,199
Compensated Absences	1,295,948	807,198	(736,897)	1,366,249	755,107
<i>Total Governmental Activities</i>	<u>79,641,468</u>	<u>9,200,721</u>	<u>(4,399,275)</u>	<u>84,442,914</u>	<u>4,515,058</u>
<i>Business-Type Activities</i>					
Revenue Bonds	41,115,000	9,900,000	(700,000)	50,315,000	910,000
General Obligation Refunding Bonds	8,584,711	-	(1,073,378)	7,511,333	1,093,248
Bond Premiums	1,452,691	367,722	(115,319)	1,705,094	-
Capital Leases	36,120	-	(36,120)	-	-
Compensated Absences	420,044	236,079	(217,741)	438,382	244,826
<i>Total Business-Type Activities</i>	<u>51,608,566</u>	<u>10,503,801</u>	<u>(2,142,558)</u>	<u>59,969,809</u>	<u>2,248,074</u>
 Total Primary Government	 <u>\$ 131,250,034</u>	 <u>\$ 19,704,522</u>	 <u>\$ (6,541,833)</u>	 <u>\$ 144,412,723</u>	 <u>\$ 6,763,132</u>

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

Utility System Revenue Bonds, Series 2018, were issued in June 2018 in the amount of \$9,900,000, to fund the utility infrastructure for street improvements.

Certificates of Obligation, Series 2018, were issued April 2018 in the amount of \$6,450,000 to fund various streets and drainage improvements.

Tax Anticipation Notes were issued to fund the purchase of a fire truck and various public works equipment.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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 10/1/2017	Increases	Decreases	Balance Outstanding 9/30/2018
Notes Payable	\$ 803,260	\$ -	\$ (49,337)	\$ 753,923

Annual requirements to amortize the notes payables as of September 30, 2018 are as follows:

Fiscal Year	Principal	Interest	Total
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
2023	56,108	13,334	69,442
Thereafter	487,322	50,797	538,119
	\$ 753,923	\$ 131,404	\$ 885,327

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. 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.tmr.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, 2018

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, 2017 valuation and measurement dates, the following employees were covered by the benefit terms:

	Plan Year 2016	Plan Year 2017
Inactive employees or beneficiaries		
currently receiving benefits	221	229
Inactive employees entitled to but not		
yet receiving benefits	161	171
Active employees	363	381
	745	781

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, 2018, 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 16.04% and 15.61% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$4,287,815, and exceeded the required contributions by \$1,000,480.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	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, 2017 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, 2018

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%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	<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, 2018

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, 2017:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016:	\$ 100,237,467	\$ 66,643,848	\$ 33,593,619
Changes for the year:			
Service Cost	3,528,748	-	3,528,748
Interest	6,745,276	-	6,745,276
Change of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	422,264	-	422,264
Changes of Assumptions	-	-	-
Contributions - Employer	-	4,008,013	(4,008,013)
Contributions - Employee	-	1,415,544	(1,415,544)
Net Investment Income	-	9,238,393	(9,238,393)
Benefit Payments, Including Refunds of Employee Contributions	(4,143,663)	(4,143,663)	-
Administrative Expense	-	(47,868)	47,868
Other Changes	-	(2,426)	2,426
Net Changes	6,552,625	10,467,993	(3,915,368)
Balance at December 31, 2017:	\$ 106,790,092	\$ 77,111,841	\$ 29,678,251

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)	\$ 45,440,781	\$ 29,678,251	\$ 16,859,391

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, 2018

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, 2018, the City recognized pension expense of \$4,670,485. Also as of September 30, 2018, 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	\$ 376,627	\$ -
Changes in Actuarial Assumptions	96,993	-
Differences between Projected and		
Actual Investment Earnings		1,968,915
Contributions subsequent to the		
Measurement Date	3,333,580	
	\$ 3,807,200	\$ 1,968,915

Deferred outflows of resources in the amount of \$3,333,580 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, 2018 (subsequent fiscal period). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future years as follows:

For the Plan Year ended December 31,	
2018	\$ 227,146
2019	24,840
2020	(840,284)
2021	(906,997)
	\$ (1,495,295)

NOTE K – OTHER POST-EMPLOYMENT BENEFITS

TMRS Supplemental Death Benefits Other Post-Employment Benefit

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

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. Membership in the plan at December 31, 2017, the valuation and measurement date, consisted of:

	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	175
Inactive Employees Entitled to but Not Yet Receiving Benefits	42
Active Employees	381
	598

The SDBF required contribution rates, based on these assumptions, are as follows:

	Total SDBF Contribution Rate	Retiree SDBF Contribution Rate
For the Plan Year Ended December 31,		
2017	0.18%	0.06%
2018	0.19%	0.06%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They are adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generated basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

Total City’s Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2017, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2016	\$ 967,219
Changes for the year:	
Service Cost	36,400
Interest	37,020
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	84,413
Benefit Payments	(12,133)
Net Changes	145,700
Balance at December 31, 2017	\$ 1,112,919

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 3.31% as well as what the City’s TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.31%) and 1-percentage point higher (4.31%) than the current rate:

	Discount Rate 2.31%	Discount Rate 3.31%	Discount Rate 4.31%
Total OPEB Liability	\$ 1,328,558	\$ 1,112,919	\$ 944,526

For the year ended September 30, 2018, the City recognized OPEB expense of \$81,342. Also as of September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the TMRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 69,859	\$ -
Contributions Subsequent to the Measurement Date	3,743	-
	\$ 73,602	\$ -

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

Deferred outflows of resources in the amount of \$3,743 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total TMRS OPEB liability for the plan year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to the TMRS OPEB will be recognized in OPEB expense in future periods as follows:

For the Plan Year Ended December 31,		
2018	\$	14,554
2019		14,554
2020		14,554
2021		14,554
2022		11,643
Thereafter		-
		\$ 69,859

City of Seguin Retiree Health Other Post-Employment Benefit Plan

In addition to the TMRS OPEB, The City administers a single-employer defined benefit healthcare plan for retirees, established under legal authority of the City Charter. The City is the only employer participating in the Plan. The Plan does not issue a publicly available financial report.

The City provides post-employment benefits for eligible participants enrolled in City-sponsored plans. The benefits are provided in the form of an implicit rate subsidy where the City contributes towards the retiree health premiums before achieving Medicare eligibility. While the Plan offers retiree only rates, a very small implicit liability still exists. Membership in the plan as of September 30, 2018, the measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	2017 17
Inactive Employees Entitled to but Not Yet Receiving Benefits	39
Active Employees	306
	362

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

City of Seguin Retiree Health Other Post-Employment Benefit Plan (Continued)

Current active employees must be eligible for service retirement under the Texas Municipal Retirement System. To attain this eligibility active employees must be at least age 60 with 5 years of service or have at least 20 years of employment with the City. Furthermore, there is a subsidy offered only to employees hired prior to January 2008.

Minimum Years of Continuous Service	Minimum Age	City Contributions
15	57	0%
20	57	50% *
25	57	100% *

* The City Contribution toward retiree coverage is based on a percentage of the City Contribution made for active duty employees. Retiree rates are actuarially established and adopted annually by the City/Employee Benefit Trust. Qualification for 100% contribution entitles the retiree to 100% of the contribution made for an active employee but does not necessarily mean retiree insurance coverage will be at no cost.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	3.89% (Bond Buyer 20-Bond GO Index)
Mortality Rates	RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis
Health Care Cost Trend Rates	7.0% for 2018, Decreasing 0.5% each year reaching ultimate rate of 4.5%

The City's Retiree Health OPEB Liability (TOL), based on the above actuarial factors, as of September 30, 2018, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at September 30, 2017	\$ 938,534
Changes for the year:	
Service Cost	14,620
Interest	(1,162)
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(13,195)
Benefit Payments	(88,773)
Net Changes	(88,510)
Balance at September 30, 2018	\$ 850,024

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

City of Seguin Retiree Health Other Post-Employment Benefit Plan (Continued)

Methods and Assumptions Used to Determine Contribution Rates (Continued):

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement NO. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 3.89% as well as what the City’s TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.89%) and 1-percentage point higher (4.89%) than the current rate:

	Discount Rate 2.89%	Discount Rate 3.89%	Discount Rate 4.89%
Total OPEB Liability	\$ 903,000	\$ 850,024	\$ 802,000

The following presents what the total OPEB liability of the City would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6% decreasing to 3.5%) or 1-percentage point higher (8% decreasing to 5.5%) than the current healthcare cost trends:

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	\$ 783,000	\$ 850,024	\$ 912,000

For the year ended September 30, 2018, the City recognized OPEB expense of \$76,559. Also as of September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ -	\$ 11,951
Contributions Subsequent to the Measurement Date	-	-
	\$ -	\$ 11,951

Amounts reported as deferred outflows and inflows of resources related to the City’s Retired Health OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended September 30,	
2019	\$ (1,244)
2020	(1,244)
2021	(1,244)
2022	(1,244)
2023	(1,244)
Thereafter	(5,731)
	\$ (11,951)

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE L -- INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2018, were as follows:

<u>Receiving Fund/Activity</u>	<u>Transferring Fund/Activity</u>	<u>Amount</u>	
Nonmajor Capital Projects	Utility Fund	\$ 101,297	Contribution to Capital Project
Total Transfers		<u>\$ 101,297</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.

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, 2018 are as follows:

Primary Government	Total	Incurred Thru	Estimated
<u>General Government</u>	<u>Commitments</u>	<u>September 2018</u>	<u>Future</u>
			<u>Commitments</u>
Bldgs, Streets & Drainage	\$ 12,542,436	\$ 8,951,886	\$ 3,590,550
Professional Services	1,599,161	843,833	755,328
	<u>14,141,597</u>	<u>9,795,719</u>	<u>4,345,878</u>
<u>Utility System</u>			
Utility System Improvements	12,216,514	3,718,813	8,497,701
Professional Services (Engineering)	3,080,316	1,746,296	1,334,020
	<u>15,296,830</u>	<u>5,465,109</u>	<u>9,831,721</u>
Total Primary Government Commitments	<u>\$ 29,438,427</u>	<u>\$ 15,260,828</u>	<u>\$ 14,177,599</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

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 began March 2017. Reimbursement for the year ended September 30, 2018 was \$43,306.

Perry Homes, LLC

The City entered into a Chapter 380 Agreement with Perry Homes, LLC (“developer”) to reimburse the developer 75% of the 1% unrestricted sales taxes collected on materials that are purchased to construct homes in Seguin. The agreement period begins February 2018. No reimbursements were remitted for 2018.

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.

Commitments under Noncapitalized Leases

Commitments under noncapitalized (operating) leases for copiers provide for future rental payments as of September 30, 2018 as follows:

Year Ending September 30,	Rentals
2019	\$ 36,549
2020	31,551
2021	20,872
2022	10,340
2023	2,078
Total	\$ 101,390

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

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, 2018.

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, 2018, long-term debt of GRMC consisted of Revenue Bonds in the amount of \$113,585,000, and capital lease obligations in the amount of \$4,776,264. The bonds are secured by revenues of the Medical Center, mortgage insurance issued by FHA and funds held in trust.

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, 2018:

Assets:	
Current Assets	\$ 76,946,578
Other Assets	14,500,440
Capital Assets (Net)	104,646,655
Deferred Outflows of Resources	3,916,224
Total Assets and Deferred Outflows	<u>200,009,897</u>
Liabilities & Net Assets:	
Current Liabilities	27,131,962
Other Liabilities	118,717,017
Total Liabilities	<u>145,848,979</u>
Deferred Inflows of Resources	5,486,143
Net Position	<u>\$ 48,674,775</u>
Operating Revenues:	
Net Revenues from Patient Services	\$ 190,063,767
Other Operating Revenues	6,412,689
Total Operating Revenues	<u>196,476,456</u>
Operating Expenses:	
Total Net Operating Income	<u>10,162,196</u>
Nonoperating Revenues and (Expenses)	<u>(5,641,545)</u>
Increase (Decrease) in Net Position	<u>\$ 4,520,651</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

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, 2017:

Assets:	
Current Assets	\$ 15,279,192
Restricted Cash and Cash Equivalents	73,947,779
Property, Plant & Equipment	95,008,923
Other Assets & Deferred Charges	2,412,138
Total Assets & Deferred Charges	186,648,032
Liabilities & Net Position:	
Current Liabilities	5,522,205
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	164,983,651
Total Liabilities	170,505,856
Net Position:	
Net Investment in Capital Assets	(1,956,872)
Restricted	6,255,257
Unrestricted	11,872,444
Total Net Position	\$ 16,170,829

The Corporation had revenue bonds outstanding in the amount of \$165,440,000 (as of September 30, 2017) 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. This agreement has been paid in full.

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, 2018 is \$410,650 over a two-year period.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE N – PLEDGED REVENUE (Continued)

Total contributions to the City in support of debt were \$344,175 for the year ended September 30, 2018. 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
2019	\$ 203,650
2020	<u>207,000</u>
Total Pledged	<u><u>\$ 410,650</u></u>

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, 2018 were \$401,060 for property and casualty and \$266,975 for workers' compensation coverage.

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.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE P – TAX ABATEMENT DISCLOSURES (Continued)

As of September 30, 2018, the City has active tax abatement agreements with three entities. The gross amount of property tax abated during 2018 was \$1,892,597.

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.

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.

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.



It's real.

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, 2018
 (With Comparative Actual Amounts for 2017)

	Budgeted Amounts		2018 Actual	Variance With	2017 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 12,726,133	\$ 12,726,133	\$ 13,340,223	\$ 614,090	\$ 12,678,017
Licenses and Permits	676,000	687,699	717,589	29,890	941,986
Intergovernmental	829,988	1,080,489	1,104,510	24,021	1,396,474
Charges for Services	5,748,137	5,748,137	5,779,712	31,575	5,711,530
Fines and Forfeits	1,636,150	1,636,150	1,573,956	(62,194)	1,707,497
Interest	111,490	111,490	226,354	114,864	144,635
Miscellaneous	775,644	915,644	823,332	(92,312)	819,081
Total Revenues	22,503,542	22,905,742	23,565,676	659,934	23,399,220
EXPENDITURES					
GENERAL GOVERNMENT:					
<i>Administration:</i>					
Personnel Services	56,693	56,693	54,792	1,901	55,532
Contracted Services	600	600	600	-	600
Supplies	625	625	266	359	559
Other Services and Charges	21,500	21,500	10,522	10,978	8,769
<i>Total Administration</i>	<u>79,418</u>	<u>79,418</u>	<u>66,180</u>	<u>13,238</u>	<u>65,460</u>
<i>Financial Administration:</i>					
Personnel Services	355,271	355,271	350,078	5,193	338,340
Contracted Services	177,957	178,529	177,076	1,453	161,241
Supplies	9,200	24,678	6,763	17,915	28,756
Other Services and Charges	9,890	9,890	9,558	332	6,189
<i>Total Financial Administration</i>	<u>552,318</u>	<u>568,368</u>	<u>543,475</u>	<u>24,893</u>	<u>534,526</u>
<i>City Manager:</i>					
Personnel Services	242,281	242,281	237,477	4,804	227,638
Contracted Services	2,012	2,012	1,812	200	1,743
Supplies	2,900	2,900	1,296	1,604	2,511
Other Services and Charges	16,700	16,700	10,853	5,847	11,639
<i>Total City Manager</i>	<u>263,893</u>	<u>263,893</u>	<u>251,438</u>	<u>12,455</u>	<u>243,531</u>
<i>Human Resources:</i>					
Personnel Services	273,403	273,172	252,299	20,873	275,662
Contracted Services	45,450	45,727	37,742	7,985	50,819
Supplies	7,200	6,923	3,524	3,399	4,106
Other Services and Charges	49,625	49,856	47,923	1,933	31,294
<i>Total Human Resources</i>	<u>\$ 375,678</u>	<u>\$ 375,678</u>	<u>\$ 341,488</u>	<u>\$ 34,190</u>	<u>\$ 361,881</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, 2018
 (With Comparative Actual Amounts for 2017)

	Budgeted Amounts		2018 Actual	Variance With	2017 Actual
	Original	Final		Final Budget - Positive (Negative)	
General Government (Cont.):					
<i>Planning and Zoning Office:</i>					
Personnel Services	\$ 999,242	\$ 1,002,977	\$ 991,682	\$ 11,295	\$ 907,221
Contracted Services	75,700	89,835	88,707	1,128	130,579
Supplies	20,050	20,419	20,367	52	20,081
Other Services and Charges	18,920	16,281	15,757	524	17,293
<i>Total Planning and Zoning Office</i>	<u>1,113,912</u>	<u>1,129,512</u>	<u>1,116,513</u>	<u>12,999</u>	<u>1,075,174</u>
<i>City Secretary's Office:</i>					
Personnel Services	49,152	49,505	49,242	263	49,128
Contracted Services	5,000	5,000	2,858	2,142	4,570
Supplies	4,700	4,700	4,042	658	3,170
Other Services and Charges	29,150	28,797	18,383	10,414	26,590
<i>Total City Secretary's Office</i>	<u>88,002</u>	<u>88,002</u>	<u>74,525</u>	<u>13,477</u>	<u>83,458</u>
<i>Information Technology</i>					
Personnel Services	309,030	308,439	282,704	25,735	214,591
Contracted Services	267,551	267,635	250,101	17,534	201,826
Supplies	1,075	1,582	1,582	-	1,410
Other Services and Charges	3,650	3,650	3,226	424	4,858
<i>Total Information Technology</i>	<u>581,306</u>	<u>581,306</u>	<u>537,613</u>	<u>43,693</u>	<u>422,685</u>
<i>City Attorney:</i>					
Personal Services	97,446	96,879	95,812	1,067	90,347
Contracted Services	5,450	6,017	6,017	-	5,758
Supplies	175	175	98	77	72
Other Services and Charges	2,100	2,100	1,478	622	1,919
<i>Total City Attorney:</i>	<u>105,171</u>	<u>105,171</u>	<u>103,405</u>	<u>1,766</u>	<u>98,096</u>
<i>Facilities and Grounds:</i>					
Personnel Services	159,976	159,314	120,162	39,152	112,087
Contracted Services	101,406	122,406	109,558	12,848	67,584
Supplies	8,200	8,200	7,229	971	5,518
Other Services and Charges	1,075	1,737	1,737	-	934
<i>Total Facilities and Grounds</i>	<u>270,657</u>	<u>291,657</u>	<u>238,686</u>	<u>52,971</u>	<u>186,123</u>
Total General Government	<u>\$ 3,430,355</u>	<u>\$ 3,483,005</u>	<u>\$ 3,273,323</u>	<u>\$ 209,682</u>	<u>\$ 3,070,934</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, 2018
(With Comparative Actual Amounts for 2017)

	Budgeted Amounts		2018 Actual	Variance With	2017 Actual
	Original	Final		Final Budget - Positive (Negative)	
Public Safety:					
<i>Police:</i>					
Personnel Services	\$ 7,183,707	\$ 7,170,499	\$ 6,752,326	\$ 418,173	\$ 6,710,497
Contracted Services	130,522	145,965	116,728	29,237	129,387
Supplies	100,900	170,400	125,574	44,826	103,213
Other Services and Charges	210,475	223,240	213,654	9,586	200,397
<i>Total Police</i>	<u>7,625,604</u>	<u>7,710,104</u>	<u>7,208,282</u>	<u>501,822</u>	<u>7,143,494</u>
<i>Fire/EMS:</i>					
Personnel Services	5,392,220	5,436,833	5,278,577	158,256	5,034,488
Contracted Services	253,609	265,765	260,317	5,448	271,118
Supplies	177,400	177,400	179,758	(2,358)	163,212
Other Services and Charges	84,250	98,653	94,841	3,812	89,842
<i>Total Fire/EMS</i>	<u>5,907,479</u>	<u>5,978,651</u>	<u>5,813,493</u>	<u>165,158</u>	<u>5,558,660</u>
<i>Municipal Court:</i>					
Personnel Services	303,047	303,320	300,491	2,829	285,733
Contracted Services	60,400	58,553	57,399	1,154	60,134
Supplies	8,500	10,074	10,074	-	8,967
Other Services and Charges	6,350	6,350	5,412	938	5,435
<i>Total Municipal Court</i>	<u>378,297</u>	<u>378,297</u>	<u>373,376</u>	<u>4,921</u>	<u>360,269</u>
<i>Animal Control:</i>					
Personnel Services	414,061	400,627	391,933	8,694	352,623
Contracted Services	60,150	73,584	72,460	1,124	29,340
Supplies	51,800	51,579	49,411	2,168	46,295
Other Services and Charges	10,000	10,221	8,331	1,890	7,247
<i>Total Animal Control</i>	<u>536,011</u>	<u>536,011</u>	<u>522,135</u>	<u>13,876</u>	<u>435,505</u>
Total Public Safety	<u>14,447,391</u>	<u>14,603,063</u>	<u>13,917,286</u>	<u>685,777</u>	<u>13,497,928</u>
Public Service:					
<i>Public Works:</i>					
Personnel Services	1,940,768	1,909,628	1,845,804	63,824	1,741,976
Contracted Services	1,967,425	1,958,565	1,821,859	136,706	1,893,968
Supplies	56,400	56,400	49,450	6,950	47,817
Other Services and Charges	119,941	119,941	114,094	5,847	100,200
<i>Total Public Works</i>	<u>\$ 4,084,534</u>	<u>\$ 4,044,534</u>	<u>\$ 3,831,207</u>	<u>\$ 213,327</u>	<u>\$ 3,783,961</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, 2018
 (With Comparative Actual Amounts for 2017)

	Budgeted Amounts		2018 Actual	Variance With Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
Public Service: (Cont.)					
<i>Vehicle Maintenance:</i>					
Personnel Services	\$ 115,160	\$ 111,903	\$ 111,901	\$ 2	\$ 217,570
Contracted Services	201,650	266,209	266,209	-	209,794
Supplies	13,900	13,724	13,724	-	13,212
Other Services and Charges	4,150	5,024	4,913	111	3,984
<i>Total Vehicle Maintenance</i>	<u>334,860</u>	<u>396,860</u>	<u>396,747</u>	<u>113</u>	<u>444,560</u>
<i>Library:</i>					
Personnel Services	1,007,451	1,007,417	987,651	19,766	912,334
Contracted Services	94,490	94,690	88,904	5,786	105,235
Supplies	41,200	94,175	90,703	3,472	174,342
Other Services and Charges	9,255	9,514	9,307	207	9,429
<i>Total Library</i>	<u>1,152,396</u>	<u>1,205,796</u>	<u>1,176,565</u>	<u>29,231</u>	<u>1,201,340</u>
<i>Parks and Recreation:</i>					
Personnel Services	1,397,700	1,380,342	1,285,755	94,587	1,275,458
Contracted Services	229,707	240,815	207,211	33,604	211,325
Supplies	89,300	86,800	76,187	10,613	81,025
Other Services and Charges	38,400	38,400	33,179	5,221	34,233
<i>Total Parks and Recreation</i>	<u>1,755,107</u>	<u>1,746,357</u>	<u>1,602,332</u>	<u>144,025</u>	<u>1,602,041</u>
<i>Downtown & Main St. Programs:</i>					
Personnel Services	151,414	151,414	142,813	8,601	118,128
Contracted Services	6,350	6,350	4,071	2,279	3,507
Supplies	1,200	2,279	2,104	175	9,412
Other Services and Charges	31,580	31,580	30,954	626	29,047
<i>Total Downtown & Main St. Programs</i>	<u>190,544</u>	<u>191,623</u>	<u>179,942</u>	<u>11,681</u>	<u>160,094</u>
Total Public Service	<u>\$ 7,517,441</u>	<u>\$ 7,585,170</u>	<u>\$ 7,186,793</u>	<u>\$ 398,377</u>	<u>\$ 7,191,996</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, 2018
(With Comparative Actual Amounts for 2017)

	Budgeted Amounts		2018 Actual	Variance With	2017 Actual
	Original	Final		Final Budget - Positive (Negative)	
Nondepartmental:					
Contracted Services	\$ 115,208	\$ 145,808	\$ 132,234	\$ 13,574	\$ 165,391
Building and Auto Insurance	141,000	141,000	130,996	10,004	125,262
Unemployment Insurance	10,000	10,000	2,268	7,732	2,950
Contributions - Civic Organizations	1,737,607	1,737,607	1,737,607	-	1,665,931
Other Services and Charges	92,800	92,800	44,358	48,442	427,140
Total Nondepartmental	2,096,615	2,127,215	2,047,463	79,752	2,386,674
Capital Outlay	-	410,100	44,061	366,039	929,461
Indirect Cost					
Recovery - Utility Fund	(4,650,000)	(4,650,000)	(4,819,725)	169,725	(4,641,289)
Total Expenditures	22,841,802	23,558,553	21,649,201	1,909,352	22,435,704
Excess (Deficiency) of Revenues Over (Under) Expenditures	(338,260)	(652,811)	1,916,475	2,569,286	963,516
OTHER FINANCING SOURCES (USES)					
Transfers In	55,000	55,000	501,659	446,659	95,000
Transfers (Out)	(1,510,230)	(2,536,550)	(2,588,477)	(51,927)	(3,043,073)
Total Other Financing Sources (Uses)	(1,455,230)	(2,481,550)	(2,086,818)	394,732	(2,948,073)
Net Change in Fund Balance	(1,793,490)	(3,134,361)	(170,343)	2,964,018	(1,984,557)
Fund Balance at Beginning of Year	13,173,454	13,173,454	13,173,454	-	15,158,011
Fund Balance at End of Year	\$ 11,379,964	\$ 10,039,093	\$ 13,003,111	\$ 2,964,018	\$ 13,173,454

CITY OF SEGUIN, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2018

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 FOUR PLAN YEARS

	Total Pension Liability			
	2014	2015	2016	2017
Service Cost	\$ 2,513,154	\$ 3,015,806	\$ 3,288,440	\$ 3,528,748
Interest (on the Total Pension Liability)	5,806,091	6,178,108	6,345,379	6,745,276
Changes of Benefit Terms	-	-	-	-
Difference between Expended and Actual Experience	337,633	(179,540)	124,086	422,264
Change of Assumptions	-	289,698	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,564,077)	(3,623,283)	(3,763,653)	(4,143,663)
Net Change in Total Pension Liability	5,092,801	5,680,789	5,994,252	6,552,625
Total Pension Liability - Beginning	83,469,625	88,562,426	94,243,215	100,237,467
Total Pension Liability - Ending	<u>\$ 88,562,426</u>	<u>\$ 94,243,215</u>	<u>\$ 100,237,467</u>	<u>\$ 106,790,092</u>
	Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,992,250	\$ 2,722,654	\$ 3,457,964	\$ 4,008,013
Contributions - Employee	1,132,877	1,228,792	1,315,376	1,415,544
Net Investment Income	3,335,330	90,246	4,157,561	9,238,393
Benefit Payments, Including Refunds of Employee Contributions	(3,564,077)	(3,623,283)	(3,763,653)	(4,143,663)
Administrative Expense	(34,824)	(54,973)	(46,960)	(47,868)
Other	(2,863)	(2,716)	(2,530)	(2,426)
Net Change in Plan Fiduciary Net Position	2,858,693	360,720	5,117,758	10,467,993
Plan Fiduciary Net Position - Beginning	58,306,677	61,165,370	61,526,090	66,643,848
Plan Fiduciary Net position - Ending	<u>\$ 61,165,370</u>	<u>\$ 61,526,090</u>	<u>\$ 66,643,848</u>	<u>\$ 77,111,841</u>
Net Pension Liability (Asset) - Ending	\$ 27,397,056	\$ 32,717,125	\$ 33,593,619	\$ 29,678,251
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.06%	65.28%	66.49%	72.21%
Covered Payroll	\$ 16,183,951	\$ 17,554,166	\$ 18,791,085	\$ 20,222,051
Net Pension Liability as a Percentage of Covered Payroll	169.29%	186.38%	178.77%	146.76%

GASB 68 Pension Information is being applied prospectively. 10-year historical trend information will be developed beginning with 2014

CITY OF SEGUIN, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – TMRS OTHER POST-EMPLOYMENT BENEFIT LIABILITY
 AND RELATED RATIOS
 LAST CALENDAR YEAR

Total OPEB Liability	2017
Service Cost	\$ 36,400
Interest	37,020
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	84,413
Benefit Payments	(12,133)
Net Change in Total OPEB Liability	145,700
Total OPEB Liability - Beginning	967,219
Total OPEB Liability - Ending	\$ 1,112,919
 Covered Payroll	 \$ 20,926,536
 Total TMRS OPEB Liability as a Percentage of Covered Payroll	 5.32%

Methods and Assumptions

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generated basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Notes to Schedule

Changes in Benefit Terms: None

Changes in Assumptions: None

Trust:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement NO. 75 to pay related benefits.

Note: Information for this schedule is being accumulated prospectively until a rolling ten-year period is available.

CITY OF SEGUIN, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – CITY RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT
 LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

Total OPEB Liability	2018
Service Cost	\$ 14,620
Interest	(1,162)
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(13,195)
Benefit Payments	(88,773)
Net Change in Total OPEB Liability	(88,510)
Total OPEB Liability - Beginning	938,534
Total OPEB Liability - Ending	\$ 850,024
 Covered Payroll	 \$ 18,834,176
 Total Retiree Insurance OPEB Liability as a Percentage of Covered Payroll	 5.00%

Methods and Assumptions

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	3.89% (Bond Buyer 20-Bond GO Index)
Mortality Rates	RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis
Health Care Cost Trend Rates	7.0% for 2018, Decreasing 0.5% each year reaching ultimate rate of 4.5%

Notes to Schedule

Changes in Benefit Terms: None

Changes in Assumptions: None

Trust:

No assets are accumulated in a trust that meets the criteria
in paragraph 4 of Statement NO. 75 to pay related benefits.

Note: Information for this schedule is being accumulated prospectively until a rolling ten-year period is available.



It's real.

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, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 476,489	\$ 291,306
Investments	12,540,923	13,367,512
Receivables:		
Taxes	1,795,252	1,701,228
Accounts	1,004,026	759,016
Grants	85,431	445,449
Miscellaneous	75,576	182,937
Inventory of Supplies	20,559	22,167
Prepaid Items	114,894	98,671
Total Assets	\$ 16,113,150	\$ 16,868,286
LIABILITIES		
Accounts Payable	\$ 932,694	\$ 1,623,372
Accrued Expenditures	522,429	639,414
Due to Component Unit	215,049	190,351
Unearned Revenue	252,871	248,906
Due to Other Funds	-	494
Due to Others	30,893	10,539
Total Liabilities	1,953,936	2,713,076
Deferred Inflows of Resources		
Unavailable Revenue	1,156,103	981,756
Total Deferred Inflows of Resources	1,156,103	981,756
Fund Balance:		
Nonspendable	135,453	120,838
Restricted - Tree Mitigation Fees	5,300	5,300
Committed - Stabilization Arrangement	2,202,612	1,536,104
Assigned	129,946	52,312
Unassigned	10,529,800	11,458,900
Total Fund Balance	13,003,111	13,173,454
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 16,113,150	\$ 16,868,286

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

REVENUES	<u>2018</u>	<u>2017</u>
Taxes	\$ 13,340,223	\$ 12,678,017
Licenses and Permits	717,589	941,986
Intergovernmental	1,104,510	1,396,474
Charges for Services	5,779,712	5,711,530
Fines and Forfeits	1,573,956	1,707,497
Interest	226,354	144,635
Miscellaneous	823,332	819,081
Total Revenues	<u>23,565,676</u>	<u>23,399,220</u>
 EXPENDITURES		
<i>Current:</i>		
General Government	3,273,323	3,070,934
Public Safety	13,917,286	13,497,928
Public Service	7,186,793	7,191,996
Nondepartmental	2,047,463	2,386,674
Indirect Cost Allocation (Recovery)	(4,819,725)	(4,641,289)
Capital Outlay	44,061	929,461
Total Expenditures	<u>21,649,201</u>	<u>22,435,704</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,916,475</u>	<u>963,516</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In	501,659	95,000
Transfers (Out)	(2,588,477)	(3,043,073)
Total Other Financing Sources (Uses)	<u>(2,086,818)</u>	<u>(2,948,073)</u>
Net Change in Fund Balance	(170,343)	(1,984,557)
Fund Balance at Beginning of Year	<u>13,173,454</u>	<u>15,158,011</u>
Fund Balance at End of Year	<u>\$ 13,003,111</u>	<u>\$ 13,173,454</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, 2018
(with Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Taxes	\$ 4,657,563	\$ 4,796,846	\$ 139,283	\$ 3,964,599
Intergovernmental	344,175	344,175	-	344,375
Interest	10,000	49,653	39,653	19,450
Miscellaneous	-	10,161	10,161	-
Total Revenues	<u>5,011,738</u>	<u>5,200,835</u>	<u>189,097</u>	<u>4,328,424</u>
EXPENDITURES				
Debt Service:				
Principal	2,756,622	2,804,784	(48,162)	2,553,742
Interest and Fiscal Charges	2,854,308	2,747,306	107,002	2,689,139
Total Expenditures	<u>5,610,930</u>	<u>5,552,090</u>	<u>58,840</u>	<u>5,242,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(599,192)</u>	<u>(351,255)</u>	<u>247,937</u>	<u>(914,457)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	551,928	51,928	565,000
Issuance of Debt	109,191	-	(109,191)	260,227
Total Other Financing Sources (Uses)	<u>609,191</u>	<u>551,928</u>	<u>(57,263)</u>	<u>825,227</u>
Net Change in Fund Balance	9,999	200,673	190,674	(89,230)
FUND BALANCE, OCTOBER 1	<u>893,141</u>	<u>893,141</u>	<u>-</u>	<u>982,371</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 903,140</u>	<u>\$ 1,093,814</u>	<u>\$ 190,674</u>	<u>\$ 893,141</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, 2018

	<u>Combined Special Revenue</u>	<u>Combined Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 187,949	\$ 72,748	\$ 260,697
Investments	2,128,723	6,411,649	8,540,372
Receivables (net of allowances for uncollectibles):			
Taxes	191,068	-	191,068
Accounts	20,876	627,763	648,639
Prepaid Items	17,869	-	17,869
Restricted Assets:			
Cash and Cash Equivalents	-	3,720	3,720
Investments	-	12,673,744	12,673,744
Total Assets	<u>\$ 2,546,485</u>	<u>\$ 19,789,624</u>	<u>\$ 22,336,109</u>
 LIABILITIES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts Payable	\$ 48,144	\$ 239,729	\$ 287,873
Accrued Expenditures	17,278	-	17,278
Unearned Revenues	30,740	5,500	36,240
Due to Others	67,015	-	67,015
Total Liabilities	<u>163,177</u>	<u>245,229</u>	<u>408,406</u>
 <i>Fund Balance:</i>			
Nonspendable:			
Prepays	17,869	-	17,869
Restricted			
Tourism & Economic Development	1,074,007	-	1,074,007
Public Safety	686,430	-	686,430
Public Service	305,588	-	305,588
Capital Projects	-	12,857,421	12,857,421
Committed	299,414	-	299,414
Assigned	-	6,686,974	6,686,974
Total Fund Balance	<u>2,383,308</u>	<u>19,544,395</u>	<u>21,927,703</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 2,546,485</u>	 <u>\$ 19,789,624</u>	 <u>\$ 22,336,109</u>

CITY OF SEGUIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2018

REVENUES	Combined Special Revenue	Combined Capital Projects	Total
Taxes	\$ 869,557	\$ -	\$ 869,557
Licenses and Permits	-	48,936	48,936
Intergovernmental	52,914	3,005,458	3,058,372
Charges for Services	1,050,977	177,540	1,228,517
Fines and Forfeits	245,292	-	245,292
Interest	32,027	356,574	388,601
Miscellaneous	22,290	138,320	160,610
Total Revenues	<u>2,273,057</u>	<u>3,726,828</u>	<u>5,999,885</u>
EXPENDITURES			
Current:			
General Government	1,602,637	79,992	1,682,629
Public Service	-	55,372	55,372
Nondepartmental	330,321	-	330,321
Capital Outlay	-	13,446,631	13,446,631
Debt Service:			
Principal	-	661,315	661,315
Interest & Fiscal Charges	-	38,072	38,072
Bond Issue Costs	-	159,158	159,158
Total Expenditures	<u>1,932,958</u>	<u>14,440,540</u>	<u>16,373,498</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>340,099</u>	<u>(10,713,712)</u>	<u>(10,373,613)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	75,000	2,170,522	2,245,522
Transfers Out	(162,210)	(447,125)	(609,335)
Issuance of Debt	-	8,393,523	8,393,523
Total Other Financing Sources (Uses)	<u>(87,210)</u>	<u>10,116,920</u>	<u>10,029,710</u>
Net Change in Fund Balances	252,889	(596,792)	(343,903)
FUND BALANCE, OCTOBER 1	<u>2,130,419</u>	<u>20,141,187</u>	<u>22,271,606</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 2,383,308</u>	<u>\$ 19,544,395</u>	<u>\$ 21,927,703</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018

	Occupancy Tax Fund	Coliseum Fund	Acquatic Center Fund	Municipal Court Security Fund
ASSETS				
Cash and Cash Equivalents	\$ 26,006	\$ 3,313	\$ 3,161	\$ 12,975
Investments	257,594	241,184	16,989	42,807
Receivables (net of allowances for uncollectibles):				
Accounts	-	4,805	-	-
Taxes	180,165	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 463,765</u>	<u>\$ 249,302</u>	<u>\$ 20,150</u>	<u>\$ 55,782</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 3,250	\$ 3,157	\$ 1,682	\$ -
Accrued Expenditures	-	993	-	763
Due to Others	-	67,015	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>3,250</u>	<u>71,165</u>	<u>1,682</u>	<u>763</u>
<i>Fund Balance:</i>				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	460,515	178,137	-	-
Public Safety	-	-	-	55,019
Public Service	-	-	-	-
Committed	-	-	18,468	-
Total Fund Balance	<u>460,515</u>	<u>178,137</u>	<u>18,468</u>	<u>55,019</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 463,765</u>	<u>\$ 249,302</u>	<u>\$ 20,150</u>	<u>\$ 55,782</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>
\$ 3,543	\$ 15,325	\$ 1,714	\$ 619	\$ 11,775
58,327	385,769	305,701	122,212	9,364
-	-	1,361	-	-
-	-	-	-	-
17,869	-	-	-	-
<u>\$ 79,739</u>	<u>\$ 401,094</u>	<u>308,776</u>	<u>\$ 122,831</u>	<u>\$ 21,139</u>
\$ -	1,049	11,775	\$ 4,218	\$ -
-	-	10,821	-	-
-	-	-	-	-
-	-	5,234	-	-
<u>-</u>	<u>1,049</u>	<u>27,830</u>	<u>4,218</u>	<u>-</u>
17,869	-	-	-	-
-	-	-	-	-
61,870	400,045	-	118,613	21,139
-	-	-	-	-
-	-	280,946	-	-
<u>79,739</u>	<u>400,045</u>	<u>280,946</u>	<u>118,613</u>	<u>21,139</u>
<u>\$ 79,739</u>	<u>\$ 401,094</u>	<u>\$ 308,776</u>	<u>\$ 122,831</u>	<u>\$ 21,139</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2018

	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House	Police Department Donations
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Cash Equivalents	\$ 2,701	\$ 26,342	\$ 17,125	\$ 3,192
Investments	374,138	32,501	6,244	38,858
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	-	-
Taxes	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 376,839</u>	<u>\$ 58,843</u>	<u>\$ 23,369</u>	<u>\$ 42,050</u>
 LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 15,678	\$ -	\$ 3,037	\$ -
Accrued Expenditures	2,542	-	1,184	-
Due to Others	-	-	-	-
Unearned Revenue	-	-	1,255	12,306
Total Liabilities	<u>18,220</u>	<u>-</u>	<u>5,476</u>	<u>12,306</u>
 <i>Fund Balance:</i>				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	358,619	58,843	17,893	-
Public Safety	-	-	-	29,744
Public Service	-	-	-	-
Committed	-	-	-	-
Total Fund Balance	<u>358,619</u>	<u>58,843</u>	<u>17,893</u>	<u>29,744</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 376,839</u>	<u>\$ 58,843</u>	<u>\$ 23,369</u>	<u>\$ 42,050</u>

<u>PEG Capital Fees</u>	<u>Library Development Fund</u>	<u>Seguin Events Complex</u>	<u>Seguin Arts Commission</u>	<u>Totals</u>
\$ 11,164	\$ 1,925	\$ 30,151	\$ 16,918	\$ 187,949
53,872	128,834	54,329	-	2,128,723
-	-	14,710	-	20,876
10,903	-	-	-	191,068
-	-	-	-	17,869
<u>\$ 75,939</u>	<u>\$ 130,759</u>	<u>\$ 99,190</u>	<u>\$ 16,918</u>	<u>\$ 2,546,485</u>
\$ 3,026	\$ -	\$ 1,272	\$ -	\$ 48,144
-	-	975	-	17,278
-	-	-	-	67,015
-	-	11,945	-	30,740
<u>3,026</u>	<u>-</u>	<u>14,192</u>	<u>-</u>	<u>163,177</u>
-	-	-	-	17,869
-	-	-	-	1,074,007
-	-	-	-	686,430
72,913	130,759	84,998	16,918	305,588
-	-	-	-	299,414
<u>72,913</u>	<u>130,759</u>	<u>84,998</u>	<u>16,918</u>	<u>2,383,308</u>
<u>\$ 75,939</u>	<u>\$ 130,759</u>	<u>\$ 99,190</u>	<u>\$ 16,918</u>	<u>2,546,485</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, 2018

REVENUES	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
Taxes	\$ 50,894	\$ 224,750	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	90,473	78,024	-
Fines and Forfeits	-	-	-	27,553
Interest	5,116	3,276	233	636
Miscellaneous	-	115	-	-
Total Revenues	<u>56,010</u>	<u>318,614</u>	<u>78,257</u>	<u>28,189</u>
 EXPENDITURES				
Current:				
General Government	95,005	275,697	80,652	-
Economic Development	-	-	-	-
Nondepartmental	-	-	-	23,763
Total Expenditures	<u>95,005</u>	<u>275,697</u>	<u>80,652</u>	<u>23,763</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,995)</u>	<u>42,917</u>	<u>(2,395)</u>	<u>4,426</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(107,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(107,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(146,670)	42,917	(2,395)	4,426
FUND BALANCE, OCTOBER 1	<u>607,185</u>	<u>135,220</u>	<u>20,863</u>	<u>50,593</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 460,515</u>	<u>\$ 178,137</u>	<u>\$ 18,468</u>	<u>\$ 55,019</u>

Municipal Court Technology	Forfeiture & Seizure Fund	Golf Course Fund	DARE Program Fund	Juvenile Case Manager
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	50,676	-
-	-	831,582	-	-
36,742	126,400	-	-	54,597
893	4,833	4,946	1,408	82
-	6,213	-	-	-
<u>37,635</u>	<u>137,446</u>	<u>836,528</u>	<u>52,084</u>	<u>54,679</u>
22,512	26,101	823,904	23,224	-
-	-	-	-	-
5,964	-	-	-	-
<u>28,476</u>	<u>26,101</u>	<u>823,904</u>	<u>23,224</u>	<u>-</u>
9,159	111,345	12,624	28,860	54,679
-	-	75,000	-	(54,535)
-	-	75,000	-	(54,535)
9,159	111,345	87,624	28,860	144
70,580	288,700	193,322	89,753	20,995
<u>\$ 79,739</u>	<u>\$ 400,045</u>	<u>\$ 280,946</u>	<u>\$ 118,613</u>	<u>\$ 21,139</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, 2018

REVENUES	Convention & Visitors <u>Bureau Fund</u>	CVB Building Fund	Sebastopol House	Police Department Donations
Taxes	\$ 395,250	\$ -	\$ 82,381	\$ -
Intergovernmental	-	-	2,238	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest	5,239	686	41	737
Miscellaneous	3,352	-	3,400	40
Total Revenues	<u>403,841</u>	<u>686</u>	<u>88,060</u>	<u>777</u>
 EXPENDITURES				
Current:				
General Government	-	-	80,309	22,297
Economic Development	300,594	-	-	-
Nondepartmental	-	-	-	-
Total Expenditures	<u>300,594</u>	<u>-</u>	<u>80,309</u>	<u>22,297</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>103,247</u>	<u>686</u>	<u>7,751</u>	<u>(21,520)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	103,247	686	7,751	(21,520)
FUND BALANCE, OCTOBER 1	<u>255,372</u>	<u>58,157</u>	<u>10,142</u>	<u>51,264</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 358,619</u>	<u>\$ 58,843</u>	<u>\$ 17,893</u>	<u>\$ 29,744</u>

PEG Capital Fees	Library Development Fund	Seguin Events Complex	Seguin Arts Commission	Totals
\$ 43,085	\$ -	\$ 73,197	\$ -	\$ 869,557
-	-	-	-	52,914
-	-	50,898	-	1,050,977
-	-	-	-	245,292
825	2,210	963	(97)	32,027
-	-	2,640	6,530	22,290
<u>43,910</u>	<u>2,210</u>	<u>127,698</u>	<u>6,433</u>	<u>2,273,057</u>
40,895	-	107,406	4,635	1,602,637
-	-	-	-	300,594
-	-	-	-	29,727
<u>40,895</u>	<u>-</u>	<u>107,406</u>	<u>4,635</u>	<u>1,932,958</u>
3,015	2,210	20,292	1,798	340,099
-	-	-	-	(87,210)
-	-	-	-	(87,210)
3,015	2,210	20,292	1,798	252,889
69,898	128,549	64,706	15,120	2,130,419
<u>\$ 72,913</u>	<u>\$ 130,759</u>	<u>\$ 84,998</u>	<u>\$ 16,918</u>	<u>\$ 2,383,308</u>

CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018

	General Fund Capital Projects	Golf Course Capital Projects	2014 GO Bond Fund	2010 Certificates of Obligation
ASSETS				
Cash and Cash Equivalents	\$ 861	\$ 25,867	\$ 297	\$ -
Investments	5,703,550	364,069	73,285	-
Receivables, Net	627,763	-	-	-
Restricted Cash and Equivalents	-	-	-	1,019
Restricted Investments	-	-	-	1,393,268
Total Assets	<u>\$ 6,332,174</u>	<u>\$ 389,936</u>	<u>73,582</u>	<u>\$ 1,394,287</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 39,012	\$ 1,168	15,808	\$ -
Unearned Revenue	5,000	500	-	-
Total Liabilities	<u>44,012</u>	<u>1,668</u>	<u>15,808</u>	<u>-</u>
<i>Fund Balances:</i>				
Restricted for Capital Projects	-	-	57,774	1,394,287
Assigned to Capital Projects	6,288,162	388,268	-	-
Total Fund Balance	<u>6,288,162</u>	<u>388,268</u>	<u>57,774</u>	<u>1,394,287</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,332,174</u>	<u>\$ 389,936</u>	<u>\$ 73,582</u>	<u>\$ 1,394,287</u>

2016 Certificates of Obligation	2016-A Certificates of Obligation	2017 Tax Notes	2018 Certificates of Obligation	2018 Tax Notes	Miscellaneous Projects Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 41	\$ 45,682	\$ 72,748
-	-	306	-	2,446	267,993	6,411,649
-	-	-	-	-	-	627,763
1,691	293	-	717	-	-	3,720
1,763,445	3,697,932	-	5,819,099	-	-	12,673,744
<u>\$ 1,765,136</u>	<u>\$ 3,698,225</u>	<u>\$ 306</u>	<u>\$ 5,819,816</u>	<u>\$ 2,487</u>	<u>\$ 313,675</u>	<u>\$ 19,789,624</u>
\$ 68,943	\$ 34,399	\$ -	\$ 80,399	\$ -	\$ -	\$ 239,729
-	-	-	-	-	-	5,500
<u>68,943</u>	<u>34,399</u>	<u>-</u>	<u>80,399</u>	<u>-</u>	<u>-</u>	<u>245,229</u>
1,696,193	3,663,826	306	5,739,417	2,487	303,131	12,857,421
-	-	-	-	-	10,544	6,686,974
<u>1,696,193</u>	<u>3,663,826</u>	<u>306</u>	<u>5,739,417</u>	<u>2,487</u>	<u>313,675</u>	<u>19,544,395</u>
<u>\$ 1,765,136</u>	<u>\$ 3,698,225</u>	<u>\$ 306</u>	<u>\$ 5,819,816</u>	<u>\$ 2,487</u>	<u>\$ 313,675</u>	<u>\$ 19,789,624</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, 2018

REVENUES	General Fund Capital Projects	Golf Course Capital Projects	2014 GO Bond Fund	2010 Certificates of Obligation
Intergovernmental	\$ 2,994,461	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Charges for Services	-	177,540	-	-
Interest	87,597	4,605	2,681	26,209
Miscellaneous	38,598	30,891	-	-
Total Revenues	<u>3,120,656</u>	<u>213,036</u>	<u>2,681</u>	<u>26,209</u>
 EXPENDITURES				
General Government	79,992	-	-	-
Public Service	-	-	55,372	-
Capital Outlay	3,139,581	24,743	164,821	218,961
Debt Service:				
Principal	591,985	69,330	-	-
Interest & Fiscal Charges	35,890	2,182	-	-
Bond Issue Costs	-	-	-	-
Total Expenditures	<u>3,847,448</u>	<u>96,255</u>	<u>220,193</u>	<u>218,961</u>
Excess (Deficiency) of Revenues Over (Under Expenditures)	<u>(726,792)</u>	<u>116,781</u>	<u>(217,512)</u>	<u>(192,752)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	2,170,522	-	-	-
Issuance of Bonds	-	-	-	-
Issuance of Lease Financing	361,403	-	-	-
Total Other Financing Sources (Uses)	<u>2,531,925</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,805,133	116,781	(217,512)	(192,752)
FUND BALANCE, OCTOBER 1	<u>4,483,029</u>	<u>271,487</u>	<u>275,286</u>	<u>1,587,039</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 6,288,162</u>	<u>\$ 388,268</u>	<u>\$ 57,774</u>	<u>\$ 1,394,287</u>

2016 Certificates of Obligation	2016-A Certificates of Obligation	2017 Tax Notes	2018 Certificates of Obligation	2018 Tax Notes	Miscellaneous Projects Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,997	\$ 3,005,458
-	-	-	-	-	48,936	48,936
-	-	-	-	-	-	177,540
65,594	97,861	307	65,088	2,471	4,161	356,574
-	-	-	-	-	68,831	138,320
<u>65,594</u>	<u>97,861</u>	<u>307</u>	<u>65,088</u>	<u>2,471</u>	<u>132,925</u>	<u>3,726,828</u>
-	-	-	-	-	-	79,992
-	-	-	-	-	-	55,372
3,891,544	4,114,844	313,838	800,671	636,984	140,644	13,446,631
-	-	-	-	-	-	661,315
-	-	-	-	-	-	38,072
-	-	14,038	133,120	12,000	-	159,158
<u>3,891,544</u>	<u>4,114,844</u>	<u>327,876</u>	<u>933,791</u>	<u>648,984</u>	<u>140,644</u>	<u>14,440,540</u>
<u>(3,825,950)</u>	<u>(4,016,983)</u>	<u>(327,569)</u>	<u>(868,703)</u>	<u>(646,513)</u>	<u>(7,719)</u>	<u>(10,713,712)</u>
-	-	(447,125)	-	-	-	1,723,397
-	-	775,000	6,608,120	649,000	-	8,032,120
-	-	-	-	-	-	361,403
-	-	327,875	6,608,120	649,000	-	10,116,920
(3,825,950)	(4,016,983)	306	5,739,417	2,487	(7,719)	(596,792)
5,522,143	7,680,809	-	-	-	321,394	20,141,187
<u>\$ 1,696,193</u>	<u>\$ 3,663,826</u>	<u>\$ 306</u>	<u>\$ 5,739,417</u>	<u>\$ 2,487</u>	<u>\$ 313,675</u>	<u>\$ 19,544,395</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, 2018
(With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Occupancy Tax	\$ -	\$ 50,894	\$ 50,894	59,218
Interest	3,000	5,116	2,116	4,135
Miscellaneous	-	-	-	-
Total Revenues	<u>3,000</u>	<u>56,010</u>	<u>53,010</u>	<u>63,353</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contributions to Local Organizations	98,255	95,005	3,250	115,852
Total Expenditures	<u>98,255</u>	<u>95,005</u>	<u>3,250</u>	<u>115,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95,255)</u>	<u>(38,995)</u>	<u>56,260</u>	<u>(52,499)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(108,253)	(107,675)	578	(75,000)
Total Other Financing Sources (Uses)	<u>(108,253)</u>	<u>(107,675)</u>	<u>578</u>	<u>(75,000)</u>
Net Change in Fund Balance	(203,508)	(146,670)	56,838	(127,499)
FUND BALANCE, OCTOBER 1	<u>607,185</u>	<u>607,185</u>	<u>-</u>	<u>734,684</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 403,677</u>	<u>\$ 460,515</u>	<u>\$ 56,838</u>	<u>\$ 607,185</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, 2018
(With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Occupancy Tax	\$ 224,750	\$ 224,750	\$ -	217,500
Charges for Services	96,000	90,473	(5,527)	101,891
Interest	450	3,276	2,826	1,094
Miscellaneous	100	115	15	251
Total Revenues	<u>321,300</u>	<u>318,614</u>	<u>(2,686)</u>	<u>320,736</u>
EXPENDITURES				
<i>General Government/Facilities & Grounds:</i>				
Personnel Services	54,019	48,994	5,025	48,717
Contracted Services	219,216	197,194	22,022	194,518
Supplies	20,283	20,163	120	19,946
Other Services and Charges	13,386	9,346	4,040	44,625
Total Expenditures	<u>306,904</u>	<u>275,697</u>	<u>31,207</u>	<u>307,806</u>
Net Change in Fund Balance	14,396	42,917	28,521	12,930
FUND BALANCE, OCTOBER 1	<u>135,220</u>	<u>135,220</u>	<u>-</u>	<u>122,290</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 149,616</u>	<u>\$ 178,137</u>	<u>\$ 28,521</u>	<u>\$ 135,220</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, 2018
(With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Charges for Services	\$ 97,000	\$ 78,024	\$ (18,976)	81,831
Interest	25	233	208	89
Total Revenues	<u>97,025</u>	<u>78,257</u>	<u>(18,768)</u>	<u>81,920</u>
EXPENDITURES				
Current:				
<i>General Government/ Parks & Recreation</i>				
Personnel Services	46,720	46,692	28	47,190
Contracted Services	21,945	17,668	4,277	19,696
Supplies	20,900	16,292	4,608	18,408
Total Expenditures	<u>89,565</u>	<u>80,652</u>	<u>8,913</u>	<u>85,294</u>
Net Change in Fund Balance	7,460	(2,395)	(9,855)	(3,374)
FUND BALANCE, OCTOBER 1	<u>20,863</u>	<u>20,863</u>	<u>-</u>	<u>24,237</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 28,323</u>	<u>\$ 18,468</u>	<u>\$ (9,855)</u>	<u>\$ 20,863</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, 2018

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Charges for Services	\$ 743,000	\$ 831,582	\$ 88,582	736,440
Interest	1,400	4,946	3,546	2,039
Total Revenues	<u>744,400</u>	<u>836,528</u>	<u>92,128</u>	<u>738,479</u>
EXPENDITURES				
Current:				
General Government	881,575	823,904	57,671	763,645
Total Expenditures	<u>881,575</u>	<u>823,904</u>	<u>57,671</u>	<u>763,645</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(137,175)</u>	<u>12,624</u>	<u>149,799</u>	<u>(25,166)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	75,000	75,000	-	218,488
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>218,488</u>
Net Change in Fund Balances	(62,175)	87,624	149,799	193,322
FUND BALANCE, OCTOBER 1	<u>193,322</u>	<u>193,322</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 131,147</u>	<u>\$ 280,946</u>	<u>\$ 149,799</u>	<u>\$ 193,322</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, 2018
(With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Occupancy Tax	\$ 395,250	\$ 395,250	\$ -	\$ 382,500
Interest	1,475	5,239	3,764	2,789
Miscellaneous	1,000	3,352	2,352	3,189
Total Revenues	<u>397,725</u>	<u>403,841</u>	<u>6,116</u>	<u>388,478</u>
EXPENDITURES				
Current:				
Economic Development	309,970	300,594	9,376	306,482
Total Expenditures	<u>309,970</u>	<u>300,594</u>	<u>9,376</u>	<u>306,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>87,755</u>	<u>103,247</u>	<u>15,492</u>	<u>81,996</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	-	(75,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
Net Change in Fund Balances	87,755	103,247	15,492	6,996
FUND BALANCE, OCTOBER 1	<u>255,372</u>	<u>255,372</u>	<u>-</u>	<u>248,376</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 343,127</u></u>	<u><u>\$ 358,619</u></u>	<u><u>\$ 15,492</u></u>	<u><u>\$ 255,372</u></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, 2018
(With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Occupancy Tax	\$ 82,381	\$ 82,381	\$ -	\$ 77,908
Intergovernmental	2,500	2,238	(262)	2,249
Interest	-	41	41	56
Miscellaneous	5,100	3,400	(1,700)	5,100
Total Revenues	<u>89,981</u>	<u>88,060</u>	<u>(1,921)</u>	<u>85,313</u>
EXPENDITURES				
Current:				
General Government	89,976	80,309	9,667	76,609
Total Expenditures	<u>89,976</u>	<u>80,309</u>	<u>9,667</u>	<u>76,609</u>
Net Change in Fund Balance	5	7,751	7,746	8,704
FUND BALANCE, OCTOBER 1	<u>10,142</u>	<u>10,142</u>	<u>-</u>	<u>1,438</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 10,147</u>	<u>\$ 17,893</u>	<u>\$ 7,746</u>	<u>\$ 10,142</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, 2018
(With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Interest	\$ 190	\$ 737	\$ 547	\$ 435
Miscellaneous	-	40	40	1,186
Total Revenues	<u>190</u>	<u>777</u>	<u>587</u>	<u>1,621</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Capital Outlay	-	22,297	(22,297)	500
Total Expenditures	<u>-</u>	<u>22,297</u>	<u>(22,297)</u>	<u>500</u>
Net Change in Fund Balance	190	(21,520)	(21,710)	1,121
FUND BALANCE, OCTOBER 1	<u>51,264</u>	<u>51,264</u>	<u>-</u>	<u>50,143</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 51,454</u>	<u>\$ 29,744</u>	<u>\$ (21,710)</u>	<u>\$ 51,264</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, 2018
(With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Franchise Tax	\$ 40,000	\$ 43,085	\$ 3,085	\$ 40,221
Interest	200	826	626	367
Total Revenues	<u>40,200</u>	<u>43,911</u>	<u>3,711</u>	<u>40,588</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	40,000	40,895	(895)	39,277
Total Expenditures	<u>40,000</u>	<u>40,895</u>	<u>(895)</u>	<u>39,277</u>
Net Change in Fund Balance	200	3,016	2,816	1,311
FUND BALANCE, OCTOBER 1	<u>69,898</u>	<u>69,898</u>	<u>-</u>	<u>68,587</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 70,098</u>	<u>\$ 72,914</u>	<u>\$ 2,816</u>	<u>\$ 69,898</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, 2018
 (With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Interest	\$ 500	\$ 2,210	\$ 1,710	\$ 934
Total Revenues	<u>500</u>	<u>2,210</u>	<u>1,710</u>	<u>934</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	500	2,210	1,710	934
FUND BALANCE, OCTOBER 1	<u>128,549</u>	<u>128,549</u>	<u>-</u>	<u>127,615</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 129,049</u>	<u>\$ 130,759</u>	<u>\$ 1,710</u>	<u>\$ 128,549</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, 2018
(With Comparative Actual Amounts for 2017)

	Final Budgeted Amounts	2018	Variance Favorable (Unfavorable)	2017
REVENUES				
Taxes	\$ 73,197	\$ 73,197	\$ -	\$ 72,044
Charges for Services	46,000	50,898	4,898	52,585
Interest	175	963	788	362
Miscellaneous	-	2,640	2,640	-
Total Revenues	<u>119,372</u>	<u>127,698</u>	<u>8,326</u>	<u>124,991</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Personal Services	74,551	71,410	3,141	65,068
Contracted Services	33,276	26,340	6,936	30,034
Supplies	10,224	9,656	568	11,887
Total Expenditures	<u>118,051</u>	<u>107,406</u>	<u>10,645</u>	<u>106,989</u>
Net Change in Fund Balance	1,321	20,292	18,971	18,002
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>64,706</u>	<u>64,706</u>	<u>46,704</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,321</u>	<u>\$ 84,998</u>	<u>\$ 83,677</u>	<u>\$ 64,706</u>

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION
 UTILITY FUND
 SEPTEMBER 30, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
<i>Current Assets:</i>		
Cash and Cash Equivalents		
Restricted Cash	\$ 58,444	58,021
Unrestricted Cash	731,075	1,259,918
Investments		
Restricted Investments	21,039,111	13,939,344
Unrestricted Investments	31,611,401	26,507,658
Accounts Receivable (Net)	6,036,506	5,733,206
Miscellaneous Receivables	2,076,198	1,929,770
Due from Component Unit	21,505	19,035
Inventories	1,785,251	1,714,946
Prepaid Items	56,446	42,470
<i>Total Current Assets</i>	<u>63,415,937</u>	<u>51,204,368</u>
Net Present Value of Lease Financing	419,861	461,972
Capital Assets	159,130,835	152,624,051
Accumulated Depreciation	(67,115,224)	(62,269,868)
Total Assets	<u>155,851,409</u>	<u>142,020,523</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension/ OPEB Related Outflows	966,491	1,597,883
Deferred Charge on Refundings	122,119	143,517
Total Deferred Outflows of Resources	<u>\$ 1,088,610</u>	<u>\$ 1,741,400</u>

Continued

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)
 UTILITY FUND
 SEPTEMBER 30, 2018 AND 2017

LIABILITIES	<u>2018</u>	<u>2017*</u>
<i>Current Liabilities:</i>		
Accounts Payable	\$ 2,983,167	\$ 3,689,357
Accrued Expenses	417,276	423,238
Unearned Revenue	169,223	449,928
Customer Deposits	626,296	619,800
Current Maturities of Capital Leases	-	18,512
<i>Payable from Restricted Assets:</i>		
Accrued Interest Payable	333,918	272,622
Revenue Bonds Due Within One Year	2,003,248	1,773,378
<i>Total Current Liabilities</i>	<u>6,533,128</u>	<u>7,246,835</u>
Capital Leases Payable (Net of Current Maturities)	-	17,608
Compensated Absences	193,556	187,132
Net Other Post Employment Benefit Obligation	549,490	530,892
Net Pension Liability	7,357,164	8,453,199
Revenue Bonds Payable (Net of Current Maturities)	57,528,179	49,379,025
<i>Total Noncurrent Liabilities</i>	<u>65,628,389</u>	<u>58,567,856</u>
Total Liabilities	<u>72,161,517</u>	<u>65,814,691</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Pension/ OPEB Related Inflows	554,507	-
Total Deferred Inflows of Resources	<u>554,507</u>	<u>-</u>
 NET POSITION		
Net Investment in Capital Assets	50,116,822	49,099,409
Restricted for:		
Debt Service	474,501	520,794
Impact Fees	2,579,319	2,455,075
Unrestricted	31,053,353	25,871,954
Total Net Position	<u>\$ 84,223,995</u>	<u>\$ 77,947,232</u>

*2017 has been restated for GASB 75

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2018 AND 2017

OPERATING REVENUES	2018	2017*
Charges for Services:		
Electric	\$ 30,634,896	\$ 30,207,682
Water	11,615,949	10,368,096
Sewer	8,009,778	7,258,422
Miscellaneous Revenues	2,000,048	2,145,371
Total Operating Revenues	52,260,671	49,979,571
 OPERATING EXPENSES		
Administration	2,371,580	2,294,181
Operation and Maintenance:		
Electric Distribution	20,980,876	21,710,300
Utility Services	1,183,237	1,135,093
Water Production	5,755,115	5,251,391
Water/Sewer Maintenance	4,951,145	4,384,411
Sewer Plant	1,913,487	1,832,403
Economic Development	320,749	286,973
Facilities Maintenance	767,016	728,019
Information Technology	462,229	360,369
City Attorney	96,839	226,844
Nondepartmental	1,001,165	1,021,263
Indirect Cost Allocation	4,819,725	4,641,289
Total Operating Expenses	44,623,163	43,872,536
Operating Income (Loss)	7,637,508	6,107,035
 NONOPERATING REVENUES (EXPENSES)		
Interest Income	764,923	389,947
Gain (Loss) on Sale of Assets	660	3,601
Interest and Fiscal Charges	(1,707,309)	(1,559,703)
Bond Issue Costs	(317,722)	(299,276)
Total Nonoperating Revenues (Expenses)	(1,259,448)	(1,465,431)
Net Income (Loss) before Contributions and Transfers	6,378,060	4,641,604
Capital Contributions	-	1,845,532
Transfers In (Out)	(101,297)	(81,723)
	(101,297)	1,763,809
Change in Net Position	6,276,763	6,405,413
Net Position at Beginning of Year	77,947,232	71,541,819
Net Position at End of Year	\$ 84,223,995	\$ 77,947,232

*2017 has been restated for GASB 75

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 51,536,734	\$ 49,287,029
Cash Paid for Employee Wages and Benefits	(7,938,168)	(7,450,073)
Cash Paid to Suppliers for Goods and Services	(27,701,461)	(29,264,614)
Cash Paid General Fund for Indirect Costs	(4,819,725)	(4,641,289)
Net Cash Provided (Used) by Operating Activities	11,077,380	7,931,053
Cash Flows From Noncapital Financing Activities:		
Transfers From (To) Other Funds	(101,297)	(81,723)
Net Cash Provided (Used) by Noncapital Financing Activities	(101,297)	(81,723)
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(6,506,784)	(14,459,123)
Proceeds from Revenue and Refunding Bonds	9,900,000	8,415,000
Premiums Received on Bonds	367,722	494,961
Principal Payments on Long-Term Bonds	(1,773,378)	(1,471,259)
Interest and Fiscal Charges Paid	(1,739,935)	(1,590,329)
Bond Issue Costs	(317,722)	(299,276)
Principal Payments on Capital Leases	(36,120)	-
Advances (To) From Component Unit	(2,470)	734
Proceeds from Sale of Capital Assets	660	3,601
Net Cash Provided (Used) by Capital and Related Financing Activities	(108,027)	(8,905,691)
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	(12,203,510)	578,156
Investment Interest Received	764,923	389,947
Lease Financing - Principal Payments Received	42,111	39,105
Net Cash Provided (Used) by Investing Activities	(11,396,476)	1,007,208
Net Increase (Decrease) in Cash and Cash Equivalents	(528,420)	(49,153)
Cash and Equivalents at Beginning 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
Cash and Equivalents at End of Year:		
Cash and Cash Equivalents	731,075	1,259,918
Restricted Cash and Cash Equivalents	58,444	58,021
	\$ 789,519	\$ 1,317,939

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 7,637,508	\$ 6,107,035
Adjustments to reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	4,845,356	3,505,895
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(449,728)	(1,048,425)
Inventory/Prepaid Items	(84,281)	108,463
Deferred Pension Related Outflows	631,392	170,892
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(706,190)	(1,582,433)
Accrued Expenses	462	26,153
Unearned Revenue	(280,705)	354,398
Customer Deposits	6,496	1,485
Net Other Postemployment Benefit Obligation	18,598	47,985
Net Pension Liability	(1,096,035)	239,605
Deferred Pension/OPEB Related Inflows	554,507	-
	\$ 11,077,380	\$ 7,931,053
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

CITY OF SEGUIN, TEXAS
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<i>Administration:</i>		
Personnel Services	\$ 2,134,813	\$ 2,015,432
Contracted Services	125,851	171,197
Supplies and Materials	78,911	79,977
Other Charges	26,949	21,709
Depreciation	5,056	5,865
<i>Total Administration</i>	<u>2,371,580</u>	<u>2,294,180</u>
<i>Electric Production and Distribution:</i>		
Personnel Services	1,240,382	1,265,193
Contracted Services	1,337,821	1,286,799
Supplies and Materials	16,970,475	18,351,972
Other Charges	71,306	24,587
Depreciation	1,360,892	781,750
<i>Total Electric Production and Distribution</i>	<u>20,980,876</u>	<u>21,710,301</u>
<i>Utility Services</i>		
Personnel Services	1,010,429	959,214
Contracted Services	138,770	145,952
Supplies and Materials	26,008	20,625
Other Charges	8,030	9,301
<i>Total Utility Services</i>	<u>1,183,237</u>	<u>1,135,092</u>
<i>Water Production:</i>		
Personnel Services	752,795	786,515
Contracted Services	4,220,291	3,879,764
Supplies and Materials	91,347	92,761
Other Charges	7,118	16,989
Depreciation	683,564	475,362
<i>Total Water Production</i>	<u>5,755,115</u>	<u>5,251,391</u>
<i>Water/Sewer Maintenance:</i>		
Personnel Services	1,061,277	1,105,578
Contracted Services	1,553,494	1,435,310
Supplies and Materials	64,893	56,579
Other Charges	338,241	235,807
Depreciation	1,933,240	1,551,137
<i>Total Water/Sewer Maintenance</i>	<u>4,951,145</u>	<u>4,384,411</u>
<i>Sewer Plant:</i>		
Personnel Services	551,793	612,601
Contracted Services	780,959	762,926
Supplies and Materials	95,784	95,051
Other Charges	4,731	6,157
Depreciation	480,220	355,668
<i>Total Sewer Plant</i>	<u>\$ 1,913,487</u>	<u>\$ 1,832,403</u>

CITY OF SEGUIN, TEXAS
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
<i>Economic Development:</i>		
Personnel Services	\$ 272,432	\$ 248,671
Contracted Services	24,041	20,844
Supplies and Materials	1,864	2,044
Other Charges	22,412	15,414
<i>Total Economic Development</i>	320,749	286,973
<i>Facilities Maintenance:</i>		
Personnel Services	648,467	634,335
Contracted Services	71,780	63,540
Supplies and Materials	37,051	29,489
Other Charges	524	654
Depreciation	9,194	-
<i>Total Facilities Maintenance</i>	767,016	728,018
<i>Information Technology:</i>		
Personnel Services	280,309	217,949
Contracted Services	177,416	136,216
Supplies and Materials	1,381	1,346
Other Charges	3,123	4,858
<i>Total Information Technology</i>	462,229	360,369
<i>City Attorney:</i>		
Personnel Services	94,395	89,220
Contracted Services	886	135,634
Supplies and Materials	98	72
Other Charges	1,460	1,919
<i>Total City Attorney</i>	96,839	226,845
<i>Nondepartmental:</i>		
Contracted Services	293,693	322,420
Supplies and Materials	25,926	23,681
Other Charges	308,356	339,049
Depreciation	373,190	336,114
<i>Total Nondepartmental</i>	1,001,165	1,021,264
Indirect Cost Allocation	4,819,725	4,641,289
Total Operating Expenses	\$ 44,623,163	\$ 43,872,536

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2018
 (With Comparative Amounts for 2017)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2018	2017
ASSETS					
Cash and Cash Equivalents	\$ 386,549	\$ (14,165)	\$ 27,997	\$ 400,381	\$ 277,815
Investments	185,730	568,669	41,404	795,803	1,131,136
Miscellaneous Receivables	-	13,564	-	13,564	18,082
Due from Other funds	-	-	-	-	494
Prepaid Items	-	-	-	-	3,423
Total Assets	<u>572,279</u>	<u>568,068</u>	<u>69,401</u>	<u>1,209,748</u>	<u>1,430,950</u>
LIABILITIES					
Accounts Payable	8,086	-	-	8,086	7,401
Total Liabilities	<u>8,086</u>	<u>-</u>	<u>-</u>	<u>8,086</u>	<u>7,401</u>
NET POSITION					
Unrestricted	564,193	568,068	69,401	1,201,662	1,423,549
Total Net Position	<u>\$ 564,193</u>	<u>\$ 568,068</u>	<u>\$ 69,401</u>	<u>\$1,201,662</u>	<u>\$ 1,423,549</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION – INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018
 (With Comparative Amounts for 2017)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2018	2017
OPERATING REVENUES					
Charges for Premiums	\$ 3,058,342	\$ 109,765	\$ 140,941	\$3,309,048	\$ 3,680,881
Miscellaneous Revenues	481	-	-	481	-
Total Operating Revenues	<u>3,058,823</u>	<u>109,765</u>	<u>140,941</u>	<u>3,309,529</u>	<u>3,680,881</u>
OPERATING EXPENSES					
Premiums	3,131,467	100,961	272,332	3,504,760	3,362,820
Administration	41,000	-	-	41,000	30,000
Total Operating Expenses	<u>3,172,467</u>	<u>100,961</u>	<u>272,332</u>	<u>3,545,760</u>	<u>3,392,820</u>
OPERATING INCOME (LOSS)	<u>(113,644)</u>	<u>8,804</u>	<u>(131,391)</u>	<u>(236,231)</u>	<u>288,061</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	4,883	9,301	160	14,344	6,302
Total Nonoperating Revenues (Expenses)	<u>4,883</u>	<u>9,301</u>	<u>160</u>	<u>14,344</u>	<u>6,302</u>
Net Income (Loss) Before Contributions and Transfers	<u>(108,761)</u>	<u>18,105</u>	<u>(131,231)</u>	<u>(221,887)</u>	<u>294,363</u>
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,900</u>
Change in Net Position	<u>(108,761)</u>	<u>18,105</u>	<u>(131,231)</u>	<u>(221,887)</u>	<u>303,263</u>
Net Position At Beginning of Year	<u>672,954</u>	<u>549,963</u>	<u>200,632</u>	<u>1,423,549</u>	<u>1,120,286</u>
Net Position at End of Year	<u><u>\$ 564,193</u></u>	<u><u>\$ 568,068</u></u>	<u><u>\$ 69,401</u></u>	<u><u>\$1,201,662</u></u>	<u><u>1,423,549</u></u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018
 (With Comparative Amounts for 2017)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2018	2017
Cash Flows From Operating Activities:					
Cash Received from Interfund Services	\$ 2,286,559	\$ 114,777	\$ 140,941	\$ 2,542,277	\$ 2,941,021
Cash Paid from Users	772,264	-	-	772,264	729,896
Cash Paid for Employee Benefits	(3,168,359)	(100,961)	(272,332)	(3,541,653)	(3,394,754)
Net Cash Provided (Used) by Operating Activities	<u>(109,536)</u>	<u>13,816</u>	<u>(131,391)</u>	<u>(227,111)</u>	<u>276,163</u>
Cash Flows From Noncapital Financing Activities:					
Operating Transfers from/to Other Funds	-	-	-	-	8,900
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,900</u>
Cash Flows From Investing Activities:					
Sale/(Purchase) of Investments	255,117	(58,246)	138,462	335,333	(262,076)
Investment Interest Received	4,883	9,301	160	14,344	6,303
Net Cash Provided (Used) by Investing Activities	<u>260,000</u>	<u>(48,945)</u>	<u>138,622</u>	<u>349,677</u>	<u>(255,773)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	150,464	(35,129)	7,231	122,566	29,290
Cash and Equivalents at Beg of Year	<u>236,085</u>	<u>20,964</u>	<u>20,766</u>	<u>277,815</u>	<u>248,525</u>
Cash and Equivalents at End of Year	<u>\$ 386,549</u>	<u>\$ (14,165)</u>	<u>\$ 27,997</u>	<u>\$ 400,381</u>	<u>\$ 277,815</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (113,644)	\$ 8,804	\$ (131,391)	\$ (236,231)	\$ 288,061
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in					
Miscellaneous Receivables	-	4,518	-	4,518	(9,471)
Advances to Other Funds	-	494	-	494	(494)
Prepaid Items	3,423	-	-	3,423	(3,423)
Increase (Decrease) in					
Accounts Payable	685	-	-	685	1,490
Net Cash Provided (Used) by Operating Activities	<u>\$ (109,536)</u>	<u>\$ 13,816</u>	<u>\$ (131,391)</u>	<u>\$ (227,111)</u>	<u>\$ 276,163</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 SEPTEMBER 30, 2018

	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 3,122	\$ 87	\$ 3,209
Investments	15,012	253,023	873	268,908
Inventory	-	359,431	-	359,431
Total Assets	<u>15,012</u>	<u>615,576</u>	<u>960</u>	<u>631,548</u>
LIABILITIES				
Due to Others	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Held in Trust	<u>\$ 15,012</u>	<u>\$ 615,576</u>	<u>\$ 960</u>	<u>\$ 631,548</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ADDITIONS				
Interest	\$ 244	\$ 4,585	\$ 19	\$ 4,848
Total Additions	<u>244</u>	<u>4,585</u>	<u>19</u>	<u>4,848</u>
DEDUCTIONS				
Distribution to Participants	-	16,669	1,550	18,219
Total Deductions	<u>-</u>	<u>16,669</u>	<u>1,550</u>	<u>18,219</u>
Change in Net Position	244	(12,084)	(1,531)	(13,371)
Net Position, Beginning of Year	<u>14,768</u>	<u>627,660</u>	<u>2,491</u>	<u>644,919</u>
Net Position, End of Year	<u>\$ 15,012</u>	<u>\$ 615,576</u>	<u>\$ 960</u>	<u>\$ 631,548</u>

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>Evidence/Abandoned Funds</u>	<u>Balance September 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2018</u>
<i>Assets:</i>				
Cash and Equivalents	\$ 27,507	\$ -	\$ -	\$ 27,507
<i>Liabilities</i>				
Due to Others	\$ 27,507	\$ -	\$ -	\$ 27,507

CITY OF SEGUIN, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2018

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			
	2009	2010	2011	2012
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 18,647,949	\$ 19,035,061	\$ 22,058,500	\$ 21,979,540
Restricted	1,091,155	1,243,295	2,399,602	2,793,614
Unrestricted	11,832,570	12,804,348	13,476,007	24,998,610
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 31,571,674</u>	<u>\$ 33,082,704</u>	<u>\$ 37,934,109</u>	<u>\$ 49,771,764</u>
<i>Business-Type Activities:</i>				
Net Investment in Capital Assets	\$ 25,817,049	\$ 26,030,163	\$ 26,908,429	\$ 27,668,999
Restricted	1,088,411	1,884,617	2,916,398	3,239,558
Unrestricted	17,796,040	19,735,076	29,660,618	30,740,418
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 44,701,500</u>	<u>\$ 47,649,856</u>	<u>\$ 59,485,445</u>	<u>\$ 61,648,975</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 44,464,998	\$ 45,065,224	\$ 48,966,929	\$ 49,648,539
Restricted	2,179,566	3,127,912	5,316,000	6,033,172
Unrestricted	29,628,610	32,539,424	43,136,625	55,739,028
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 76,273,174</u>	<u>\$ 80,732,560</u>	<u>\$ 97,419,554</u>	<u>\$ 111,420,739</u>

* Change in Accounting Principle pursuant to GASB 68 applied prospectively effective October 1, 2014.

^ Change in Accounting Principle pursuant to GASB 75 applied prospectively effective October 1, 2018.

Comparative information has not been restated.

TABLE 1

Fiscal Year							
2013	2014	*	2015	2016	2017	^	2018
\$ 21,518,984	\$ 21,780,455		\$ 25,657,965	\$ 28,065,213	\$ 30,491,009		\$ 28,797,978
3,323,527	3,352,071		3,306,292	2,912,376	2,806,714		3,098,632
26,172,941	24,028,627		2,882,554	(1,309,424)	(3,141,355)		(367,714)
<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>		<u>\$ 31,528,896</u>
\$ 29,869,105	\$ 36,385,747		\$ 39,946,492	\$ 44,783,121	\$ 49,099,409		\$ 50,116,822
3,594,942	3,558,479		3,651,700	2,713,233	2,975,869		3,053,820
30,205,790	32,360,850		22,809,054	24,439,018	26,265,507		31,053,353
<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>		<u>\$ 84,223,995</u>
\$ 51,388,089	\$ 58,166,202		\$ 65,604,457	\$ 72,848,334	\$ 79,590,418		\$ 78,914,800
6,918,469	6,910,550		6,957,992	5,625,609	5,782,583		6,152,452
56,378,731	56,389,477		25,691,608	23,129,594	23,124,152		30,685,639
<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>		<u>\$ 115,752,891</u>

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

Expenses	Fiscal Year			
	2009	2010	2011	2012
<i>Governmental Activities:</i>				
General Government	\$ 1,859,944	\$ 1,859,525	\$ 2,077,927	\$ 1,482,333
Public Safety	9,068,057	9,494,381	10,057,294	10,617,994
Public Service	6,471,090	6,636,986	6,912,623	7,849,643
Interest on Long-Term Debt	1,465,134	1,444,828	2,017,079	1,778,567
<i>Total Governmental Activities</i>	<u>18,864,225</u>	<u>19,435,720</u>	<u>21,064,923</u>	<u>21,728,537</u>
<i>Business-Type Activities:</i>				
Utility	38,051,066	36,430,136	37,928,870	39,484,763
<i>Total Business-Type Activities</i>	<u>38,051,066</u>	<u>36,430,136</u>	<u>37,928,870</u>	<u>39,484,763</u>
Total Primary Government Expenses	<u><u>\$ 56,915,291</u></u>	<u><u>\$ 55,865,856</u></u>	<u><u>\$ 58,993,793</u></u>	<u><u>\$ 61,213,300</u></u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for Services:				
General Government	\$ 2,438,156	\$ 2,419,222	\$ 2,423,729	\$ 2,617,386
Public Safety	2,312,047	2,957,157	3,337,034	2,940,217
Public Service	2,412,189	2,228,708	2,393,691	2,464,152
Operating Grants and Contributions	156,418	965,782	719,700	985,512
Capital Grants and Contributions	598,398	567,658	222,703	221,193
<i>Total Governmental Activities</i>	<u>7,917,208</u>	<u>9,138,527</u>	<u>9,096,857</u>	<u>9,228,460</u>
<i>Business-Type Activities:</i>				
Charges for Services	41,231,252	39,290,331	43,211,099	41,463,853
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	490,976	87,917	257,571	40,454
<i>Total Business-Type Activities</i>	<u>41,722,228</u>	<u>39,378,248</u>	<u>43,468,670</u>	<u>41,504,307</u>
Total Primary Government Program Revenues	<u><u>\$ 49,639,436</u></u>	<u><u>\$ 48,516,775</u></u>	<u><u>\$ 52,565,527</u></u>	<u><u>\$ 50,732,767</u></u>

* Change in Accounting Principle pursuant to GASB 68 applied prospectively effective October 1, 2014.

^ Change in Accounting Principle pursuant to GASB 75 applied prospectively effective October 1, 2018.

Comparative information has not been restated.

TABLE 2

Fiscal Year							
2013	2014	*	2015	2016	2017	^	2018
\$ 1,617,167	\$ 1,891,420		\$ 6,354,347	\$ 7,500,656	\$ 8,757,882		\$ 7,973,726
11,147,424	11,757,015		13,399,458	14,279,914	15,578,523		15,581,434
8,269,202	8,464,114		8,043,970	10,077,096	9,644,071		11,044,845
1,685,881	2,516,964		2,343,340	2,560,726	2,864,443		2,871,456
<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>		<u>37,471,461</u>
39,212,917	36,900,786		38,627,413	37,882,970	41,090,227		41,828,470
<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>41,828,470</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>		<u>\$ 79,299,931</u>
\$ 2,616,261	\$ 2,888,748		\$ 3,381,353	\$ 3,209,656	\$ 3,647,445		\$ 3,306,325
3,053,799	3,524,917		3,641,594	3,515,320	3,478,473		3,897,134
2,435,778	3,081,696		3,005,082	3,072,719	3,493,086		3,883,079
658,404	841,529		801,179	546,156	618,406		760,164
140,973	197,027		2,014,336	656,203	2,868,007		2,952,449
<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>		<u>14,799,151</u>
40,827,258	42,017,948		42,645,590	46,502,423	49,979,572		52,260,672
-	-		-	-	-		-
215,212	2,961,261		749,579	975,222	1,845,532		-
<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>52,260,672</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>		<u>\$ 67,059,823</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Net (Expense)/Revenue				
Governmental Activities	\$ (10,947,017)	\$ (10,297,193)	\$ (11,968,066)	\$ (12,500,077)
Business-Type Activities	3,671,162	2,948,112	5,539,800	2,019,544
Total Primary Government Net (Expense)	<u>\$ (7,275,855)</u>	<u>\$ (7,349,081)</u>	<u>\$ (6,428,266)</u>	<u>\$ (10,480,533)</u>
General Revenues and Other Changes in Net Position				
<i>Governmental Activities:</i>				
General Property Taxes	\$ 5,620,048	\$ 5,694,180	\$ 6,363,981	\$ 7,032,068
Franchise Taxes	691,665	920,524	833,019	853,330
Sales Taxes	4,256,246	4,473,399	4,472,305	5,512,435
Occupancy Taxes	458,343	550,999	809,377	869,409
Interest and Investment Earnings	201,373	55,460	35,855	63,548
Miscellaneous	-	-	500,000	505,000
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Special Items	-	-	3,000,000	9,585,200
Transfers	-	72,034	804,934	(83,258)
<i>Total Governmental Activities</i>	<u>11,227,675</u>	<u>11,766,596</u>	<u>16,819,471</u>	<u>24,337,732</u>
<i>Business-Type Activities Charges for Services:</i>				
Interest and Investment Earnings	160,396	42,731	37,921	67,211
Gain (Loss) on Sale of Capital Assets	3,538	-	62,802	(6,483)
Special Items	-	-	7,000,000	-
Transfers	-	(72,034)	(804,934)	83,258
<i>Total Business-Type Activities</i>	<u>163,934</u>	<u>(29,303)</u>	<u>6,295,789</u>	<u>143,986</u>
Total Primary Government	<u>\$ 11,391,609</u>	<u>\$ 11,737,293</u>	<u>\$ 23,115,260</u>	<u>\$ 24,481,718</u>
Change in Net Position				
Governmental Activities	\$ 280,658	\$ 1,469,403	\$ 4,851,405	\$ 11,837,655
Business-Type Activities	3,835,096	2,918,809	11,835,589	2,163,530
Total Primary Government	<u>\$ 4,115,754</u>	<u>\$ 4,388,212</u>	<u>\$ 16,686,994</u>	<u>\$ 14,001,185</u>

* Change in Accounting Principle pursuant to GASB 68 applied prospectively effective October 1, 2014.

^ Change in Accounting Principle pursuant to GASB 75 applied prospectively effective October 1, 2018.

Comparative information has not been restated.

TABLE 2 (CONT.)

Fiscal Year					
2013	2014 *	2015	2016	2017 ^	2018
\$ (13,814,459)	\$ (14,095,596)	\$ (13,107,247)	\$ (19,065,346)	\$ (18,098,213)	\$ (17,852,585)
1,829,553	8,078,423	577,432	5,241,683	6,093,588	5,612,477
<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>	<u>\$ (12,240,108)</u>
\$ 7,123,720	\$ 6,952,798	\$ 7,516,954	\$ 7,922,023	\$ 9,362,955	\$ 10,126,201
897,556	913,296	986,176	1,252,005	1,096,104	1,187,699
5,833,464	5,841,830	6,089,793	6,232,146	6,271,333	6,729,041
762,465	726,361	825,433	830,356	842,217	861,218
49,726	36,602	40,371	183,931	400,790	678,954
510,000	515,000	520,000	546,645	531,294	535,000
-	-	-	-	-	-
-	(2,209,258)	-	-	-	-
(118,784)	(535,332)	(100,149)	(80,406)	81,723	101,297
<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>	<u>20,219,410</u>
39,696	20,456	34,353	191,925	389,947	764,923
32,829	1,028	483	14,112	3,601	660
-	-	-	-	-	-
118,784	535,332	100,149	80,406	(81,723)	(101,297)
<u>191,309</u>	<u>556,816</u>	<u>134,985</u>	<u>286,443</u>	<u>311,825</u>	<u>664,286</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>	<u>\$ 20,883,696</u>
\$ 1,243,688	\$ (1,854,299)	\$ 2,771,331	\$ (2,178,646)	\$ 488,203	\$ 2,366,825
2,020,862	8,635,239	712,417	5,528,126	6,405,413	6,276,763
<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>	<u>\$ 8,643,588</u>

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

	Fiscal Year			
	2009	2010	2011	2012
<i>General Fund:</i>				
Nonspendable	\$ 61,015	\$ 56,899	\$ 73,101	\$ 66,104
Restricted	-	-	22,800	22,800
Committed	-	-	-	2,208,762
Assigned	-	-	-	-
Unassigned	7,697,782	8,655,304	8,773,457	17,454,678
<i>Total General Fund</i>	<u>\$ 7,758,797</u>	<u>\$ 8,712,203</u>	<u>\$ 8,869,358</u>	<u>\$ 19,752,344</u>
<i>All other Governmental Funds:</i>				
Nonspendable	\$ 5,520	\$ 4,295	\$ -	\$ 22,852
Restricted - Special Revenue	1,002,698	1,065,039	1,389,762	1,701,526
Restricted - Capital Projects	7,435,646	3,749,080	11,920,110	14,004,274
Restricted - Debt Service	945,507	1,068,598	945,380	1,019,857
Committed - Special Revenue	23,137	23,413	31,331	11,113
Assigned - Capital Projects	2,259,074	1,940,052	2,059,875	2,183,206
<i>Total Other Governmental Funds</i>	<u>\$ 11,671,582</u>	<u>\$ 7,850,477</u>	<u>\$ 16,346,458</u>	<u>\$ 18,942,828</u>

TABLE 3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 2,037,347	\$ 70,386	\$ 98,698	\$ 107,383	\$ 120,838	\$ 135,453
20,100	20,100	25,300	5,300	7,905	5,300
2,163,385	2,165,441	2,167,774	2,018,494	1,536,104	2,202,612
157,464	151,582	126,887	52,312	3,440	129,946
15,568,700	16,586,852	15,571,620	12,974,522	11,505,167	10,529,800
<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>	<u>\$ 13,003,111</u>
\$ 12,803	\$ 5,874	\$ 15,570	\$ 1,163	\$ 43,326	\$ 17,869
1,748,490	1,752,872	1,854,260	1,942,693	1,915,334	2,066,025
13,155,149	30,155,607	17,309,757	11,643,846	15,335,309	12,857,421
1,510,096	1,645,809	1,467,186	982,371	893,141	1,093,814
10,726	24,192	24,208	24,237	214,185	299,414
2,860,482	3,220,890	4,067,387	5,045,454	4,763,452	6,686,974
<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>	<u>\$ 23,021,517</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Taxes	\$ 11,000,334	\$ 11,586,011	\$ 12,413,070	\$ 14,250,325
Licenses and Permits	273,991	329,009	325,496	404,953
Intergovernmental	1,467,479	2,253,478	1,462,440	1,842,006
Charges for Services	4,942,725	5,127,519	5,071,986	5,375,293
Fines and Forfeits	818,794	1,366,173	1,534,392	1,422,147
Interest	201,149	54,851	35,283	63,074
Miscellaneous	329,079	129,349	741,762	721,692
Total Revenues	<u>19,033,551</u>	<u>20,846,390</u>	<u>21,584,429</u>	<u>24,079,490</u>
Expenditures				
General Government	3,047,345	3,043,817	3,271,912	2,970,433
Public Safety	8,532,673	8,862,366	9,919,756	9,946,852
Public Service	4,087,284	4,541,940	4,562,336	5,877,185
Nondepartmental	1,310,186	1,491,764	1,809,481	1,620,181
Indirect Cost Allocation (Recovery)	(2,869,702)	(2,952,855)	(3,288,861)	(3,430,197)
Capital Projects/ Outlay	4,970,168	5,751,957	3,792,747	2,702,978
Debt Service:				
Principal	1,414,361	1,466,258	1,584,205	1,973,707
Interest and Fiscal Charges	1,465,362	1,428,424	1,678,851	1,686,787
Bond Issue Costs	22,500	-	328,000	146,006
Total Expenditures	<u>21,980,177</u>	<u>23,633,671</u>	<u>23,658,427</u>	<u>23,493,932</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,946,626)</u>	<u>(2,787,281)</u>	<u>(2,073,998)</u>	<u>585,558</u>
Other Financing Sources (Uses)				
Transfers In	811,222	631,000	1,386,102	1,264,924
Transfers Out	(811,222)	(711,428)	(1,763,058)	(1,435,973)
Issuance of Debt	1,105,409	-	11,104,090	6,455,635
Payments to Refunding Bond Escrow Agent	-	-	-	(2,975,988)
Total Other Financing Sources (Uses)	<u>1,105,409</u>	<u>(80,428)</u>	<u>10,727,134</u>	<u>3,308,598</u>
Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,585,200</u>
Net Change in Fund Balance	<u>\$ (1,841,217)</u>	<u>\$ (2,867,709)</u>	<u>\$ 8,653,136</u>	<u>\$ 13,479,356</u>
Debt Service as a percentage of Noncapital Expenditures	16.5%	15.7%	16.4%	17.5%

TABLE 4

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 14,653,908	\$ 14,396,360	\$ 15,437,258	\$ 16,237,296	\$ 17,492,007	\$ 19,006,626
384,153	688,637	1,242,939	740,076	1,062,336	766,525
1,062,026	1,692,199	3,397,057	1,891,931	2,151,733	4,507,057
5,364,318	5,724,792	5,846,015	6,047,893	6,852,536	7,008,229
1,446,373	1,894,219	1,899,976	1,695,053	1,909,706	1,819,248
378,958	36,579	40,290	181,889	394,487	664,608
778,174	1,080,418	979,661	958,334	920,641	994,103
<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>	<u>34,766,396</u>
2,995,289	3,291,439	3,469,890	4,029,991	5,002,392	4,955,952
10,421,044	11,099,683	11,847,542	12,595,423	13,497,928	13,917,286
5,996,218	6,087,470	6,523,397	7,075,027	7,191,996	7,242,165
1,949,011	2,202,136	2,047,626	2,251,191	2,726,158	2,377,784
(3,674,342)	(3,848,566)	(4,190,324)	(4,352,992)	(4,641,289)	(4,819,725)
2,305,774	5,466,886	17,192,358	21,967,537	10,730,592	13,490,692
1,977,394	2,370,179	2,680,967	2,602,766	2,860,858	3,466,099
1,628,268	2,011,346	2,164,212	2,249,581	2,705,449	2,785,378
45,636	363,655	193,604	379,187	216,893	159,158
<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>	<u>43,574,789</u>
<u>423,618</u>	<u>(3,531,024)</u>	<u>(13,086,076)</u>	<u>(21,045,239)</u>	<u>(9,507,531)</u>	<u>(8,808,393)</u>
2,496,336	3,536,891	4,178,395	4,668,304	3,377,486	3,299,109
(2,615,120)	(4,185,763)	(4,356,879)	(4,820,473)	(3,304,663)	(3,197,812)
4,549,100	22,944,017	8,817,821	23,070,779	10,975,135	8,393,523
<u>(4,304,364)</u>	<u>-</u>	<u>(8,624,217)</u>	<u>(9,804,242)</u>	<u>-</u>	<u>-</u>
<u>125,952</u>	<u>22,295,145</u>	<u>15,120</u>	<u>13,114,368</u>	<u>11,047,958</u>	<u>8,494,820</u>
<u>-</u>	<u>(2,209,258)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ (313,573)</u>
17.4%	18.1%	19.4%	17.1%	18.6%	21.0%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Occupancy	Franchise	Total
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	15,437,259
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
2018	10,350,375	6,642,080	869,556	1,144,614	19,006,625

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
2018	\$1,058,414,772	\$ 575,324,394	\$ 767,956,086	\$ 514,783,933	\$ 958,991,679	\$ 1,957,487,506	0.5412
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

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 2017 tax roll was \$1,701,207,982..

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
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
2018	0.2879	0.2533	0.5412	1.4200	0.3799

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

TABLE 8

Taxpayer	Fiscal Year 2018 (2017 Tax Levy)			Fiscal Year 2009 (2008 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 International Drill	\$ 112,564,659	1	5.75%	\$ -	--	--
Temec Automotive (Motorola)	72,162,503	2	3.69%	38,801,731	2	3.19%
Niagara Bottling LLC	40,930,143	3	2.09%	--	--	--
8th Street Properties	31,562,013	4	1.61%	--	--	--
Hexcel Reinforcements Corp	19,039,581	5	0.97%	19,338,994	3	1.59%
Ameritex Pipe & Products LLC	12,278,945	6	0.63%	--	--	--
MA Ranch at Seguin LLC	11,700,000	7	0.60%	--	--	--
ET Seguin Dist LLC	11,384,610	8	0.58%	--	--	--
Wonder Properties LTD	9,884,600	9	0.50%	--	--	--
Tyson Foods, Inc.	9,358,155	10	0.48%	10,744,718	5	0.88%
Rio Nogales Power Project LP	--	--	--	146,616,270	1	12.07%
ITW MiniGrip Inc.	--	--	--	13,009,152	4	1.07%
Frontier Land Limited	--	--	--	8,190,168	6	0.67%
Wal-Mart Real Estate Business Trust	--	--	--	7,436,059	7	0.61%
Wal Mart Store	--	--	--	6,279,910	8	0.52%
Mojave & 395 LLC/ Malibu Coastline	--	--	--	6,025,035	9	0.50%
HD Development Properties LP	--	--	--	5,967,997	10	0.49%
Total	<u>\$ 330,865,209</u>		<u>16.90%</u>	<u>\$ 262,410,034</u>		<u>21.60%</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
2009	\$ 5,618,105	\$ 5,443,556	96.9%	\$ 164,161	\$ 5,607,717	99.8%
2010	5,987,710	5,829,714	97.4%	145,615	5,975,329	99.8%
2011	6,243,006	6,056,865	97.0%	171,854	6,228,719	99.8%
2012	6,766,524	6,577,230	97.2%	173,769	6,750,999	99.8%
2013	6,971,685	6,842,125	98.1%	109,861	6,951,986	99.7%
2014	6,676,209	6,529,859	97.8%	113,232	6,643,091	99.5%
2015	7,438,963	7,320,383	98.4%	81,546	7,401,929	99.5%
2016	7,811,018	7,649,611	97.9%	110,606	7,760,217	99.3%
2017	9,263,759	8,999,501	97.1%	161,535	9,161,036	98.9%
2018	10,054,136	9,893,628	98.4%	-	9,893,628	98.4%

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 and GO Bonds	Capital Leases					
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%
2018	78,373,666	1,138,000	1,455,224	57,826,332	-	138,793,222	1,957,487,506	7.1%	4,446	20.4%

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					
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	43,132,078	930,000	(1,019,857)	43,042,221	1,388,352,916	3.1%	1,659
2013	46,521,750	565,000	(1,510,096)	45,576,654	1,428,682,800	3.2%	1,754
2014	66,797,490	185,000	(1,645,809)	65,336,681	1,369,727,941	4.8%	2,451
2015	64,347,379	-	(1,467,186)	62,880,193	1,471,733,571	4.3%	2,150
2016	79,923,468	-	(982,371)	78,941,097	1,554,809,696	5.1%	2,631
2017	85,412,933	-	(893,141)	84,519,792	1,798,558,709	4.7%	2,817
2018	85,884,999	1,138,000	(1,093,814)	85,929,185	1,957,487,506	4.4%	2,753

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

Bonds include GO Bonds being serviced by the Utility Fund.

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

CITY OF SEGUIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2018
(Unaudited)

TABLE 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Guadalupe County	\$ 13,655,000	19.46%	\$ 2,657,263
Seguin Independent School District	141,117,406	48.80%	68,865,294
Subtotal, Overlapping Debt			71,522,557
Seguin Direct Debt			80,966,890
Total Direct and Overlapping Debt			\$ 152,489,447

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 2018

Assessed Value	\$ 1,957,487,506
* Debt limit (10% of assessed value)	195,748,751
Outstanding Debt ^[1]	80,966,890
Less amount set aside for repayment of general obligation debt	(1,093,814)
Total net debt applicable to limit	79,873,076
Economic Debt Margin	\$ 115,875,675

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt Limit	\$ 121,476,868	\$ 127,905,951	\$ 132,808,087	\$ 138,835,292	\$ 142,868,280
Total net debt applicable to limit	(31,798,781)	(30,243,922)	(39,725,590)	(41,289,480)	(39,242,331)
Economic Debt Margin	\$ 89,678,087	\$ 97,662,029	\$ 93,082,497	\$ 97,545,812	\$ 103,625,949

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 136,972,794	\$ 147,173,357	\$ 155,480,970	\$ 179,855,871	\$ 195,748,751
Total net debt applicable to limit	(59,956,822)	(58,047,453)	(69,305,127)	(75,935,081)	(79,873,076)
Economic Debt Margin	\$ 77,015,972	\$ 89,125,904	\$ 86,175,843	\$ 103,920,790	\$ 115,875,675

^[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
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
2018	52,260,671	(39,777,807)	12,482,864	1,773,378	1,822,007	3.47

* 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
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
2018	25,175	31,218	38,714	21,757	35.0	7,492	3.0

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	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Texas Power Systems/CAT	2,000	1	12.14%	1,150	2	10.20%
Continental AG (Motorola)	1,600	2	9.72%	1,340	1	11.88%
Seguin Independent School District	1,130	3	6.86%	1,097	3	9.73%
CMC Steel	835	4	5.07%	786	4	6.97%
Tyson Foods	745	5	4.52%	700	5	6.21%
Guadalupe Regional Medical Center	700	6	4.25%	693	6	6.15%
Guadalupe County	595	7	3.61%	579	7	5.13%
City of Seguin	380	8	2.31%	280	10	2.48%
HEB	340	9	2.06%	--	--	--
Wal-Mart Super Center	300	10	1.82%	340	8	3.01%
Texas Lutheran University	--	--	--	308	9	2.73%
Total	8,625		52.36%	7,273		64.49%

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				
	2018	2017	2016	2015	2014
Police					
Physical arrests	1,072	1,755	2,328	1,798	1,605
Traffic citations	12,616	12,206	11,068	12,740	15,988
Parking citations	1,249	1,324	70	265	308
Fire/EMS					
Emergency responses	4,308	3,842	4,130	3,682	3,748
Non-emergency response/Service Calls	1,279	1,424	1,366	1,126	804
Inspections	1,334	1,252	1,467	1,065	379
Refuse collection (by private contractor)					
# of customers	9,025	8,796	8,623	8,400	8,079
Parks and Recreation					
Park and sport facility rentals	575	732	763	701	639
Sport league participants	3,747	3,614	3,352	2,358	740
Program participants	3,517	3,359	3,769	4,539	4,640
Wave Pool admissions	12,436	11,430	12,801	13,447	13,077
Library					
Volumes in collection	76,490	73,137	69,055	56,276	64,366
Total volumes borrowed	260,766	269,824	168,429	183,771	197,204
Electric					
# of customers	8,549	8,538	8,438	8,500	8,314
Sales (millions of \$)	30.5	29.7	27.3	28.5	25.7
Water					
# of customers	7,516	7,393	7,298	7,250	7,120
Average daily production (millions of gal.)					
Surface water	3.81	3.20	3.73	2.84	2.69
Well water	3.22	3.06	2.71	2.92	3.04
Total	7.03	6.26	6.44	5.76	5.73
Water main repairs (main sizes from 3/4" to 16")	133	175	126	455	403
Wastewater					
Average daily sewage treatment (millions of gal.)	4.65	5.40	4.57	4.05	3.29

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				
2013	2012	2011	2010	2009
1,138	1,509	1,548	1,444	1,200
8,911	12,349	15,040	13,027	14,456
291	176	44	517	615
3,903	3,162	3,692	3,578	3,738
588	1,837	1,435	74	604
482	831	289	654	728
7,945	7,850	7,739	7,609	7,486
622	624	734	721	690
2,251	2,815	2,670	2,611	2,073
3,509	5,172	4,822	4,782	5,875
13,126	13,126	14,015	10,504	13,693
62,220	69,563	76,126	76,440	76,805
205,281	210,820	229,389	233,609	226,206
8,293	8,191	8,210	8,011	8,014
25.3	25.8	26.5	26.4	28.2
7,116	7,088	7,060	7,019	7,044
2.35	2.77	2.88	2.14	2.01
3.01	3.17	3.40	3.16	4.12
5.36	5.94	6.28	5.30	6.13
127	74	56	97	76
3.74	4.13	3.96	3.33	3.22

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

Function	Fiscal Year				
	2018	2017	2016	2015	2014
Police					
Stations	1	1	1	1	1
Police vehicles	87	84	73	70	67
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	179.64	179.64	178.48	178.48	178.48
Parks and Recreation					
Number of parks	12	12	12	12	11
Acreage	346.91	346.91	346.91	346.91	299.91
Water					
Water mains (miles)	165.73	165.73	164.00	164.00	161.00
Fire hydrants	1,311	1,306	1,293	1,284	1,100
Storage capacity (millions of gallons)	8.64	8.64	8.64	8.64	7.79
Wastewater					
Sanitary sewers (miles)	179.88	179.88	178.00	178.00	175.00

TABLE 18

Fiscal Year				
2013	2012	2011	2010	2009
1	1	1	1	1
66	62	62	62	61
3	3	3	3	3
178.48	178.48	178.48	174.91	174.63
11	11	10	10	10
299.91	299.91	289.41	289.41	289.41
161.00	117.00	118.90	118.63	118.28
1,085	1,081	978	978	978
7.79	7.79	7.79	7.79	7.79
152.00	118.00	129.00	124.27	123.84

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

TABLE 19

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Financial Administration	8	8	8	8	8	8	8	7	7	7
City Manager	3	3	4	4	4	3	3	3	3	5
Human Resources	6	6	6	5	5	5	5	5	5	5
Planning and Zoning	13	13	11	11	11	11	10	10	9	9
City Secretary	1	1	1	1	1	1	1	1	1	1
Information Systems	7	6	5	5	4	3	3	3	2	0
Facilities and Grounds	5	5	4	4	4	3	3	12	11	9
Public Safety										
Police	81	81	79	78	76	72	72	68	68	64
Fire/EMS	62	58	57	56	56	53	51	51	49	47
Legal & Judicial	6	6	6	5	5	5	5	5	4	4
Animal Control	7	7	5	5	4	4	4	3	3	3
Public Service										
Public Works	33	34	32	29	27	26	28	24	18	18
Vehicle Maintenance	3	3	3	3	3	3	3	3	3	3
Library	13	14	13	8	8	8	8	8	8	8
Parks and Recreation	19	19	19	19	16	18	17	10	8	7
Golf Course	8	8	9	9	9	9	9	9	9	9
DownTown & Main St. Program	2	2	2	2	2	2	2	2	2	2
Coliseum	2	2	2	1	1	1	1	1	1	1
Utility Fund										
Administration	3	3	3	3	2	2	2	2	2	2
Electric Production/Distribution	15	15	15	15	11	10	10	20	17	18
Utility Services	13	13	11	10	10	10	10	0	0	0
Water Production	11	11	11	11	11	10	11	11	17	15
Water/Sewer Maintenance	16	16	15	11	10	10	11	11	10	11
Sewer Plant	9	9	8	8	8	7	8	8	8	8
Economic Development	3	4	4	4	4	4	3	3	3	2
Facilities Maintenance	17	17	13	12	14	13	13	12	13	13
Utility Billing	6	6	5	5	5	5	6	6	6	6
CVB	<u>3</u>	<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>
Total	<u><u>375</u></u>	<u><u>373</u></u>	<u><u>354</u></u>	<u><u>335</u></u>	<u><u>321</u></u>	<u><u>308</u></u>	<u><u>308</u></u>	<u><u>299</u></u>	<u><u>287</u></u>	<u><u>277</u></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, 2018, 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 22, 2019. 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*.

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 22, 2019



INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Seguin, Texas's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018. The City of Seguin, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

February 22, 2019

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes X No

Any significant deficiencies identified? Yes X No

Noncompliance material to financial Statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified? Yes X No

Any significant deficiencies identified? Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. Prior Audit Findings Related to Federal Awards

NONE

CITY OF SEGUIN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING & URBAN DEV			
Passed Through Texas Dept of Agriculture CDBG- Downtown Sidewalks	14.228	7215212	150,000
U.S. DEPARTMENT OF JUSTICE			
Direct Award			
Bullet Proof Vests	16.607		4,533
Passed Through Office of the Governor			
Asset Forfeiture Program	16.922	TX0940300	16,237
Crime Victim Assistance	16.575	3245402.000	4,269
Juvenile Justice & Delinquency Prevention	16.540	3019602.000	30,600
E. Byrne Memorial Justice Assistance Grant	16.738	3251301.000	99,189
U.S. FEDERAL EMERGENCY MANAGEMENT			
Disaster Recovery	97.036		42,994
SAFER	97.083	EMW-2016-FH-00334	79,543
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Texas Department of Transportation Highway Planning and Construction	20.205	0915-46-042/043	2,740,112
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 3,167,477</u></u>

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

NOTE 1 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City, and is presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 – INDIRECT COSTS

The City has negotiated an indirect cost rate with grantors and has elected not to draw the 10% de minimis indirect cost rate allowed in the Uniform Guidance, section 414.



It's real.