

CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2014

Prepared by: Finance Department
Susan Caddell
Director of Finance



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

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February 27, 2015

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, 2014. 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, 2014, 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, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

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

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

Local economy. The Seguin-Guadalupe County economy is an important contribution to the San Antonio metropolitan area. Industry, agriculture and agribusiness, minerals, education, and recreation are major contributors. The City of Seguin has been economically stable for many years because of the industries located here. Major industries with headquarters or divisions located within the City of Seguin include, Continental, Inc., Commercial Metals Corporation (CMC), Tyson Foods, Inc., Caterpillar, Inc., Minigrip, Wal-Mart, Alamo Industrial, HEB and Hexcel.

In addition, to the Seguin Independent School District, Seguin is the home of Texas Lutheran University (TLU). It is a fully accredited four-year co-educational senior liberal arts institution of higher education. TLU's 1,400 students (48-52 male/female) come from 23 states and eight foreign countries. The 14:1 student-teacher ratio allows for small classes. TLU has repeatedly been listed as one of the top ten small colleges in the southern United States by the *U.S. News and World Report* survey of college presidents.

In discussions with major employers in Seguin, it is apparent that a continued focus on developing an available, skilled workforce is essential to remaining competitive. In an effort to address regional workforce development needs in Seguin, the CTTC created the manufacturing technology academy that trains junior and senior high school students in a manufacturing trade. Seguin and New Braunfels high school students earn up to a total of thirty (30) college credit hours, graduate with a diploma and enroll in a two or four year college to earn a degree. Given the fact that the availability of a trained workforce is one of the most important site selection variables for companies, this workforce training system has the potential of providing a steady flow of new trained workers to put Seguin and New Braunfels at a distinct advantage. During this reporting cycle, an overwhelming interest in the dual placement program drove the need for additional funding for Accuplacer exams to be administered. In addition the CTTC Advisory Board is currently exploring opportunities to continue to expand the CTTC at their current location.

Guadalupe Regional Medical Center (GRMC), located in Seguin, is an award-winning, technologically advanced regional healthcare provider that transforms lives by providing compassionate high-quality healthcare. With an active medical staff of 65 local physicians and 700 employees, GRMC provides comprehensive healthcare services to the residents of eight counties throughout Central Texas. In 2014, GRMC surgeons were trained in and began performing da Vinci robotic surgery.

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

GRMC has expanded its existing facilities into an ultramodern health care complex designed to serve an eight county region. The three-year project, completed in 2010, encompasses 141,000 square feet of new

construction, major remodeling of 65,000 square feet, and technological upgrades. The project is financed by a HUD insured loan, which means there is no risk or cost to taxpayers. The loan will be repaid from hospital revenue and private philanthropy raised through the hospital Foundation's Capital Campaign.

Workforce Solutions Alamo information provided indicates that the City of Seguin unemployment rate decreased to 3.6 percent in December, down from 4.1 percent in November keeping the City in what economists consider to be full employment.

The City of Seguin unemployment rate registered lower than the overall jobless rate of 3.8 percent for the 8-county San Antonio-New Braunfels metropolitan statistical area, which includes Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina and Wilson counties. The City of New Braunfels registered a 3.0 percent unemployment rate in December, while the City of San Antonio registered 3.8 percent and the City of Schertz registered a 3.1 percent rate—all at full employment.

Comparing the Workforce Solutions Alamo metro area to the state and nation, the Texas unadjusted (actual) unemployment rate decreased to 4.1 percent in December, down from 4.6 percent in November. The nation's unadjusted (actual) unemployment rate decreased to 5.4 percent in December, down from 5.5 percent reported in November. Comparatively, the state and nation release seasonally adjusted unemployment rates with Texas decreasing to 4.6 percent in December and the nation's unemployment rate decreasing to 5.6 percent.

Caterpillar Expansion: In April 2014, Caterpillar announced it would relocate its C7 assembly line from a plant in South Carolina to Seguin as part of consolidation efforts, speaking volumes about Seguin's workforce and the business friendly Texas economy.

Helmerich & Payne Expansion: The oilfield drilling company is currently in the process of combining their Seguin and Alice facilities into one larger location here in Seguin, Texas on State Highway 123. The deal promises close to 450+ jobs and a capital investment of approximately \$11 million.

In April 2013, Walmart announced plans to build a second Walmart Supercenter in Seguin. The new store, with an estimated opening of 2015, will employ around 200 and bring a much needed grocery store to Seguin's west side.

On November 7th, the 118 room Towneplace Suites By Marriott opened in Seguin, Texas. Neighborhood-style living features comfortable, casual suites at a great value. The lobby area features a full hot breakfast. The hotel also hosts an evening social in the lobby Monday-Thursday. The hotel features a resort pool area that has a barbecue pit with a gas grill. And an upscale fitness center that is open 24/7.

In the spring of 2014, one of Seguin's historic treasures, the hydro-electric plant, found new life as a destination restaurant and entertainment venue that fully capitalizes on the city's crown jewel - the beautiful Guadalupe River and the dramatic waterfall over Saffold Dam at Starcke Park.

Starbucks officially opened for business in Seguin on July 15, 2014 at 2702 Jay Road. Starbucks occupies a free-standing store on the north side of Interstate 10, just south of the TownePlace by Marriott hotel, which is now under construction, and next door to the existing Chili's location. The site is perfectly suited to attract east- and west-bound traffic between San Antonio and Houston, as well as the key north/south traffic on State Highway 123.

Long-term financial planning. The City issued \$19,785,000 in general obligation bonds in February 2014, which funded a new library, a new park, and improvements to current parks.

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,

A handwritten signature in black ink, reading "Douglas G. Faseler". The script is cursive and fluid.

Douglas G. Faseler
City Manager

A handwritten signature in black ink, reading "Susan Caddell". The script is cursive and elegant.

Susan Caddell
Director of Finance



Government Finance Officers Association

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Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Enen". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF SEGUIN, TEXAS

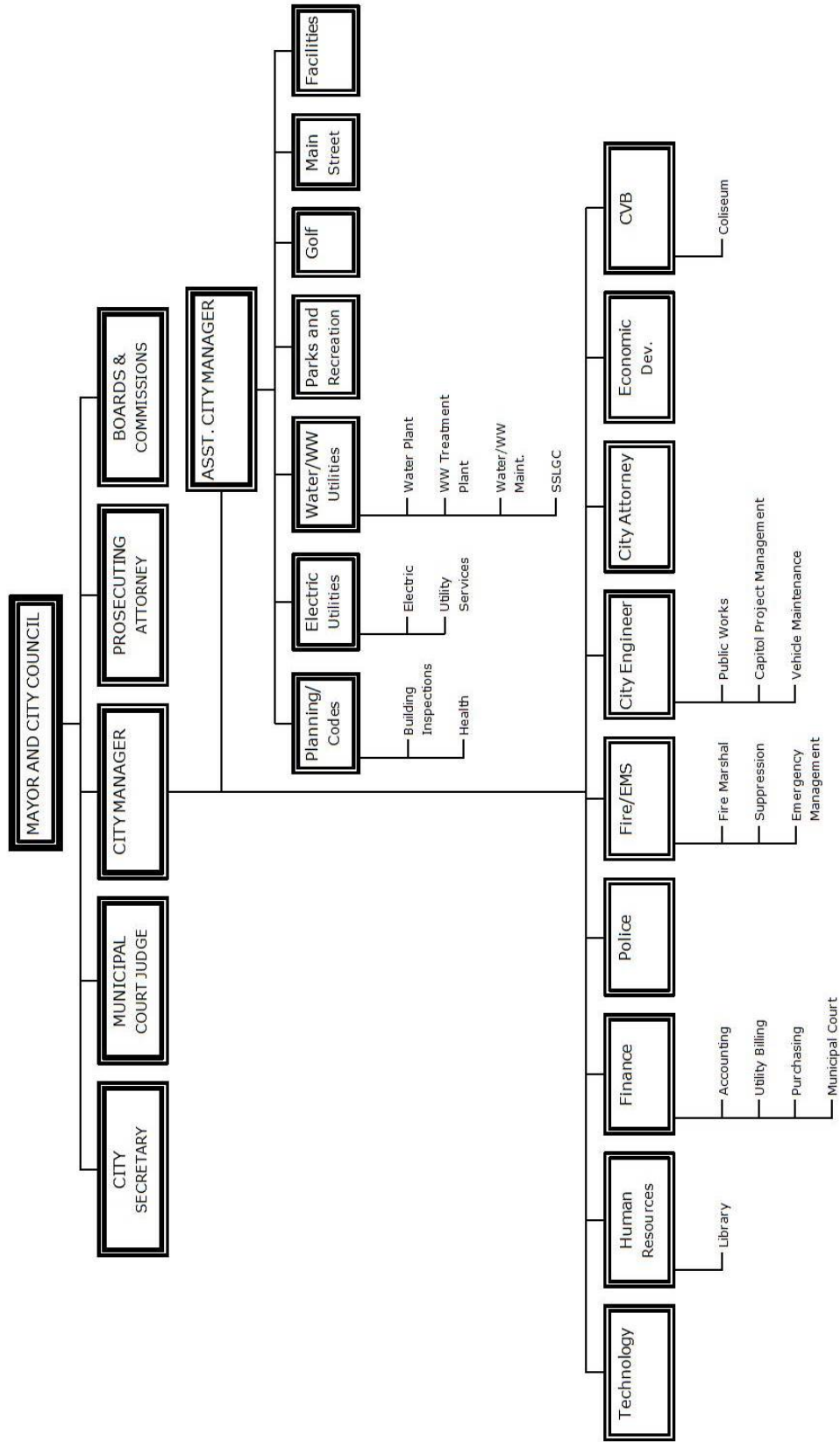
PRINCIPAL OFFICERS

DON KEIL.....Mayor
DONNA DODGEN.Mayor Pro-Tem
TOMAS V. CASTELLON, JR.....Councilman
JEANETTE CRABBCouncilwoman
MARK HERBOLD.Councilman
ERNESTO M. LEALCouncilman
FONDA MATHISCouncilwoman
CARLOS MEDRANOCouncilman
PHIL SEIDENBERGER.....Councilman

DOUG FASELER
City Manager

RICK CORTESAssistant City Manager
THALIA STAUTZENBERGERCity Secretary
SUSAN CADDELL.....Director of Finance
ANDREW QUITTNER.....City Attorney

CITY OF SEGUIIN



SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and schedules of funding progress, 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. The combining and individual nonmajor fund financial statements, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2015 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 13, 2015



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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found 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, 2014, by \$121,466,229 (net position). Of this amount, \$56,389,477 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6,780,940 or 5.9% compared to the prior fiscal year. The City had accrued a total of \$4,616,322 toward the contingent liability for the LCRA litigation. As of the issuance of these financial statements, the City has successfully settled the litigation with no liability due to LCRA. The accrued liability has been closed, which resulted in an increase in net position. More information can be found in Note M.
- As of September 30, 2014 the City of Seguin's governmental funds reported combined ending fund balances of \$55,799,605, an increase of \$16,554,863. This is attributable to the receipt of bond proceeds from the 2014 General Obligation Bonds of \$19,785,000.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,586,852, or 94.1% of total General Fund expenses.
- The City's total debt increased by \$19,139,664 during the current fiscal year. The City issued General Obligation Bonds for \$19,785,000.
- During the year, the City's expenses were \$890,291 less than the \$25,519,804 generated in taxes and other revenues for governmental activities before transfers and special items.
- The total cost of the City's governmental activity programs increased by \$1,909,839 from last year, and no new programs were added this year. Salaries and benefits increased from fiscal year 2013. In addition, depreciation increased due to several projects being completed in fiscal years 2013 and 2014.
- During fiscal year 2014, the Texas Department of Transportation (TxDOT) constructed a new access road off of IH10 as a project funded by an agreement between the City of Seguin, TxDot, and a developer. The special item of \$2,209,258 is the City's portion of the payment towards that project.

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 - 19 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better

understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the *statement of net position* and the *statement of activities*) and governmental funds are detailed in a reconciliation following the fund financial statements.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2010 Certificates of Obligation Fund, 2014 General Obligation Bond Fund, 2013 Certificates of Obligation Bond Fund and Debt Service Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 66 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 67 - 75 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 76 - 116 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, 2014, the City of Seguin's assets and deferred outflows of resources exceeded liabilities by \$121,466,229. Table A-1 is a condensed version of the City's statement of net position for the years ended September 30, 2014 and 2013, respectively.

The largest portion of the City's total net position (46.4%) is its unrestricted net position. This includes funds from a tax exemption settlement agreement received in fiscal year 2012. The next largest portion of the City's total net position (42.3%) reflects its 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.

Table A-1
City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current assets	30,163,969	29,938,677	34,354,677	35,078,813	64,518,646	65,017,490
Capital assets	51,955,179	50,107,175	53,288,792	46,073,279	105,243,971	96,180,454
Other non current assets	32,843,277	15,083,649	8,304,681	9,815,539	41,147,958	24,899,188
Total assets	114,962,425	95,129,501	95,948,150	90,967,631	210,910,575	186,097,132
Deferred Outflows of Resources	451,493	513,335	79,269	89,963	530,762	603,298
Liabilities						
Current liabilities	3,178,009	2,102,507	3,431,926	7,453,149	6,609,935	9,555,656
Noncurrent liabilities	63,074,756	42,524,877	20,290,417	19,934,608	83,365,173	62,459,485
Total liabilities	66,252,765	44,627,384	23,722,343	27,387,757	89,975,108	72,015,141
Net Position						
Invested in Capital Assets	21,780,455	21,518,984	36,385,747	29,869,105	58,166,202	51,388,089
Restricted	3,352,071	3,471,237	3,558,479	3,594,942	6,910,550	7,066,179
Unrestricted	24,028,627	26,025,231	32,360,850	30,205,790	56,389,477	56,231,021
Total Net Position	49,161,153	51,015,452	72,305,076	63,669,837	121,466,229	114,685,289

An additional portion of the City of Seguin's net position (5.7%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net position of \$56,378,731 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Seguin is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Changes in Net position. The City's total government-wide revenues increased by \$5,323,356 or 8.2%. This was largely due to increase in electric, water and sewer revenue, along with increased miscellaneous violations and building permits. The City's total government-wide expenses increased by \$402,292 or .7%. This was largely attributable to the increase in salaries and benefits.

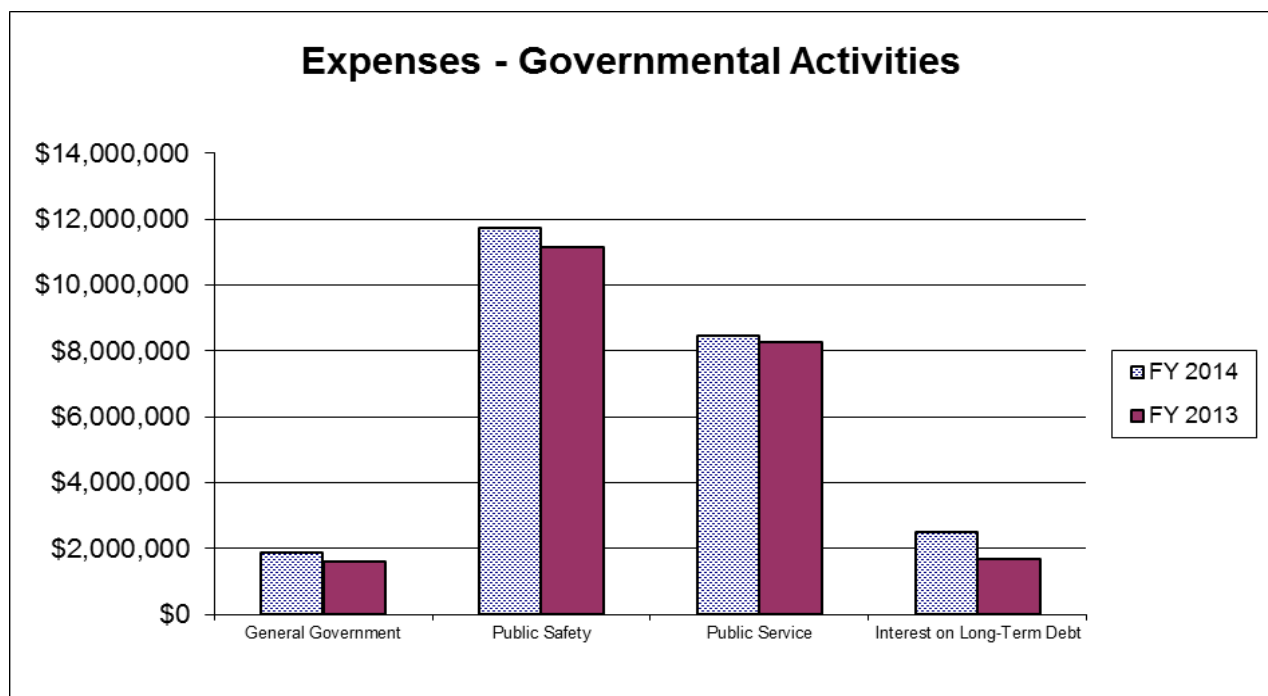
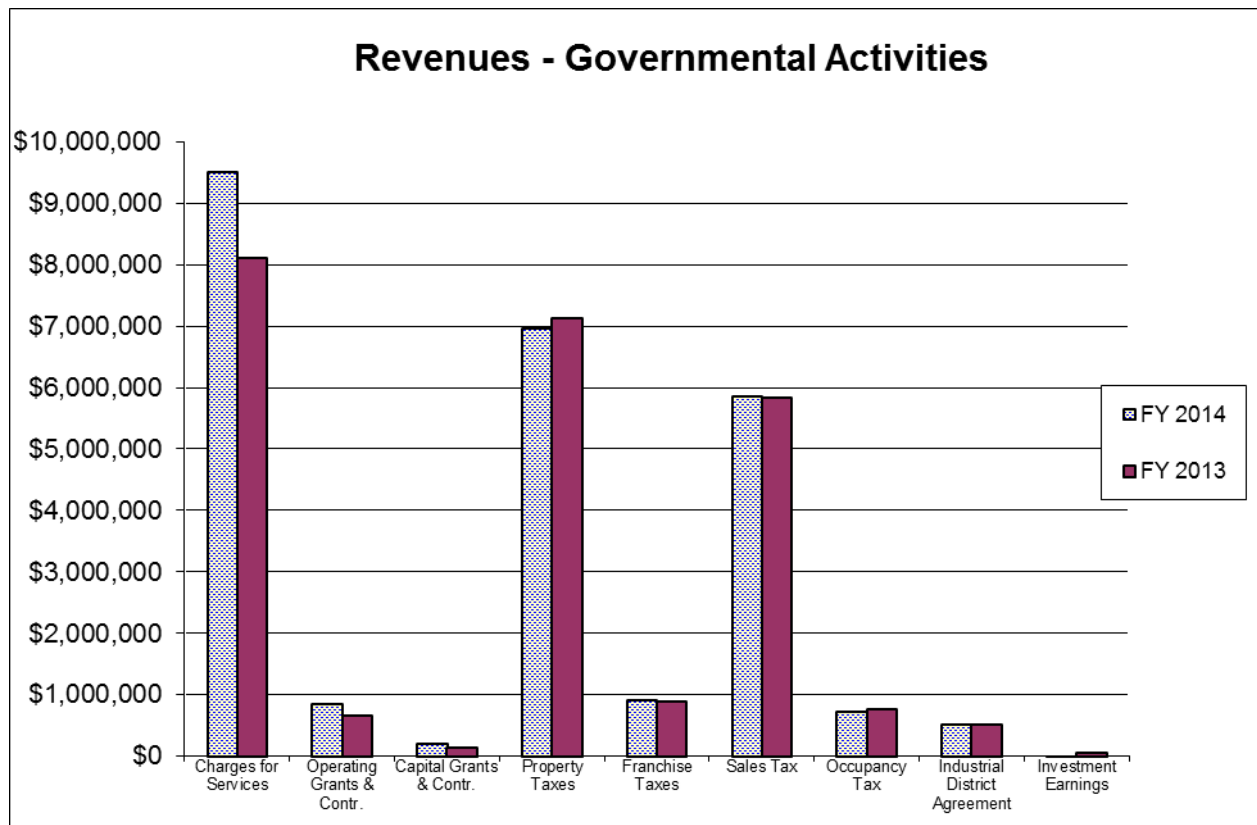
Table A-2
Changes in City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for Services	\$ 9,495,361	\$ 8,105,838	\$ 42,017,948	\$ 40,827,258	\$ 51,513,309	\$ 48,933,096
Operating Grants and Contributions	841,529	658,404	-	-	841,529	658,404
Capital Grants and Contributions	197,027	140,973	2,961,261	215,212	3,158,288	356,185
General Revenues						
Property Taxes	6,952,798	7,123,720	-	-	6,952,798	7,123,720
Franchise Taxes	913,296	897,556	-	-	913,296	897,556
Sales Tax	5,841,830	5,833,464	-	-	5,841,830	5,833,464
Occupancy Tax	726,361	762,465	-	-	726,361	762,465
Industrial District Agreement	515,000	510,000	-	-	515,000	510,000
Investment Earnings	36,602	49,726	20,456	39,696	57,058	89,422
Gain (Loss) on Sale of Assets	-	-	1,028	32,829	1,028	32,829
Total Revenues:	25,519,804	24,082,146	45,000,693	41,114,995	70,520,497	65,197,141
Expenses:						
General Government	1,891,420	1,617,167	-	-	1,891,420	1,617,167
Public Safety	11,757,015	11,147,424	-	-	11,757,015	11,147,424
Public Service	8,464,114	8,269,202	-	-	8,464,114	8,269,202
Interest on Long-Term Debt	2,516,964	1,685,881	-	-	2,516,964	1,685,881
Utility	-	-	36,900,786	39,212,917	36,900,786	39,212,917
Total Expenses	24,629,513	22,719,674	36,900,786	39,212,917	61,530,299	61,932,591
Excess (Deficiency) Before Transfers In (Out)	890,291	1,362,472	8,099,907	1,902,078	8,990,198	3,264,550
Special Items and Transfers	(535,332)	(118,784)	535,332	118,784	-	-
Increase (Decrease) in Net Position	(2,209,258)	-	-	-	(2,209,258)	-
Net Position	\$ (1,854,299)	\$ 1,243,688	\$ 8,635,239	\$ 2,020,862	\$ 6,780,940	\$ 3,264,550

Governmental activities. The City's total governmental revenues increased by \$1,437,658 or 6% above last year. The City's total governmental expenses increased by \$1,909,839 or 8.4% above last year.

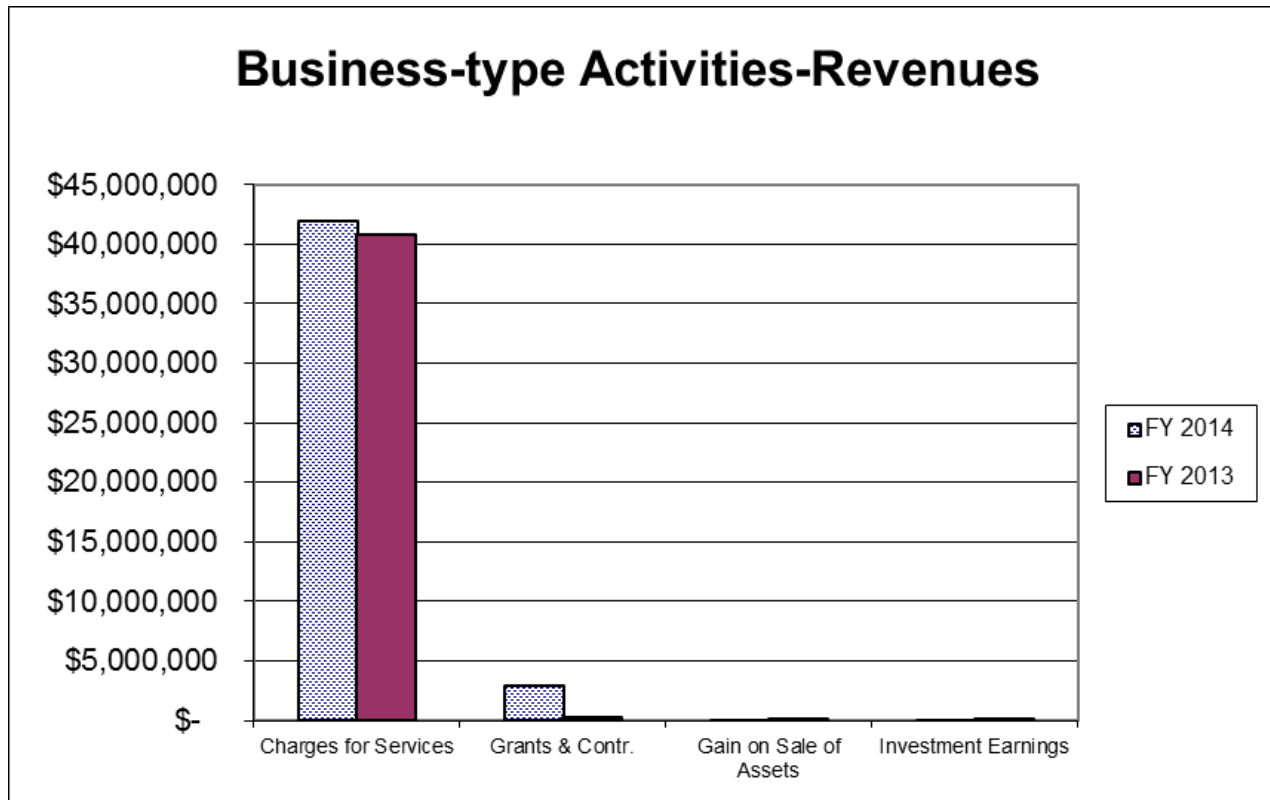
- Miscellaneous Violations increased by \$435,926 or 34.9%. The City has increased the warrant collection effort along with the services of new collection procedures.
- Building Permits increased by \$172,507 or 39.3%. Construction has increased greatly throughout the City.
- Recycling Revenue increased by \$275,570 from fiscal year 2013 of \$17,573. In fiscal year 2013, the recycling revenue was based upon \$.50 per customer per month for a drop-off recycling facility. In the current fiscal year, the City implemented curbside recycling. The fee the City collected increased along with the fee the City pays the contractor. An offsetting increase in the expenditure can also be noted.
- Golf Course Receipts and Golf Cart Rentals increased by \$220,499 or 75.1%. In fiscal year 2013, the golf course was open only a partial year due to reconstruction of the greens. The golf course was once again open year round the current fiscal year.
- In fiscal year 2014, the City issued Certificates of Obligation for partial funding of an access road on IH10. In fiscal year 2013, the City issued a partial payment to the Texas Department of Transportation for their portion of the project. When the City issued the Certificates of Obligation, the funds were reimbursed for that payment. In addition, the City purchased land for the site of the future library in fiscal year 2013. When the City received the bond proceeds for the construction of the new library in fiscal year 2014, the funds were reimbursed.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$11,757,015. These expenses are offset by revenues collected from a variety of

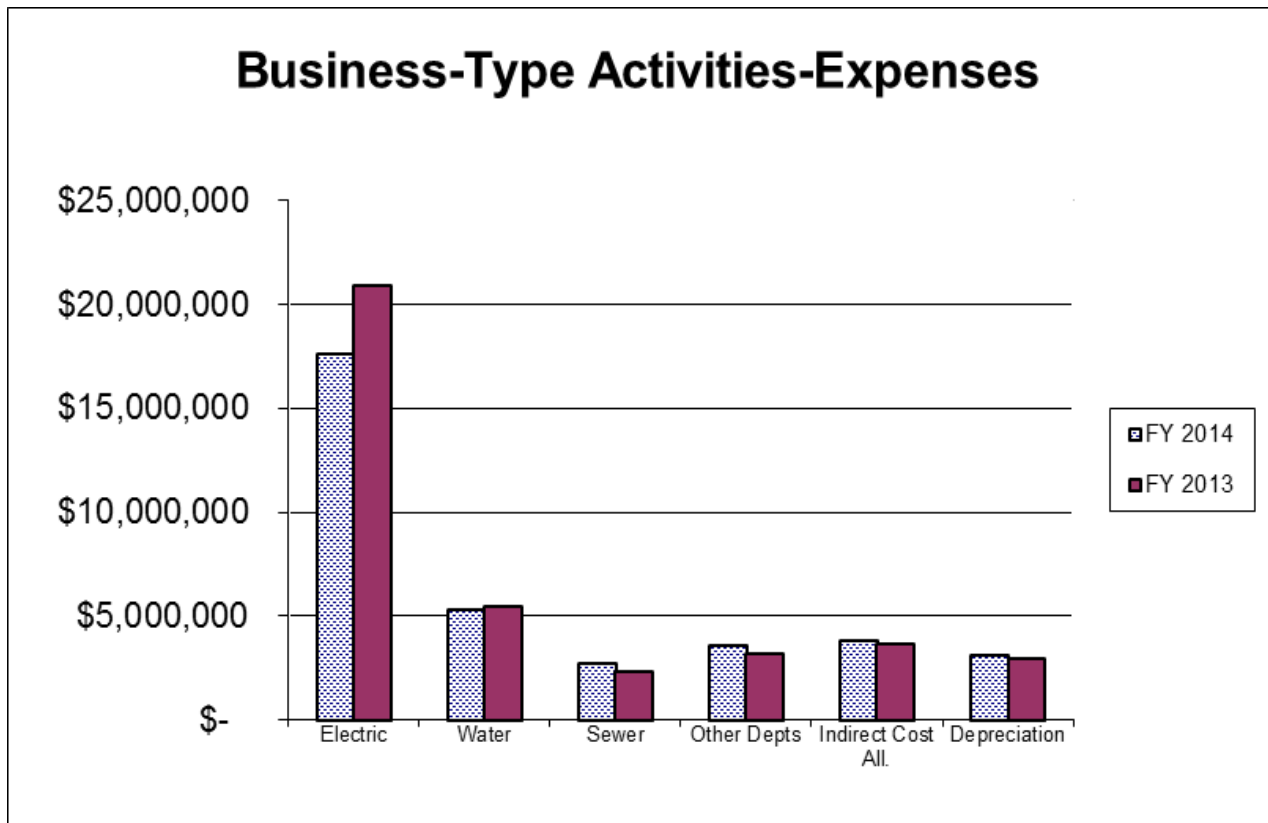
sources, with the largest being from fines and penalties in the amount of \$1,686,764. Additional funding also included EMS revenue in the amount of \$1,043,741 and Fire and EMS interlocal agreements with Guadalupe County in the amount of \$486,947. The major components of public safety are police and fire. Police accounted for \$5.9 million in public safety expense while Fire accounted for \$4.6 million in public safety expense.



Business-type activities. The City's total business-type revenues increased by \$3,885,698 or 9.5%. The City's total business-type expenses decreased by \$2,312,131 or 5.9%.

- Electric revenues make up \$26.5 million of the charges for services. This year electric revenues increased by \$1,037,668. The increase was due to an increase in consumption. Wholesale power costs decreased by \$3,711,628 or 20.1%. The City had accrued a total of \$4,616,322 toward the contingent liability for the LCRA litigation. As of the issuance of these financial statements, the City has successfully settled the litigation with no liability due to LCRA. The accrued liability has been closed, which resulted in a decrease in wholesale power costs.
- Water revenues make up \$8.5 million of the charges for services. This year water revenues increased by \$368,585 or 4.5%. This was a result of an increase in consumption. The wholesale water costs decreased by \$274,428 or 8.5%. The City purchases water from the Schertz-Seguin Local Government Corporation (SSLGC). The debt service payments the City includes in these costs has lowered due to the fact San Antonio Water Systems is now purchasing water from SSLGC. Some of their payments are being applied to the bonds the City is also paying on, resulting in lower debt service payments for the City.
- Sewer revenues make up \$5.2 million of the charges for services. This year sewer revenues decreased slightly by \$77,591 or 1.5%. This was due to a decrease in water consumption.





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 \$55,799,605. This is an increase of \$16,554,863. This is attributable to the issuance of \$19,785,000 of General Obligation Bonds. Of this total amount, \$16,586,852 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 \$76,260 which are prepaids and inventory, 2) restricted fund balance in the amount of \$33,574,388, 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 \$2,189,633, which is committed to stabilization arrangement and aquatic fees, and 4) assigned fund balance in the amount of \$3,372,472, 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 \$16,586,852, while total fund balance reached \$18,994,361. Of this amount \$7,177,161 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 \$7,177,161 taken out of the equation, unassigned fund balance represents 53.4% of general fund expenditures, while total fund balance represents 67% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of \$3,058,229, an increase of \$472,089. This increase can be attributable to the fact that additional funds were applied to capital projects, but the projects have yet to be complete.

At the end of FY14, four bond funds had a total fund balance of \$30,056,908. This was an increase of \$16,994,886 due to the issuance of \$19,785,000 in General Obligation Bonds.

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 \$32,360,850. The restricted net position is \$3,558,479, while net position invested in capital assets amounted to \$36,385,747.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2013-14, actual revenues on a budgetary basis were \$20,154,748 compared to the final budget of \$19,139,212, which is \$1,015,536 above budget. Miscellaneous violations exceeded budget by \$484,020. Property tax revenue exceeded budget by \$177,483. Sales tax revenue exceeded budget by \$174,753. Building permits exceeded budget by \$158,503 due to increased construction activity.

For FY 2013-14, actual expenditures on a budgetary basis were \$17,628,081 compared to the final budget of \$19,152,680, which was \$1,524,599 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 \$448,566.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2014, the City had invested \$105,243,971, 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 \$9,063,517 or 9.4%. The increase was due in part to large projects being completed or begun during fiscal year 2014. More detailed information about the City's capital assets can be found in Note G, page 46 - 47.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 4,381,650	\$ 4,064,974	\$ 727,026	\$ 727,026	\$ 5,108,676	\$ 4,792,000
Buildings and Improvements	20,975,365	20,788,428	24,235,997	22,471,764	45,211,362	43,260,192
Improvements Other than Buildings	51,208,302	50,892,961	61,208,603	55,068,017	112,416,905	105,960,978
Transportation and Equipment	12,284,103	11,395,136	6,343,221	6,200,336	18,627,324	17,595,472
Construction in Progress	3,955,814	1,422,570	13,530,643	11,290,322	17,486,457	12,712,892
Totals at Historical Cost	92,805,234	88,564,069	106,045,490	95,757,465	198,850,724	184,321,534
Total Accumulated Depreciation	(40,850,055)	(38,456,894)	(52,756,698)	(49,684,186)	(93,606,753)	(88,141,080)
Net Capital Assets	\$ 51,955,179	\$ 50,107,175	\$ 53,288,792	\$ 46,073,279	\$ 105,243,971	\$ 96,180,454

Long-term debt. At year-end, the City had \$81,126,997 in bonds, loans and capital leases outstanding as shown in Table A-4. This was an increase of \$19,139,664 or 30.9% from 2013. This fiscal year, the City issued General Obligation Bonds in the amount of \$19,785,000. 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 4.3%. The pledged revenue coverage for the utility system revenue bonds is 4.99.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds Payable	\$ 45,060,141	\$ 26,587,427	\$ 19,774,859	\$ 20,822,573	\$ 64,835,000	\$ 47,410,000
Certificates of Obligation	15,630,000	13,600,000	-	-	15,630,000	13,600,000
Tax Anticipation Notes	185,000	565,000	-	-	185,000	565,000
Capital Leases	406,658	310,476	70,339	101,857	476,997	412,333
Total Bonds & Notes Payable	<u>\$ 61,281,799</u>	<u>\$ 41,062,903</u>	<u>\$ 19,845,198</u>	<u>\$ 20,924,430</u>	<u>\$ 81,126,997</u>	<u>\$ 61,987,333</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2014-15, 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 \$1,208,310 or 5.2% above the FY14 budget.

- Property tax revenue is budgeted to increase by \$671,470 or 10.5%. This is based upon an increase in values along with an increase in debt service payments.
- The property tax rate increased by \$.0071 to \$.5244, which is also the effective tax rate.
- Miscellaneous Violations is budgeted to increase by \$150,000 based upon the increase in FY14.
- Building Permits is budgeted to increase by \$85,000 due to the growth in construction the City has been seeing.
- R.O.W. User Fees is budgeted to increase by \$76,596 based upon increased electric, water, and sewer revenue.
- Sales tax revenue is budgeted to increase by \$60,000 based upon new businesses to the City.
- Refuse Collection Fees is budgeted to increase by \$50,000 based upon the increase in number of accounts.
- EMS revenue is budgeted to increase by \$25,000 based upon increased revenue provided from the Texas Ambulance Supplemental Payment Program.
- Salaries and benefits are budgeted to increase by \$1,080,471. This includes a 5% increase for health insurance and a 2% cost of living effective January 1. It also includes some new positions and upgrades.
- Class/Comp Study Contingency is budgeted to increase \$100,000 to provide for any salary adjustment recommended by a salary study conducted.
- Indigent Health Care is budgeted to increase by \$35,566.

The projected revenues and expenditures for the Utility Fund are budgeted to increase by \$1,861,045 or 4.6% above the FY14 budget.

- Electric revenue is budgeted to increase by \$1,447,065 based upon the recommended rate adjustments from the City's electric rate study.
- Water revenue is budgeted to increase by \$426,171 due to an anticipated increase in consumption along with expected sales to Springs Hill Water System.
- Sewer revenue is to remain stable with the exception of the revenue generated from the increase in the Sewer Testing Fee. This will generate an increase of \$25,000.
- Salaries and benefits are budgeted to increase by \$642,708. This includes a 5% increase for health insurance and a 2% cost of living effective January 1. It also includes some new positions and upgrades.
- Indirect cost allocation is budgeted to increase by \$300,000 based upon prior years.
- Transfers to Utility I&S Fund is budgeted to increase by \$300,142 due to issuance of utility revenue bonds.
- Class/Comp Study Contingency is budgeted to increase \$50,000 to provide for any salary adjustment recommended by a salary study conducted.

Personnel expenses are increasing due to a 2% cost of living and merit increases. Several new positions have been added to the General Fund.

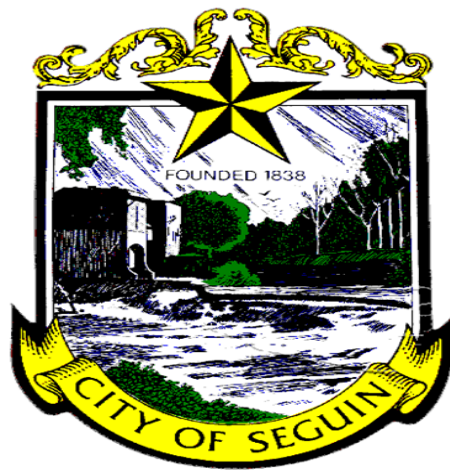
- Police Officer
- Telecommunications Operator
- Animal Services Officer
- Firefighter
- Two Equipment Operators (Public Works Department)
- Two Service Workers (Parks and Recreation)
- Radio/Technical Specialist (½ position)

New positions in the Utility Fund have also been added.

- Crew Leader (Electric Distribution)
- Journeyman Lineworker (Electric Distribution)
- Two Apprentice Lineworkers (Electric Distribution)
- Radio/Technical Specialist (½ position)

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
ASSETS				
Cash and Cash Equivalents	\$ 544,346	\$ 701,220	\$ 1,245,566	\$ 7,271
Investments	26,529,010	24,681,251	51,210,261	1,210,370
Receivables (net of allowances for uncollectibles)				
Taxes	1,941,879	-	1,941,879	-
Accounts	984,843	4,925,281	5,910,124	12,358
Grants	50,085	-	50,085	-
Miscellaneous	34,828	2,253,040	2,287,868	-
Due From Component Unit/ Primary Government	-	19,590	19,590	195,904
Inventories	18,169	1,720,208	1,738,377	-
Prepays	60,809	54,087	114,896	2,398
Restricted Assets:				
Cash and Cash Equivalents	3,329	11,826	15,155	-
Investments	30,596,545	6,967,747	37,564,292	-
Net Pension Asset	2,243,403	747,802	2,991,205	-
Notes Receivable	-	-	-	634,487
Net Present Value of Lease Financing	-	577,306	577,306	-
Capital Assets:				
Land	4,381,650	727,026	5,108,676	879,325
Buildings & Improvements	20,975,365	24,235,997	45,211,362	781,347
Improvements Other than Buildings/Infrastructure	51,208,302	61,208,603	112,416,905	-
Transportation & Equipment	12,284,103	6,343,221	18,627,324	-
Construction in Progress	3,955,814	13,530,643	17,486,457	-
Accumulated Depreciation	(40,850,055)	(52,756,698)	(93,606,753)	(34,853)
Total Assets	<u>114,962,425</u>	<u>95,948,150</u>	<u>210,910,575</u>	<u>3,688,607</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	451,493	79,269	530,762	-
Total Deferred Outflows of Resources	<u>\$ 451,493</u>	<u>\$ 79,269</u>	<u>\$ 530,762</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 2,426,576	\$ 2,633,144	\$ 5,059,720	\$ 33,980
Unearned Revenue	283,496	63,525	347,021	-
Accrued Interest Payable	272,033	-	272,033	-
Due to Component Unit/ Primary Government	195,904	-	195,904	19,590
Customer Deposits	-	553,746	553,746	600
<i>Payable from Restricted Assets:</i>				
Accrued Interest Payable	-	110,731	110,731	-
Current Portion of Long-Term Debt	-	1,077,119	1,077,119	-
<i>Noncurrent Liabilities:</i>				
Due within One Year	3,112,264	181,511	3,293,775	-
Due in more than One Year	59,962,492	19,102,567	79,065,059	-
Total Liabilities	<u>66,252,765</u>	<u>23,722,343</u>	<u>89,975,108</u>	<u>54,170</u>
NET POSITION				
Net Investment in Capital Assets	21,780,455	36,385,747	58,166,202	1,625,819
Restricted for:				
Tourism & Economic Development	1,075,568	-	1,075,568	-
Public Safety	477,246	-	477,246	-
Public Service	220,158	-	220,158	-
Debt Service	1,579,099	2,377,273	3,956,372	-
Impact Fees	-	1,181,206	1,181,206	-
Unrestricted	24,028,627	32,360,850	56,389,477	2,008,618
Total Net Position	<u>\$ 49,161,153</u>	<u>\$ 72,305,076</u>	<u>\$ 121,466,229</u>	<u>\$ 3,634,437</u>

See accompanying notes to basic financial statements.

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

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	\$ 5,739,986	\$ (3,848,566)	\$ 2,888,748	\$ 696,718	\$ -
Public Safety	11,757,015	-	3,524,917	104,590	1,799
Public Service	8,464,114	-	3,081,696	40,221	195,228
Interest on Long-term Debt	2,516,964	-	-	-	-
Total Governmental Activities	28,478,079	(3,848,566)	9,495,361	841,529	197,027
Business-Type Activities					
Utility	33,052,220	3,848,566	42,017,948	-	2,961,261
Total Business-Type Activities	33,052,220	3,848,566	42,017,948	-	2,961,261
Total Primary Government	<u>\$ 61,530,299</u>	<u>\$ -</u>	<u>\$ 51,513,309</u>	<u>\$ 841,529</u>	<u>\$ 3,158,288</u>
Component Unit:					
Seguin Economic Development Corporation	\$ 1,260,787	\$ -	\$ 29,088	\$ 108,501	\$ -
Total Component Unit	<u>\$ 1,260,787</u>	<u>\$ -</u>	<u>\$ 29,088</u>	<u>\$ 108,501</u>	<u>\$ -</u>
General Revenues:					
Taxes					
General 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					
Special Items					
Transfers					
Change in Net Position					
Net Position at Beginning of Year					
Net Position at End of Year					

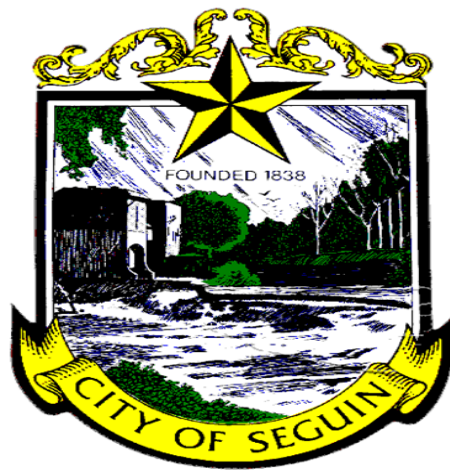
See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
\$ 1,694,046	\$ -	\$ 1,694,046	\$ -
(8,125,709)	-	(8,125,709)	-
(5,146,969)	-	(5,146,969)	-
(2,516,964)	-	(2,516,964)	-
(14,095,596)	-	(14,095,596)	-
-	8,078,423	8,078,423	-
-	8,078,423	8,078,423	-
(14,095,596)	8,078,423	(6,017,173)	-
-	-	-	(1,123,198)
-	-	-	(1,123,198)
6,952,798	-	6,952,798	-
913,296	-	913,296	-
5,841,830	-	5,841,830	1,151,617
726,361	-	726,361	-
515,000	-	515,000	-
-	1,028	1,028	-
36,602	20,456	57,058	35,622
14,985,887	21,484	15,007,371	1,187,239
(2,209,258)	-	(2,209,258)	-
(535,332)	535,332	-	-
(1,854,299)	8,635,239	6,780,940	64,041
51,015,452	63,669,837	114,685,289	3,570,396
\$ 49,161,153	\$ 72,305,076	\$ 121,466,229	\$ 3,634,437

CITY OF SEGUIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	2010 Certificates of Obligation	2014 General Obligation Bond
ASSETS			
Cash and Cash Equivalents	\$ 333,686	\$ -	\$ -
Investments	19,238,856	-	-
Receivables (net of allowances for uncollectibles):			
Taxes	1,564,542	-	-
Accounts	960,630	-	-
Grants	50,085	-	-
Miscellaneous	29,030	-	-
Inventories	18,169	-	-
Prepaid Items	52,217	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	959	1,761
Investments	-	8,953,091	19,135,880
Total Assets	<u>\$ 22,247,215</u>	<u>\$ 8,954,050</u>	<u>\$ 19,137,641</u>
LIABILITIES			
Accounts Payable	\$ 668,798	\$ 225,864	\$ 160,993
Accrued Expenditures	983,465	-	-
Due to Component Unit	195,904	-	-
Unearned Revenues	256,531	-	-
Due to Others	31,390	-	-
Total Liabilities	<u>2,136,088</u>	<u>225,864</u>	<u>160,993</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	1,116,766	-	-
Total Deferred Inflows of Resources	<u>1,116,766</u>	<u>-</u>	<u>-</u>
<i>Nonspendable:</i>			
Prepays and Inventory	70,386	-	-
<i>Restricted:</i>			
Tourism & Economic Development	-	-	-
Public Safety	-	-	-
Public Service	20,100	-	-
Capital Projects	-	8,728,186	18,976,648
Debt Service	-	-	-
<i>Committed:</i>			
Stabilization Arrangement	2,165,441	-	-
Aquatic Fees	-	-	-
<i>Assigned</i>	151,582	-	-
<i>Unassigned</i>	16,586,852	-	-
Total Fund Balances	<u>18,994,361</u>	<u>8,728,186</u>	<u>18,976,648</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	<u>\$ 22,247,215</u>	<u>\$ 8,954,050</u>	<u>\$ 19,137,641</u>

2013 Certificates of Obligation	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 546	\$ 69,926	\$ 404,158
-	1,636,874	5,043,810	25,919,540
-	213,712	163,625	1,941,879
-	-	24,213	984,843
-	-	-	50,085
-	-	-	29,030
-	-	-	18,169
-	-	5,874	58,091
137	-	472	3,329
252,338	-	2,255,236	30,596,545
<u>\$ 252,475</u>	<u>\$ 1,851,132</u>	<u>\$ 7,563,156</u>	<u>\$ 60,005,669</u>
\$ -	\$ -	\$ 292,616	\$ 1,348,271
-	-	9,963	993,428
-	-	-	195,904
-	-	26,965	283,496
-	-	31,486	62,876
<u>-</u>	<u>-</u>	<u>361,030</u>	<u>2,883,975</u>
-	205,323	-	1,322,089
<u>-</u>	<u>205,323</u>	<u>-</u>	<u>1,322,089</u>
-	-	5,874	76,260
-	-	1,075,568	1,075,568
-	-	477,246	477,246
-	-	200,058	220,158
252,475	-	2,198,298	30,155,607
-	1,645,809	-	1,645,809
-	-	-	2,165,441
-	-	24,192	24,192
-	-	3,220,890	3,372,472
-	-	-	16,586,852
<u>252,475</u>	<u>1,645,809</u>	<u>7,202,126</u>	<u>55,799,605</u>
<u>\$ 252,475</u>	<u>\$ 1,851,132</u>	<u>\$ 7,563,156</u>	<u>\$ 60,005,669</u>



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

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 55,799,605

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. 51,955,179

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. 736,173

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

Net Pension Asset	2,243,403	
Unavailable Revenues	1,322,089	3,565,492

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	60,875,141	
Unamortized Premiums and Deferred Charges	275,997	
Capital Leases	406,658	
Net Other Post Employment Benefit Obligation	118,349	
Compensated Absences	947,118	(62,623,263)

Accrued interest payable on long-term-bonds is not due and payable in the current
period and, therefore, not reported in the funds. (272,033)

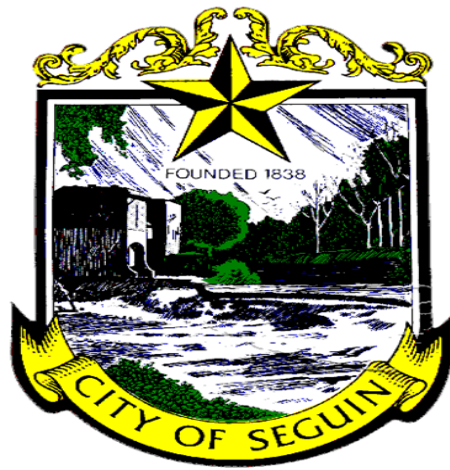
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 49,161,153

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

	General Fund	2010 Certificates of Obligation	2014 General Obligation Bonds
REVENUES			
Taxes	\$ 10,676,386	\$ -	\$ -
Licenses and Permits	585,838	-	-
Intergovernmental	919,670	-	-
Charges for Services	5,556,445	-	-
Fines and Forfeits	1,717,511	-	-
Interest	13,533	7,578	9,470
Miscellaneous	685,365	-	-
Total Revenues	<u>20,154,748</u>	<u>7,578</u>	<u>9,470</u>
EXPENDITURES			
Current:			
General Government	2,462,188	-	-
Public Safety	11,099,683	-	-
Public Service	6,087,470	-	-
Nondepartmental	1,827,306	-	-
Indirect Cost Allocation (Recovery)	(3,848,566)	-	-
Capital Projects/Outlay	-	859,884	847,822
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issue Costs	-	-	324,942
Total Expenditures	<u>17,628,081</u>	<u>859,884</u>	<u>1,172,764</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,526,667</u>	<u>(852,306)</u>	<u>(1,163,294)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	48,905	-	-
Transfers Out	(3,528,207)	-	-
Issuance of Capital Lease Financing	-	-	-
Bonded Debt Issues	-	-	19,785,000
Premiums on Issuance of Bonds	-	-	354,942
Total Other Financing Sources (Uses)	<u>(3,479,302)</u>	<u>-</u>	<u>20,139,942</u>
SPECIAL ITEMS	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(952,635)	(852,306)	18,976,648
Fund Balances at Beginning of Year	19,946,996	9,580,492	-
Fund Balances at End of Year	<u>\$ 18,994,361</u>	<u>\$ 8,728,186</u>	<u>\$ 18,976,648</u>

See accompanying notes to basic financial statements.

2013 Certificates of Obligation	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,987,561	\$ 732,413	\$ 14,396,360
-	-	102,799	688,637
-	532,825	239,704	1,692,199
-	-	168,347	5,724,792
-	-	176,708	1,894,219
446	966	4,586	36,579
-	-	395,053	1,080,418
<u>446</u>	<u>3,521,352</u>	<u>1,819,610</u>	<u>25,513,204</u>
-	-	829,251	3,291,439
-	-	-	11,099,683
-	-	-	6,087,470
-	-	374,830	2,202,136
-	-	-	(3,848,566)
-	-	3,759,180	5,466,886
-	2,162,286	207,893	2,370,179
-	1,996,353	14,993	2,011,346
38,713	-	-	363,655
<u>38,713</u>	<u>4,158,639</u>	<u>5,186,147</u>	<u>29,044,228</u>
<u>(38,267)</u>	<u>(637,287)</u>	<u>(3,366,537)</u>	<u>(3,531,024)</u>
-	773,000	2,714,986	3,536,891
-	-	(657,556)	(4,185,763)
-	-	304,075	304,075
2,500,000	-	-	22,285,000
-	-	-	354,942
<u>2,500,000</u>	<u>773,000</u>	<u>2,361,505</u>	<u>22,295,145</u>
<u>(2,209,258)</u>	<u>-</u>	<u>-</u>	<u>(2,209,258)</u>
252,475	135,713	(1,005,032)	16,554,863
-	1,510,096	8,207,158	39,244,742
<u>\$ 252,475</u>	<u>\$ 1,645,809</u>	<u>\$ 7,202,126</u>	<u>\$ 55,799,605</u>



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, 2014

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 16,554,863

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	4,845,144	
Current Period Depreciation	<u>(2,989,627)</u>	1,855,517

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 assets differs from the change in fund balance by the net book value of disposed assets. (7,513)

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	144,715
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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 assets. 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	(22,944,017)	
Principal Payments	2,370,179	
Amortization of Deferred Charges & Premiums	<u>(17,641)</u>	(20,591,479)

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. 181,595

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. (117,731)

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. 125,734

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ (1,854,299)</u></u>
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See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-Type Activities <u>Utility Fund</u>	Governmental Activities <u>Internal Service Funds</u>
ASSETS		
<i>Current Assets</i>		
<i>Cash and Cash Equivalents:</i>		
Restricted Cash	\$ 11,826	\$ -
Unrestricted Cash	701,220	140,188
<i>Investments:</i>		
Restricted Investments	6,967,747	-
Unrestricted Investments	24,681,251	609,471
Accounts Receivable (Net)	4,925,281	-
Miscellaneous Receivables	2,253,040	5,798
Due from Component Unit	19,590	-
Inventories	1,720,208	-
Prepaid Items	54,087	2,717
<i>Total Current Assets</i>	<u>41,334,250</u>	<u>758,174</u>
<i>Noncurrent Assets</i>		
Net Pension Asset	747,802	-
Net Present Value of Lease Financing	577,306	-
	<u>1,325,108</u>	<u>-</u>
<i>Capital Assets:</i>		
Land	727,026	-
Buildings and Improvements	24,235,997	-
Improvements Other than Buildings	61,208,603	-
Transportation & Equipment	6,343,221	-
Construction in Progress	13,530,643	-
Accumulated Depreciation	(52,756,698)	-
<i>Capital Assets, net</i>	<u>53,288,792</u>	<u>-</u>
<i>Total Noncurrent Assets</i>	<u>54,613,900</u>	<u>-</u>
Total Assets	<u>95,948,150</u>	<u>758,174</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refundings	79,269	-
Total Deferred Outflows of Resources	<u>\$ 79,269</u>	<u>\$ -</u>

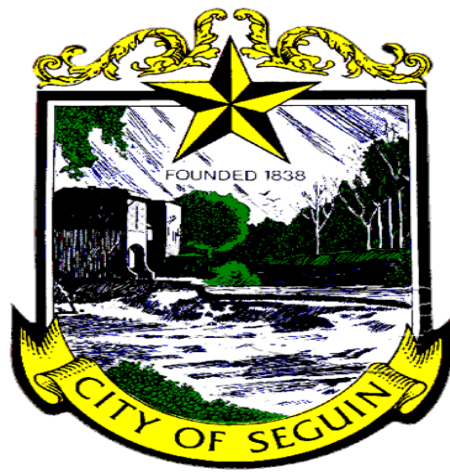
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See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2014

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 2,366,655	\$ 22,001
Accrued Expenses	448,000	-
Unearned Revenue	63,525	-
Customer Deposits	553,746	-
<i>Current Liabilities</i>	<u>3,431,926</u>	<u>22,001</u>
<i>Current Liabilities Payable from Restricted Assets:</i>		
Accrued Interest Payable	110,731	-
Current Portion of Long-term Bonds	1,077,119	-
<i>Current Liabilities Payable from Restricted Assets</i>	<u>1,187,850</u>	<u>-</u>
<i>Total Current Liabilities</i>	<u>4,619,776</u>	<u>22,001</u>
<i>Noncurrent Liabilities:</i>		
Capital Lease Payable	70,339	-
Compensated Absences	150,908	-
Net Other Post Employment Benefit Obligation	43,774	-
Revenue & Refunding Bonds Payable	18,837,546	-
<i>Total Noncurrent Liabilities</i>	<u>19,102,567</u>	<u>-</u>
Total Liabilities	<u>23,722,343</u>	<u>22,001</u>
NET POSITION		
Net Investment in Capital Assets	36,385,747	-
Restricted for:		
Debt Service	2,377,273	-
Impact Fees	1,181,206	-
Unrestricted	32,360,850	736,173
Total Net Position	<u>\$ 72,305,076</u>	<u>\$ 736,173</u>

See accompanying notes to basic financial statements.



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

	Business-Type Activities <u>Utility Fund</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES		
Charges for Utility Service	\$ 40,273,574	\$ -
Charges for Premiums	-	2,820,140
Miscellaneous Revenues	1,744,374	3,974
Total Operating Revenues	<u>42,017,948</u>	<u>2,824,114</u>
OPERATING EXPENSES		
Administration	1,656,208	2,811,946
Operation and Maintenance:		
Electric Distribution	17,408,244	-
Utility Services	799,554	-
Water Production	4,422,078	-
Water/Sewer Maintenance	3,780,883	-
Sewer	2,129,372	-
Economic Development	338,148	-
Facilities Maintenance	551,370	-
Information Technology	219,689	-
City Attorney	463,175	-
Nondepartmental	587,607	-
Indirect Cost Allocation	3,848,566	-
Total Operating Expenses	<u>36,204,894</u>	<u>2,811,946</u>
OPERATING INCOME (LOSS)	<u>5,813,054</u>	<u>12,168</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	20,456	26
Gain (Loss) on Sale of Assets	1,028	-
Interest and Fiscal Charges	(695,892)	-
Total Nonoperating Revenues (Expenses)	<u>(674,408)</u>	<u>26</u>
Net Income (Loss) Before Contributions and Transfers	5,138,646	12,194
Capital Contributions	2,961,261	-
Transfers In	535,332	113,540
	<u>3,496,593</u>	<u>113,540</u>
Change in Net Position	8,635,239	125,734
NET POSITION AT BEGINNING OF YEAR	<u>63,669,837</u>	<u>610,439</u>
NET POSITION AT END OF YEAR	<u><u>\$ 72,305,076</u></u>	<u><u>\$ 736,173</u></u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 41,028,570	\$ 2,254,002
Cash Paid for Employee Wages & Benefits	(5,555,314)	570,112
Cash Paid to Suppliers for Goods & Services	(26,411,253)	(2,800,192)
Cash Paid General Fund for Indirect Costs	(3,848,566)	-
Net Cash Provided (Used) by Operating Activities	<u>5,213,437</u>	<u>23,922</u>
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	535,332	113,540
Net Cash Provided (Used) by Noncapital Financing Activities	<u>535,332</u>	<u>113,540</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(8,534,676)	-
Capital Grants Received	1,197,028	-
Principal Payments on Revenue Bonds	(1,047,714)	-
Interest and Fiscal Charges Paid	(709,407)	-
Principal Payments on Capital Leases	(31,517)	-
Advances (To) From Component Unit	(1,082)	-
Proceeds from Sale of Capital Assets	1,028	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,126,340)</u>	<u>-</u>
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	3,449,171	(101,466)
Investment Interest Received	20,456	26
Lease Financing - Principal Payments Received	36,777	-
Net Cash Provided (Used) by Investing Activities	<u>3,506,404</u>	<u>(101,440)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>128,833</u>	<u>36,022</u>
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	577,468	104,166
Restricted Cash and Cash Equivalents	6,745	-
	<u>584,213</u>	<u>104,166</u>
Cash and Cash Equivalents at End of Year:		
Cash and Cash Equivalents	701,220	140,188
Restricted Cash and Cash Equivalents	11,826	-
	<u>\$ 713,046</u>	<u>\$ 140,188</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, 2014

	Business-Type Activities <u>Utility Fund</u>	Governmental Activities <u>Internal Service Funds</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 5,813,054	\$ 12,168
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	3,083,395	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(1,026,083)	5,263
Inventory/Prepaid Items	(25,479)	(2,717)
Net Pension Asset	(69,477)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(97,863)	9,208
Accrued Expenses	(2,510,741)	-
Net Other Postemployment Benefit Obligation	9,926	-
Unearned Revenue	25,449	-
Customer Deposits	11,256	-
	<u>(599,617)</u>	<u>11,754</u>
	<u><u>\$ 5,213,437</u></u>	<u><u>\$ 23,922</u></u>
Supplemental Schedule of Noncash Capital Activities		
Developer Contribution of Capital Assets	<u>\$ 1,764,233</u>	<u>\$ -</u>
Total Noncash Activities	<u><u>\$ 1,764,233</u></u>	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

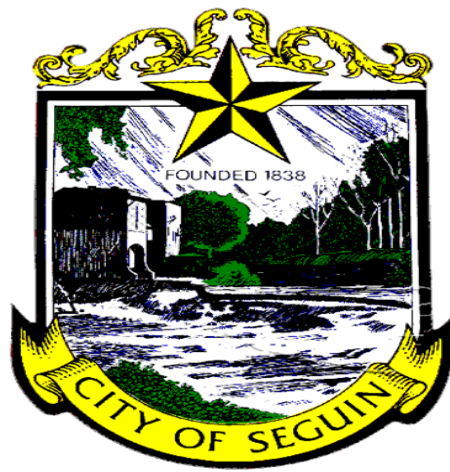
ASSETS	Private Purpose Trust Funds	Agency Fund
Cash and Cash Equivalents	\$ 2,781	\$ 9,676
Investments	436,800	-
Receivables	4,599	-
Inventory	359,431	-
Total Assets	<u>803,611</u>	<u>9,676</u>
 LIABILITIES		
Accounts Payable/ Due to Others	<u>1,000</u>	<u>9,676</u>
Total Liabilities	<u>1,000</u>	<u>\$ 9,676</u>
 NET POSITION		
Held in Trust for Scholarship	85,427	
Held in Trust for Riverside Cemetery	89,854	
Held in Trust for Industrial Development	627,330	
Total Net Position	<u>\$ 802,611</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, 2014

	Private Purpose Trust Funds
ADDITIONS	
Interest	\$ 293
Private Source Donations	-
Total Additions	<u>293</u>
DEDUCTIONS	
Distributions to Participants	<u>14,251</u>
Total Deductions	<u>14,251</u>
Change in Net Position	(13,958)
Net Position, Beginning of Year	<u>816,569</u>
Net Position, End of Year	<u><u>\$ 802,611</u></u>

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014

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, 2010 Certificates of Obligation (Capital Projects) Fund, 2014 General Obligation Bonds (Capital Projects) Fund, 2013 Certificates of Obligation (Capital Projects) Fund, and the Debt Service Fund meet criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Projects Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented in the Combining Fund Statements and Schedules as "Supplementary Information".

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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.

2010 Certificates of Obligation Fund is used to account for funds received from the 2010 Certificates of Obligation to finance major improvements to certain city infrastructure.

2014 General Obligation Bond Fund is used to account for funds received from the 2014 GO Bonds to finance a new Library and park improvements.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

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

2013 Certificates of Obligation Fund is used to account for funds received from the 2013 Certificates of Obligation to fund improvements to state-owned infrastructure in order to facilitate economic development.

Debt Service Fund accounts for ad valorem tax, additional golf fees to support debt, 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 assets 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, 2014

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.

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, 2013 and past due after January 31, 2014. 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, 2014

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. NET PENSION ASSET

The net pension asset represents the cumulative difference between annual pension cost and the City's contribution to the plan, calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension asset is reported as a non-current asset in the government-wide financial statements. The City is making additional contributions to the plan above the annual required contributions in order to "buy-down" unfunded actuarially accrued liabilities (See Note J).

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

11. 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.

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.

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

12. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

13. 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.

14. 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.

15. 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 assets. 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.

16. FUND EQUITY

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

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

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

16. FUND EQUITY (Continued)

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

The City Council adopted an ordinance in March 2012 establishing an *emergency fund stabilization arrangement*. The Ordinance requires additions to the fund in the event the fund balance falls below \$2,000,000. Additions are to come from interest earnings, direct transfers from the General Fund and/or Utility Fund, or reimbursements from insurance or grants for expenditures incurred by the fund. The stabilization fund may be expended on recovery efforts for public infrastructure damage that occurs as a result of a disaster declared by the City or the State.

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, 2014, the City Manager had assigned fund balances for the following:

- Favorable budget variances for retirement expenditures in all departments were set aside and assigned for the future buy-down of pension plan liabilities.
- Excess recycling fees over expenditures were assigned for future expenditures associated with “green” waste disposal.
- 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 \$151,582. Total assigned funds in nonmajor capital project funds were \$3,220,890.

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.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

16. FUND EQUITY (Continued)

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

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

17. NET POSITION

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

18. INTERFUND TRANSACTIONS

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

The City allocates to the Utility (Proprietary) Fund an indirect cost percentage of general government administration expenses that are paid through the General Fund. During the year ended September 30, 2014, the City allocated \$3,848,566 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.

19. OPERATING REVENUES AND EXPENSES

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

20. USE OF ESTIMATES

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

21. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Utility Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds.

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation. The reclassifications had no effect on the changes in financial position.

NOTE B -- DEPOSITS AND INVESTMENTS

As of September 30, 2014, the City of Seguin had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
<i>Primary Government</i>		
Local Government Investment Pools:		
TexPool	\$ 24,120,582	0.12
LOGIC	65,089,855	0.06
	\$ 89,210,437	
Portfolio Weighted Average Maturity		0.17
<i>Component Unit</i>		
Local Government Investment Pools:		
TexPool	\$ 621,972	0.08
LOGIC	588,398	0.10
	\$ 1,210,370	
Portfolio Weighted Average Maturity		0.18

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. The U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

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, 2014, the investments in TexPool and LOGIC were rated AAAM by Standard & Poor's.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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, 2014, the government's deposits were fully collateralized or insured by 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, 2014, 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, 2013, upon which the fiscal 2014 levy was based, was \$1,369,727,941 (i.e., market value less exemptions). The estimated market value was \$2,191,162,572 making the taxable value 63% 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, 2014, was \$0.5173 per \$100 of assessed value, which means that the City has a tax margin of \$1.9827 for each \$100 value and could increase its annual tax levy by approximately \$27,157,596 based upon the present assessed valuation of \$1,369,727,941 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, 2014

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, 2014, balances of interfund amounts receivable or payable have been recorded as follows:

<i>Component Unit</i>	Due From	Due To
Primary Government		
General Fund	\$ -	\$ 195,904
Enterprise Fund	19,590	-
	<u>19,590</u>	<u>195,904</u>
Component Unit		
General Fund	195,904	-
Enterprise Fund	-	19,590
	<u>195,904</u>	<u>19,590</u>
Totals	<u>\$ 215,494</u>	<u>\$ 215,494</u>

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, 2014 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
2015	\$ 54,011	\$ 32,398	\$ 86,409
2016	56,961	29,448	86,409
2017	60,076	26,333	86,409
2018	63,360	23,049	86,409
2019	66,826	19,584	86,410
2020-2024	327,644	41,113	368,757
2025-2026	5,609	75	5,684
	<u>\$ 634,487</u>	<u>\$ 172,000</u>	<u>\$ 806,487</u>

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%.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE F -- NET PRESENT VALUE OF LEASE FINANCING (Continued)

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:

<u>September 30,</u>	
2015	\$ 67,951
2016	67,951
2017	67,951
2018	67,951
2019	67,951
Thereafter	651,030
Total Payments	<u>990,785</u>
Less: Amount Representing Interest	<u>(413,479)</u>
Net Present Value of Lease Financing	<u><u>\$ 577,306</u></u>

NOTE G -- CAPITAL ASSETS

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

	Balance 10/1/2013	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2014
<i>Governmental Activities</i>					
Land	\$ 4,064,974	\$ 316,676	\$ -	\$ -	\$ 4,381,650
Construction in Progress	1,422,570	2,755,363	-	(222,119)	3,955,814
Total Assets Not Depreciated	5,487,544	3,072,039	-	(222,119)	8,337,464
Buildings and Improvements	20,788,428	186,937	-	-	20,975,365
Improvements Other Than Buildings	50,892,961	93,222	-	222,119	51,208,302
Transportation and Equipment	11,395,136	1,492,946	(603,979)	-	12,284,103
Totals at Historical Cost	88,564,069	4,845,144	(603,979)	-	92,805,234
Less Accumulated Depreciation:					
Buildings and Improvements	(6,506,926)	(380,986)	-	-	(6,887,912)
Improvement Other Than Buildings	(24,085,326)	(1,741,762)	-	-	(25,827,088)
Transportation and Equipment	(7,864,642)	(866,879.29)	596,466	-	(8,135,055)
	(38,456,894)	(2,989,627)	596,466	-	(40,850,055)
Governmental Capital Assets, Net	<u>\$ 50,107,175</u>	<u>\$ 1,855,517</u>	<u>\$ (7,513)</u>	<u>\$ -</u>	<u>\$ 51,955,179</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE G -- CAPITAL ASSETS

<i>Business-Type Activities</i>	Balance 10/1/2013	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2014
Land	\$ 727,026	\$ -	\$ -	\$ -	\$ 727,026
Construction in Progress	11,290,322	7,085,779		(4,845,458)	13,530,643
Total Assets Not Depreciated	12,017,348	7,085,779	-	(4,845,458)	14,257,669
Buildings and Improvements	22,471,764	1,764,233	-	-	24,235,997
Utility System	55,068,017	1,295,128	-	4,845,458	61,208,603
Transportation and Equipment	6,200,336	153,768	(10,883)	-	6,343,221
Totals at Historical Cost	95,757,465	10,298,908	(10,883)	-	106,045,490
Less Accumulated Depreciation:					
Buildings and Improvements	(17,411,187)	(567,630)	-	-	(17,978,817)
Improvement Other Than Buildings	(28,059,433)	(2,179,029)	-	-	(30,238,462)
Transportation and Equipment	(4,213,566)	(336,737)	10,883	-	(4,539,420)
	(49,684,186)	(3,083,395)	10,883	-	(52,756,698)
Business-Type Capital Assets, Net	<u>\$ 46,073,279</u>	<u>\$ 7,215,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,288,792</u>
<i>Discretely Presented Component Unit</i>					
Land	\$ 879,325	\$ -	\$ -	\$ -	\$ 879,325
Buildings and Improvements	781,347	-	-	-	781,347
Accumulated Depreciation	(32,146)	(2,707)	-	-	(34,853)
	<u>\$ 1,628,526</u>	<u>\$ (2,707)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,625,819</u>

Primary Government

Depreciation Expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 19,759
Public Safety	800,910
Public Service	1,758,108
Nondepartmental	410,850
Total Governmental Activities	<u>\$ 2,989,627</u>
<i>Business-Type Activities:</i>	
Administration	\$ 6,576
Electric	597,644
Water Production	298,880
Water Distribution	1,365,984
Sewer Plant	616,675
Other	197,636
Total Business-Type Activities	<u>\$ 3,083,395</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE H -- CAPITAL LEASES

The City has entered into a lease agreement to finance the acquisition of fifty (50) golf carts, a mower, and a document folder/insertor. The City has also financed the acquisition of the Springs Hill Wastewater Collection System through its Utility Fund, with a down payment of \$95,000. 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
Mowers	\$ 31,477	\$ -
Sweeper & Patching Truck	312,307	-
Golf Carts	199,100	-
Sweeper & Tire Loader	304,075	-
Wastewater Collection System	-	425,000
Less: Accumulated Depreciation	(135,614)	(201,875)
Total	<u>\$ 711,345</u>	<u>\$ 223,125</u>

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2014 were as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2015	\$ 178,295	\$ -
2016	145,058	30,000
2017	80,444	30,000
2018	20,110	35,000
2019	<u>-</u>	<u>35,000</u>
Total Payments	423,907	130,000
Less: Amount Representing Interest	(17,249)	(59,661)
Present Value of Minimum Lease Payments	<u>\$ 406,658</u>	<u>\$ 70,339</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE I -- LONG-TERM DEBT

Primary Government

Bonded debt and obligations payable at September 30, 2014, comprise the following individual issues:

General Obligation Bonds:

\$5,500,000 2005 General Obligation Bonds due in annual installments of \$200,000 to \$385,000 through September 1, 2025; interest at 3.75% to 4.25%	3,505,000
\$3,250,000 2006 General Obligation Bonds due in annual installments of \$110,000 to \$230,000 through September 1, 2026; interest at 4.0% to 4.4%	2,240,000
\$6,000,000 2007 General Obligation Bonds due in annual installments of \$60,000 to \$1,185,000 through September 1, 2026; interest at 4.0% to 5.0%	5,210,000
\$8,105,000 2008 General Obligation Bonds due in annual installments of \$35,000 to \$1,995,000 through September 1, 2028; interest at 3.5% to 5.0%	7,905,000
\$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%	2,130,141
\$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%	4,285,000
\$19,785,000 2014 General Obligation Bonds due in annual installments of \$200,000 to \$4,625,000 through February 1, 2034; interest at 3.0 to 6.0%	19,785,000
<i>Total General Obligation Bonds</i>	<u>45,060,141</u>

Certificates of Obligation:

\$10,760,000 2010 Certificates of Obligation due in annual installments of \$70,000 to \$2,650,000 through September 1, 2031; interest at 2.0% to 4.25%	10,550,000
\$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%	2,740,000
\$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%	2,340,000
<i>Total Certificates of Obligation Bonds</i>	<u>15,630,000</u>

Tax Anticipation Notes :

\$1,000,000 2009 Tax Notes payable in annual installments of \$150,000 to \$185,000 through 2015; interest at 2% to 4%	185,000
<i>Total Tax Anticipation Notes</i>	<u>185,000</u>

Total Governmental Bonded Debt	<u><u>\$ 60,875,141</u></u>
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CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE I -- LONG-TERM DEBT (Continued)

Primary Government (Continued)

Utility Fund Revenue Bonds:

\$5,500,000 Utility System Revenue, Series 2006, due in annual installments of \$130,000 to \$400,000 through February 1, 2026; interest at 4.0% to 4.375%	\$ 3,850,000
\$3,980,000 Utility System Revenue, Series 2008, due in annual installments of \$165,000 to \$730,000 through February 1, 2024; interest at 3.5% to 5.0%	2,920,000
\$7,835,000 Utility System Revenue, Series 2010, due in annual installments of \$70,000 to \$1,040,000 through February 1, 2031; interest at 2.0% to 4.0%	7,625,000
<i>Total Utility Revenue Bonds</i>	<u>14,395,000</u>

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%	884,859
\$4,350,000 2013 General Obligation Refunding Bonds due in annual installments of \$330,000 to \$650,000 through February 1, 2023; interest at 1.51%	4,495,000
<i>Total GO Refunding Bonds</i>	<u>5,379,859</u>

Total Business-Type Bonded Debt	<u><u>\$ 19,774,859</u></u>
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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. Included in these requirements is maintenance of a "Reserve Fund" for the payment of bond principal and interest when other required accounts are insufficient for that purpose. The Reserve Fund is to contain, at a minimum, an amount equal to \$1,541,334. The Reserve Fund had \$1,630,573 in net position as of September 30, 2014 and therefore, met the minimum requirement. The City is in compliance with other significant requirements. The assets of these restricted accounts are classified in the balance sheet as restricted assets.

The annual requirements to amortize all bonded debt and obligations outstanding as of September 30, 2014, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 2,412,881	\$ 2,328,731	\$ 1,077,119	\$ 678,826
2016	2,313,230	2,254,996	1,111,771	649,465
2017	2,423,740	2,183,312	1,136,259	618,942
2018	2,536,622	2,112,196	1,173,378	578,616
2019	2,471,752	2,024,785	1,213,248	544,908
2020-2024	13,251,916	8,808,335	6,603,084	2,112,167
2025-2029	16,355,000	6,004,442	5,365,000	948,031
2030-2034	19,110,000	2,359,425	2,095,000	83,500
	<u>\$ 60,875,141</u>	<u>\$ 28,076,222</u>	<u>\$ 19,774,859</u>	<u>\$ 6,214,455</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE I -- LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Due Within One Year
<i>Governmental Activities</i>					
General Obligation Bonds	\$ 26,587,427	\$ 19,785,000	\$ (1,312,286)	\$ 45,060,141	\$ 1,682,881
Bond Premiums	416,750	354,942	(44,202)	727,490	-
Certificates of Obligation	13,600,000	2,500,000	(470,000)	15,630,000	545,000
Tax Anticipation Notes	565,000	-	(380,000)	185,000	185,000
Capital Leases	310,476	304,075	(207,893)	406,658	168,086
Compensated Absences	953,711	505,121	(511,714)	947,118	531,297
Net Other Post Employment Benefit Obligations Payable	91,514	26,835	-	118,349	-
<i>Total Governmental Activities</i>	<u>42,524,878</u>	<u>23,475,973</u>	<u>(2,926,095)</u>	<u>63,074,756</u>	<u>3,112,264</u>
<i>Business-Type Activities</i>					
Revenue Bonds	14,905,000	-	(510,000)	14,395,000	530,000
General Obligation Refunding Bonds	5,917,573	-	(537,714)	5,379,859	547,119
Bond Premiums	157,624	-	(17,818)	139,806	-
Capital Leases	101,857	-	(31,518)	70,339	-
Compensated Absences	295,343	195,998	(158,922)	332,419	181,511
Net Other Post Employment Benefit Obligations Payable	33,848	9,926	-	43,774	-
<i>Total Business-Type Activities</i>	<u>21,411,245</u>	<u>205,924</u>	<u>(1,255,972)</u>	<u>20,361,197</u>	<u>1,258,630</u>
 Total Primary Government	 <u>\$ 63,936,123</u>	 <u>\$ 23,681,897</u>	 <u>\$ (4,182,067)</u>	 <u>\$ 83,435,953</u>	 <u>\$ 4,370,894</u>

Compensated absences and other postemployment benefit obligation for governmental activities are generally liquidated by the general fund. The general fund has primarily funded the net pension asset.

Certificates of Obligation Bonds, Series 2013, were issued October 2013 in the amount of \$2,500,000 to fund infrastructure improvements on state-owned highway. The component unit has pledged revenue to fund one-half of the debt service over the life of the bonds, not to exceed seven years or \$1,250,000 (see also Note O). The City's contribution to the Texas Department of Transportation to support the state-owned infrastructure improvements was \$2,209,258 and is reflected as a Special Item in both the Governmental Funds Statements and the Statement of Activities.

General Obligation Bonds, Series 2014, were issued in February 2014 pursuant to a voter referendum in November 2013, in the principal amount of \$19,785,000 to fund a new library and city park improvements.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE I -- LONG-TERM DEBT (Continued)

Conduit Debt Obligations

In 1995 the City entered into an agreement with the Texas Department of Housing and Community Affairs (TDHCA) to construct a building on land owned by the City for the purpose of leasing the building to Techni-Quip, Inc., a California manufacturing corporation. Under the agreement, TDHCA provided funding in the form of loans and grants. Repayment of the loan is solely dependent on lease payments from the manufacturing corporation and does not constitute a debt or pledge of the faith and credit of the City.

Accordingly, the loan has not been reported in the accompanying financial statements. At September 30, 2014, outstanding conduit debt from this issue was \$35,750

The City of Seguin has also created a nonprofit education facilities corporation, *The City of Seguin Higher Education Facilities Corporation*, pursuant to Section 53.35 (b) of the Higher Education Authority Act. In March 2004, the Corporation issued the *City of Seguin Higher Education Facilities Corporation Higher Education Revenue and Refunding Bond* (Texas Lutheran University Project), Series 2004, in the aggregate principal amount of \$13,000,000. The bonds are backed solely by the revenues derived from the University pursuant to the provisions of the Bond Resolution and Loan Agreement between the Corporation and Texas Lutheran University. The City has no obligation associated with the bonds. As of September 30, 2014, the total outstanding debt from this issue was \$10,960,000.

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling (800) 924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Texas Municipal Retirement System (Continued)

Plan Description (Continued)

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

	Plan Year 2013	Plan Year 2014
Employee deposit rate	7.0%	7.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100%, Transfers	100%, Transfers
Annuity Increase (to retirees)	70% of CPI	70% of CPI

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Contributions (Continued)

The annual pension cost and net pension obligation (asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 1,695,725
2. Interest on Net Pension Obligation	(189,933)
3. Adjustment to the ARC	196,716
4. Annual Pension Cost (APC)	<u>1,702,508</u>
5. Contributions Made	<u>(1,980,416)</u>
6. Increase (Decrease) in Net Pension Obligation	(277,908)
7. Net Pension Obligation (Asset), Beginning of Year	<u>(2,713,297)</u>
8. Net Pension Obligation (Asset), End of Year	<u><u>\$ (2,991,205)</u></u>

Fiscal Year	Annual Pension Cost	Actual Contribution Made	Percentage of APC Contribution
2014	\$ 1,702,508	\$ 1,980,416	116%
2013	1,433,162	1,744,881	122%
2012	1,274,532	1,748,920	137%

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Actuarial Valuation Date	December 31, 2011	December 31, 2012	December 31, 2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
GASB 25 Equivalent Single			
Amortization Period	19.2 years - Closed Period	17.3 years - Closed Period	16.4 years - Closed Period
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	0.0%

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	\$ 54,885,867	\$ 66,336,330	82.7%	\$ 11,450,463	\$ 14,969,457	76.5%

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

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

Texas Emergency Services Retirement Fund

Plan Description

The Texas Statewide Emergency Services Retirement Act (TSESRA) was established effective November 1, 1977 under Senate Bill No. 411. It has been amended several times, with the most significant changes in a recodification by the 79th Legislature, Regular Session, 2005. In the recodification, the pension system was renamed the Texas Emergency Services Retirement System (System). In the 2013 Regular Session, the System was made a state agency with an Executive Director hired by the System Board of Trustees. The Texas Emergency Services Retirement Fund (Fund) was created by TSESRA and is a trust fund for providing retirement, disability and death benefits to eligible members and their surviving spouses.

Financial information for the plan may be obtained by contacting the Texas Emergency Services Retirement System, P.O. Box 12577, Austin, Texas 78711 (www.tesrs.org)

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Emergency Services Retirement Fund (Continued)

Plan Description (Continued)

The table below summarizes the pension system membership as of August 31, 2014:

(1) Retirees and beneficiaries currently receiving benefits	2,122
(2) Terminated participants entitled to benefits but not yet receiving them	2,161
(3) Current active participants (vested and nonvested)	4,036
(4) Total Members	<u>8,319</u>

The 79th Legislature, Regular Session (2005), recodified the provisions and gave TSESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increased 10% for each of the next five years of service so that a member becomes 100% vested within 15 years of service.

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off duty death and on duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. The monthly contribution is composed of two parts. Part One is the legacy portion that directly impacts future retiree annuities and reflects a minimum amount set by the state board. Part Two is the portion that may be required to help amortize the UAAL if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement. If Part Two contributions are needed for the System to have an adequate contribution arrangement, the Part Two contributions are actuarially determined based on the most recent biennial actuarial valuation.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Emergency Services Retirement Fund (Continued)

Contributions Required and Contributions Made

The State shall contribute the amount necessary to make the System "actuarially sound" each year. However the State's contribution may not exceed one-third of the total of all contributions by governing bodies in a particular year. The state law governing the System defines an "actuarially sound pension system" as one in which the amount of contributions is sufficient to cover the normal cost and to amortize the unfunded actuarial accrued liability in a period that does not exceed 30 years.

For the fiscal year ending August 31, 2014, total contributions (Part One and prior service) of \$3,813,926 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,530,343 toward the UAAL.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2014 determined the System has an adequate contribution arrangement, assuming that the state will appropriate (1) the maximum annual contribution in accordance with the state law governing the System and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses

Schedule of Employer Contributions

Fiscal Year Ending	(APC) Annual Pension Cost	Actual Contributions*	Percentage of APC Contributed	City of Seguin Contributions
August 31, 2012	\$ 4,423,898	\$ 3,517,455	80%	3,924
August 31, 2013	3,024,204	3,024,204	100%	5,016
August 31, 2014	3,001,449	3,001,449	100%	4,407

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Statewide Volunteer Fire Fighters' Relief and Retirement Fund

Notes to Required Supplementary Information

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. The actuarial assumptions and methods for the two most recent biennial valuations are shown below.

Valuation Date	August 31, 2014	August 31, 2012
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Dollar, Open	Level Dollar, Open
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:		
Investment Rate of Return*	7.75% per year, net of investment expenses	7.75% per year, net of investment expenses
Projected salary increases	N/A	N/A
*Includes inflation at	3.50%	3.50%
Cost-of-Living adjustments	None	None

The funded status as of August 31, 2014, the most recent valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Rates	Total Members Covered	UAAL Per Member Covered
8/31/2014	\$ 83,761,038	\$ 109,854,799	\$ 26,093,761	76.2%	8,319	\$ 3,137

Additional supplementary three-year trend information is presented as Required Supplementary Information following the notes to the financial statements.

NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS

Retiree Health Benefits

Plan Description

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

Retiree Health Benefits (Continued)

Plan Description (Continued)

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

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

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

Retiree premiums are the same as the premiums for active employees. For eligible employees retiring after December 31, 2011, the City will establish premium rates using actuarial methods to determine the appropriate rates by attained age. The City's contribution for a retiree's premium will not exceed the City's standard contribution toward an active employee's premium.

Plan members consist of the following at September 30, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	12
Active Plan Members	<u>58</u>
Total	<u><u>70</u></u>

Annual OPEB Cost and Net OPEB Obligation (Asset)

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

Retiree Health Benefits (Continued)

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

Annual Required Contribution (ARC)	\$ 69,175
Interest on Net OPEB Obligation	5,014
Adjustment to Annual Required Contribution	(5,223)
Annual OPEB Cost (Expense)	<u>68,966</u>
Contributions Made	<u>(32,205)</u>
Increase in Net OPEB Obligation (Asset)	36,761
Net OPEB Obligation (Asset) - Beginning of Year	<u>125,362</u>
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 162,123</u></u>

The total net OPEB obligation was \$118,349 for governmental activities and \$43,774 for business-type activities. The City's annual OPEB cost, contributions and unfunded liability for the past three years are as follows:

Fiscal Year	Annual OPEB Cost	Contribution Percentage	Net OPEB Obligation
2014	\$ 68,966	46.7%	\$ 162,163
2013	88,406	55.5%	125,362
2012	88,481	58.6%	86,053

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,027,966. The covered payroll (annual payroll of active employees covered by the Plan) was about \$3,463,728, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 29.7%.

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE K -- POST EMPLOYMENT BENEFITS (Continued)

Retiree Health Benefits (Continued)

Actuarial Methods and Assumptions

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

In the January 1, 2014 actuarial valuation, the projected unit credit using full accrual at full eligibility age actuarial method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5.0%. The Plan's unfunded actuarial accrued liability is being amortized over 24 years utilizing the unit credit method. Demographic and other assumptions include mortality rates by age and gender, and termination rates by age and years of service.

Supplemental Death Benefits Plan

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

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

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

The City's contributions to the TMRS SDBF for the years ended September 2014, 2013, and 2012 were \$30,298; \$27,983; and \$29,110, respectively, which equaled the required contributions each year.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE L -- INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2014, were as follows:

<u>Receiving Fund/Activity</u>	<u>Transferring Fund/Activity</u>	<u>Amount</u>	
General Fund	Nonmajor Special Revenue	\$ 48,905	Reimbursement for Payroll Costs
Debt Service	General Fund	773,000	Support Annual Debt Service
Nonmajor Capital Projects	General Fund	2,679,035	Support Various Capital Projects
Nonmajor Capital Projects	Utility Fund	14,008	Support Utility System Improvements
Nonmajor Capital Projects	Nonmajor Special Revenue	21,943	Support Utility System Improvements
Utility Fund	Nonmajor Capital Projects	586,708	Support Utility System Improvements
Internal Service Fund	General Fund	76,172	Support Retiree Benefits
Internal Service Fund	Utility Fund	37,368	Support Retiree Benefits
Total Transfers		<u>\$ 4,237,139</u>	

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

The City terminated its Wholesale Power Agreement with LCRA based on breaches of the contract by LCRA. LCRA filed a lawsuit against the City seeking declaratory judgment and recovery of damages. The City filed a plea to the jurisdiction asserting that it had governmental immunity from suit as to LCRA's claims, however, the court denied the City's plea and the City appealed. As of the date of this report, the lawsuit has been dismissed and there is no remaining claim against the City relating to the lawsuit.

The City has filed claim against KIVA and First National (surety) for contractor's default and surety's breach of bond obligations to complete performance on the project, an estimated cost of \$1,300,000. During 2013, the City reached a settlement from the Surety in the amount of \$909,327. Remaining damages are being sought from KIVA.

The City also terminated a contract with Salinas Construction Technologies, Ltd. for delays and noncompliant work. The City notified the contractor and its surety of the claims but ultimately chose to contract with another contractor to complete the work. Salinas has filed claims against the City for unpaid contract balance. The City asserted a counterclaim against Salinas and its surety for sums required to complete the project. Management is of the opinion that any outcome decided adversely to the City would not be material to these financial statements.

Grants

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as park improvements. In addition, coliseum renovations and upgrades and community development projects under the Neighborhood Stabilization program are in progress. Estimated future commitments associated with these contracts as of September 30, 2014 are as follows:

Primary Government	Total	Incurred Thru	Estimated
<i>General Government</i>	<i>Commitments</i>	<i>September 2014</i>	<i>Future</i>
Street & Drainage Improvements	\$ 10,852,938	\$ 1,836,360	\$ 9,016,578
Professional Services	3,809,158	2,263,348	1,545,810
	<u>14,662,096</u>	<u>4,099,708</u>	<u>10,562,388</u>
<i>Utility System</i>			
Utility System Improvements	8,726,194	4,758,455	3,967,739
Professional Services (Engineering)	2,471,237	910,697	1,560,540
	<u>11,197,431</u>	<u>5,669,152</u>	<u>5,528,279</u>
 Total Primary Government Commitments	 <u>\$ 25,859,527</u>	 <u>\$ 9,768,860</u>	 <u>\$ 16,090,667</u>
 Component Unit			
Professional Services	\$ 199,384	\$ 58,378	\$ 141,006
	<u>\$ 199,384</u>	<u>\$ 58,378</u>	<u>\$ 141,006</u>

Chapter 380 Economic Development 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.

Commitments under Noncapitalized Leases

Commitments under noncapitalized (operating) leases for copiers provide for future rental payments as of September 30, 2014 as follows:

<u>Year Ending September 30,</u>	<u>Rentals</u>
2015	\$ 28,506
2016	13,804
2017	881
Total	<u>\$ 43,191</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

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, 2014, long-term debt of GRMC consisted of Revenue Bonds in the amount of \$93,365,000. 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, 2014:

Guadalupe Regional Medical Center (Continued)

Assets:	
Current Assets	\$ 43,961,470
Other Assets	12,214,103
Capital Assets (Net)	94,169,755
Total Assets	<u>150,345,328</u>
Liabilities & Net Assets:	
Current Liabilities	11,059,298
Other Liabilities	89,816,376
Total Liabilities	<u>100,875,674</u>
Net Position	<u>\$ 49,469,654</u>
Operating Revenues:	
Net Revenues from Patient Services	\$ 91,516,515
Other Operating Revenues	2,309,049
Total Operating Revenues	<u>93,825,564</u>
Operating Expenses:	<u>83,174,127</u>
Total Net Operating Income	<u>10,651,437</u>
Nonoperating Revenues and (Expenses)	<u>(2,576,354)</u>
Increase (Decrease) in Net Position	<u>\$ 8,075,083</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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, 2013:

Assets:	
Current Assets	\$ 6,426,218
Restricted Cash and Cash Equivalents	23,684,301
Property, Plant & Equipment	78,465,951
Other Assets & Deferred Charges	2,300,213
Total Assets	<u>110,876,683</u>
Liabilities & Net Assets:	
Current Liabilities	9,463,232
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	99,486,517
Total Liabilities	<u>108,949,749</u>
Net Position:	
Net Investment in Capital Assets	(4,723,901)
Restricted	4,568,930
Unrestricted	2,081,905
Total Net Position	<u>\$ 1,926,934</u>

The Corporation had revenue bonds outstanding in the amount of \$91,185,000 (as of September 30, 2013) 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 -- 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, 2014 were \$265,120 for property and casualty and \$126,483 for workers' compensation coverage.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE O – 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.

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 (see Note I).

Total contributions to the City in support of debt were \$532,825 for the year ended September 30, 2014.

NOTE P – SUBSEQUENT EVENTS

The City issued General Obligation Refunding Bonds, Series 2014, in the amount of \$8,465,000 payable over twelve years. The Bonds were issued to refund the 2005 and 2007 GO Series for a savings of \$1,031,661 (net present value benefit of \$928,762).

The City also issued Utility System Revenue Bonds, Series 2014, in the amount of \$21,405,000, payable over twenty-two years at interest rates of 3.0-5.0%.

Schertz Seguin Local Government Corporation issued Contract Revenue and Refunding Bonds, Series 2015, in the amount of \$41,720,000 on January 9, 2015. The bonds are payable over 28 years at initial rates of 2.0 – 5.0%. The City has pledged revenues of its utility system in support of the bonds (see Notes A-1 and M). The refunding bonds (\$34,630,000 par value) were issued to refund a portion of the 2007 bonds for a savings of \$3,138,272 (net present value benefit of \$1,975,679).

NOTE Q – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statements 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency, and requires recognition of the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

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 Funding Progress – Defined Benefit Retirement Plans
Other Post Employment 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, 2014
(With Comparative Actual Amounts for 2013)

	Budgeted Amounts			Variance With Final Budget -	
	Original	Final	2014 Actual	Positive (Negative)	2013 Actual
REVENUES					
Taxes	\$ 10,329,091	\$ 10,329,091	\$ 10,676,386	\$ 347,295	\$ 10,521,558
Licenses and Permits	478,000	478,000	585,838	107,838	356,212
Intergovernmental	806,455	983,444	919,670	(63,774)	902,410
Charges for Services	5,433,166	5,433,166	5,556,445	123,279	5,170,549
Fines and Forfeits	1,229,510	1,229,510	1,717,511	488,001	1,282,300
Interest	18,500	18,500	13,533	(4,967)	23,808
Miscellaneous	681,601	667,501	685,365	17,864	681,441
Total Revenues	18,976,323	19,139,212	20,154,748	1,015,536	18,938,278
EXPENDITURES					
GENERAL GOVERNMENT:					
<i>Administration:</i>					
Personnel Services	56,902	56,972	56,954	18	57,072
Contracted Services	1,000	1,136	1,041	95	871
Supplies	900	900	670	230	855
Other Services and Charges	26,010	25,804	20,770	5,034	22,863
<i>Total Administration</i>	84,812	84,812	79,435	5,377	81,661
<i>Financial Administration:</i>					
Personnel Services	304,259	304,259	291,153	13,106	286,022
Contracted Services	130,222	130,222	122,813	7,409	125,922
Supplies	11,100	11,100	10,135	965	9,869
Other Services and Charges	5,020	5,020	4,284	736	2,910
<i>Total Financial Administration</i>	450,601	450,601	428,385	22,216	424,723
<i>City Manager:</i>					
Personnel Services	220,332	220,332	219,836	496	183,199
Contracted Services	1,200	1,745	1,463	282	495
Supplies	2,300	1,812	1,587	225	1,438
Other Services and Charges	10,575	11,718	11,226	492	10,943
<i>Total City Manager</i>	234,407	235,607	234,112	1,495	196,075
<i>Human Resources:</i>					
Personnel Services	213,738	214,173	214,060	113	194,719
Contracted Services	40,525	45,225	45,175	50	38,770
Supplies	5,700	5,700	4,904	796	5,304
Other Services and Charges	58,740	53,605	40,908	12,697	46,231
<i>Total Human Resources</i>	\$ 318,703	\$ 318,703	\$ 305,047	\$ 13,656	\$ 285,024

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, 2014
(With Comparative Actual Amounts for 2013)

	Budgeted Amounts		2014 Actual	Variance With Final Budget - Positive (Negative)	2013 Actual
	Original	Final			
General Government (Cont.):					
<i>Planning and Zoning Office:</i>					
Personnel Services	\$ 745,972	\$ 745,972	\$ 682,380	\$ 63,592	\$ 659,196
Contracted Services	103,950	103,450	48,302	55,148	50,830
Supplies	28,375	29,428	25,079	4,349	24,427
Other Services and Charges	39,795	39,242	14,217	25,025	17,804
<i>Total Planning and Zoning Office</i>	<u>918,092</u>	<u>918,092</u>	<u>769,978</u>	<u>148,114</u>	<u>752,257</u>
<i>City Secretary's Office:</i>					
Personnel Services	57,985	58,045	57,805	240	56,350
Contracted Services	3,100	3,040	1,911	1,129	1,694
Supplies	2,350	1,947	1,861	86	1,870
Other Services and Charges	64,450	64,853	31,115	33,738	43,378
<i>Total City Secretary's Office</i>	<u>127,885</u>	<u>127,885</u>	<u>92,692</u>	<u>35,193</u>	<u>103,292</u>
<i>Information Technology</i>					
Personnel Services	143,754	143,754	137,380	6,374	108,032
Contracted Services	146,100	146,415	125,591	20,824	126,539
Supplies	800	800	599	201	858
Other Services and Charges	3,090	2,775	2,582	193	2,535
<i>Total Information Technology</i>	<u>293,744</u>	<u>293,744</u>	<u>266,152</u>	<u>27,592</u>	<u>237,964</u>
<i>City Attorney:</i>					
Personal Services	72,779	73,089	72,644	445	68,484
Contracted Services	8,021	7,421	690	6,731	1,306
Supplies	400	400	89	311	115
Other Services and Charges	1,650	1,940	1,773	167	844
<i>Total City Attorney:</i>	<u>82,850</u>	<u>82,850</u>	<u>75,196</u>	<u>7,654</u>	<u>70,749</u>
<i>Facilities and Grounds:</i>					
Personnel Services	173,426	173,426	153,567	19,859	140,557
Contracted Services	60,700	60,700	49,367	11,333	50,494
Supplies	8,340	8,340	7,573	767	2,683
Other Services and Charges	2,500	2,500	684	1,816	383
<i>Total Facilities and Grounds</i>	<u>244,966</u>	<u>244,966</u>	<u>211,191</u>	<u>33,775</u>	<u>194,117</u>
Total General Government	<u>\$ 2,756,060</u>	<u>\$ 2,757,260</u>	<u>\$ 2,462,188</u>	<u>\$ 295,072</u>	<u>\$ 2,345,862</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, 2014
(With Comparative Actual Amounts for 2013)

	Budgeted Amounts			Variance With Final Budget -	
	Original	Final	2014 Actual	Positive (Negative)	2013 Actual
Public Safety:					
<i>Police:</i>					
Personnel Services	\$ 5,622,902	\$ 5,622,902	\$ 5,446,669	\$ 176,233	\$ 5,128,750
Contracted Services	147,200	142,200	137,333	4,867	124,547
Supplies	245,965	85,865	85,713	152	79,087
Other Services and Charges	69,100	239,200	236,121	3,079	198,732
<i>Total Police</i>	<u>6,085,167</u>	<u>6,090,167</u>	<u>5,905,836</u>	<u>184,331</u>	<u>5,531,116</u>
<i>Fire/EMS:</i>					
Personnel Services	4,274,755	4,274,755	4,084,376	190,379	3,838,129
Contracted Services	254,705	275,205	258,278	16,927	270,723
Supplies	240,800	168,300	156,878	11,422	141,795
Other Services and Charges	49,300	109,719	90,154	19,565	91,494
<i>Total Fire/EMS</i>	<u>4,819,560</u>	<u>4,827,979</u>	<u>4,589,686</u>	<u>238,293</u>	<u>4,342,141</u>
<i>Municipal Court:</i>					
Personnel Services	249,249	249,249	240,824	8,425	224,102
Contracted Services	60,137	60,137	59,582	555	58,399
Supplies	8,200	9,060	9,051	9	8,651
Other Services and Charges	5,510	4,650	2,219	2,431	2,657
<i>Total Municipal Court</i>	<u>323,096</u>	<u>323,096</u>	<u>311,676</u>	<u>11,420</u>	<u>293,809</u>
<i>Animal Control:</i>					
Personnel Services	230,773	230,773	217,496	13,277	206,133
Contracted Services	13,350	14,334	12,239	2,095	9,079
Supplies	65,910	59,426	56,128	3,298	31,016
Other Services and Charges	3,900	9,900	6,622	3,278	7,750
<i>Total Animal Control</i>	<u>313,933</u>	<u>314,433</u>	<u>292,485</u>	<u>21,948</u>	<u>253,978</u>
Total Public Safety	<u>11,541,756</u>	<u>11,555,675</u>	<u>11,099,683</u>	<u>455,992</u>	<u>10,421,044</u>
Public Service:					
<i>Public Works:</i>					
Personnel Services	1,358,379	1,358,379	1,249,668	108,711	1,222,515
Contracted Services	2,077,942	1,792,942	1,769,715	23,227	1,478,705
Supplies	54,450	35,450	29,978	5,472	28,313
Other Services and Charges	97,775	101,775	91,960	9,815	82,062
<i>Total Public Works</i>	<u>\$ 3,588,546</u>	<u>\$ 3,288,546</u>	<u>\$ 3,141,321</u>	<u>\$ 147,225</u>	<u>\$ 2,811,595</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, 2014
(With Comparative Actual Amounts for 2013)

	Budgeted Amounts		2014 Actual	Variance With Final Budget - Positive (Negative)	2013 Actual
	Original	Final			
Public Service: (Cont.)					
<i>Vehicle Maintenance:</i>					
Personnel Services	\$ 190,367	\$ 190,367	\$ 185,720	\$ 4,647	\$ 171,808
Contracted Services	25,510	25,410	22,073	3,337	21,651
Supplies	12,010	11,970	11,518	452	12,456
Other Services and Charges	5,350	5,490	5,321	169	3,640
<i>Total Vehicle Maintenance</i>	<u>233,237</u>	<u>233,237</u>	<u>224,632</u>	<u>8,605</u>	<u>209,555</u>
<i>Library:</i>					
Personnel Services	476,185	476,185	451,644	24,541	439,848
Contracted Services	61,385	56,785	47,633	9,152	40,567
Supplies	98,500	104,527	99,148	5,379	95,283
Other Services and Charges	2,975	8,075	7,617	458	6,243
<i>Total Library</i>	<u>639,045</u>	<u>645,572</u>	<u>606,042</u>	<u>39,530</u>	<u>581,941</u>
<i>Parks and Recreation:</i>					
Personnel Services	1,052,335	1,052,335	988,405	63,930	968,419
Contracted Services	129,010	119,610	113,412	6,198	107,824
Supplies	102,610	135,886	126,198	9,688	63,344
Other Services and Charges	21,930	29,330	24,906	4,424	23,482
<i>Total Parks and Recreation</i>	<u>1,305,885</u>	<u>1,337,161</u>	<u>1,252,921</u>	<u>84,240</u>	<u>1,163,069</u>
<i>Golf Course:</i>					
Personnel Services	475,284	475,284	469,141	6,143	446,771
Contracted Services	67,210	62,135	61,334	801	56,959
Supplies	37,150	39,650	39,084	566	29,136
Other Services and Charges	83,300	85,875	84,173	1,702	50,278
<i>Total Golf Course</i>	<u>662,944</u>	<u>662,944</u>	<u>653,732</u>	<u>9,212</u>	<u>583,144</u>
<i>Downtown & Main St. Programs:</i>					
Personnel Services	159,433	159,888	159,390	498	149,048
Contracted Services	6,822	6,122	6,012	110	5,819
Supplies	11,550	7,155	7,142	13	9,699
Other Services and Charges	29,985	42,615	36,278	6,337	40,045
<i>Total Downtown & Main St. Programs</i>	<u>207,790</u>	<u>215,780</u>	<u>208,822</u>	<u>6,958</u>	<u>204,611</u>
Total Public Service	<u>\$ 6,637,447</u>	<u>\$ 6,383,240</u>	<u>\$ 6,087,470</u>	<u>\$ 295,770</u>	<u>\$ 5,553,915</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, 2014
(With Comparative Actual Amounts for 2013)

	Budgeted Amounts			Variance With	
	Original	Final	2014 Actual	Final Budget - Positive (Negative)	2013 Actual
Nondepartmental:					
Contracted Services	\$ 140,480	\$ 270,228	\$ 243,664	\$ 26,564	\$ 122,090
Building and Auto Insurance	130,000	130,000	128,122	1,878	109,888
Unemployment Insurance	10,000	24,770	24,572	198	3,242
Contributions - Civic Organizations	1,385,492	1,385,492	1,385,492	-	1,375,503
Other Services and Charges	38,200	46,015	45,456	559	34,747
Total Nondepartmental	1,704,172	1,856,505	1,827,306	29,199	1,645,470
Capital Outlay	-	-	-	-	10,381
Indirect Cost					
Recovery - Utility Fund	(3,400,000)	(3,400,000)	(3,848,566)	448,566	(3,674,342)
Total Expenditures	19,239,435	19,152,680	17,628,081	1,524,599	16,302,330
Excess (Deficiency) of Revenues Over (Under) Expenditures	(263,112)	(13,468)	2,526,667	2,540,135	2,635,948
OTHER FINANCING SOURCES (USES)					
Transfers In	40,000	40,000	48,905	8,905	36,522
Transfers (Out)	(1,504,061)	(3,528,207)	(3,528,207)	-	(2,477,818)
Total Other Financing Sources (Uses)	(1,464,061)	(3,488,207)	(3,479,302)	8,905	(2,441,296)
Net Change in Fund Balance	(1,727,173)	(3,501,675)	(952,635)	2,549,040	194,652
Fund Balance at Beginning of Year	19,946,996	19,946,996	19,946,996	-	19,752,344
Fund Balance at End of Year	\$ 18,219,823	\$ 16,445,321	\$ 18,994,361	\$ 2,549,040	\$ 19,946,996

CITY OF SEGUIN, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2014

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, Convention & Visitor's Bureau (Special Revenue Fund), Sebastopol House (Special Revenue) Fund, Police Donations (Special Revenue) Fund, PEG Capital Fees (Special Revenue) Fund, and Library Development (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
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
LAST THREE CALENDAR YEARS

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability*	(3) Funding Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2011	\$ 48,166,235	\$ 56,680,394	85.0%	\$ 8,514,159	\$ 13,595,533	62.6%
12/31/2012	51,434,791	59,832,089	86.0%	8,397,298	14,288,109	58.8%
12/31/2013	54,885,867	66,336,330	82.7%	11,450,463	14,969,457	76.5%

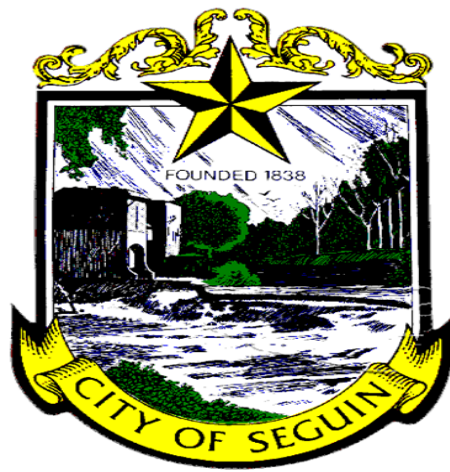
TEXAS EMERGENCY SERVICES RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS *
LAST THREE ACTUARIAL VALUATIONS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Total Members Covered	UAAL Per Member Covered
	[a]	[b]	[b]-[a]	[a/b]	[c]	[d]
8/31/2010	\$ 64,113,803	\$ 81,264,230	\$ 17,150,427	78.9%	8,644	\$ 1,984
8/31/2012	67,987,487	101,856,042	33,868,555	66.7%	9,448	3,585
8/31/2014	83,761,038	109,854,799	26,093,761	76.2%	8,319	3,137

* Represents funding progress of the Texas Emergency Services Retirement Fund as a whole. Separate funding information for individual participating governments is not provided.

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
4/30/2010	\$ -	\$ 1,161,466	\$ 1,161,466	0%	\$ 13,172,581	8.8%
4/30/2012	-	1,405,548	1,405,548	0%	7,036,484	20.0%
4/30/2014	-	1,027,966	1,027,966	0%	3,463,728	29.7%

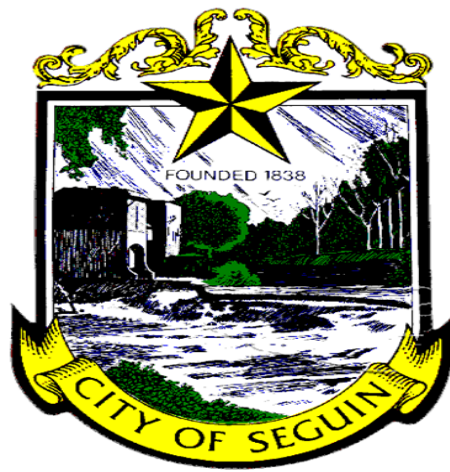


SUPPLEMENTARY INFORMATION

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



CITY OF SEGUIN, TEXAS
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Cash Equivalents	\$ 333,686	\$ 175,371
Investments	19,238,856	17,905,795
Receivables:		
Taxes	1,564,542	1,479,333
Accounts	960,630	836,621
Grants	50,085	62,328
Miscellaneous	29,030	87,788
Inventory of Supplies	18,169	18,286
Prepaid Items	52,217	2,019,061
Total Assets	<u><u>\$ 22,247,215</u></u>	<u><u>\$ 22,584,583</u></u>
LIABILITIES		
Accounts Payable	\$ 668,798	\$ 583,216
Accrued Expenditures	983,465	625,349
Due to Component Unit	195,904	185,082
Unearned Revenue	256,531	225,879
Due to Others	31,390	33,238
Total Liabilities	<u>2,136,088</u>	<u>1,652,764</u>
Deferred Inflows of Resources		
Unavailable Revenue	1,116,766	984,823
Total Deferred Inflows of Resources	<u>1,116,766</u>	<u>984,823</u>
<i>Fund Balance:</i>		
Nonspendable	70,386	2,037,347
Restricted - Tree Mitigation Fees	20,100	20,100
Committed - Stabilization Arrangement	2,165,441	2,163,385
Assigned	151,582	157,464
Unassigned	16,586,852	15,568,700
Total Fund Balance	<u>18,994,361</u>	<u>19,946,996</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u><u>\$ 22,247,215</u></u>	<u><u>\$ 22,584,583</u></u>

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

REVENUES	2014	2013
	<u> </u>	<u> </u>
Taxes	\$ 10,676,386	\$ 10,521,558
Licenses and Permits	585,838	356,212
Intergovernmental	919,670	902,410
Charges for Services	5,556,445	5,170,549
Fines and Forfeits	1,717,511	1,282,300
Interest	13,533	23,808
Miscellaneous	685,365	681,441
Total Revenues	<u>20,154,748</u>	<u>18,938,278</u>
 EXPENDITURES		
<i>Current:</i>		
General Government	2,462,188	2,345,862
Public Safety	11,099,683	10,421,044
Public Service	6,087,470	5,553,915
Nondepartmental	1,827,306	1,645,470
Indirect Cost Allocation (Recovery)	(3,848,566)	(3,674,342)
<i>Capital Outlay</i>	-	10,381
Total Expenditures	<u>17,628,081</u>	<u>16,302,330</u>
 Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>2,526,667</u>	<u>2,635,948</u>
 OTHER FINANCING		
SOURCES (USES)		
Transfers In	48,905	36,522
Transfers (Out)	(3,528,207)	(2,477,818)
Total Other Financing		
Sources (Uses)	<u>(3,479,302)</u>	<u>(2,441,296)</u>
 Net Change in Fund Balance	(952,635)	194,652
 Fund Balance at Beginning of Year	<u>19,946,996</u>	<u>19,752,344</u>
 Fund Balance at End of Year	<u><u>\$ 18,994,361</u></u>	<u><u>\$ 19,946,996</u></u>

CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(with Comparative Actual Amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Taxes	\$ 2,848,678	\$ 2,987,561	\$ 138,883	\$ 3,361,582
Intergovernmental	329,075	532,825	203,750	331,675
Charges for Services	-	-	-	28,509
Interest	2,000	966	(1,034)	2,219
Total Revenues	<u>3,179,753</u>	<u>3,521,352</u>	<u>341,599</u>	<u>3,723,985</u>
EXPENDITURES				
Debt Service:				
Principal	2,162,286	2,162,286	-	1,882,764
Interest and Fiscal Charges	2,057,458	1,996,353	61,105	1,622,057
Bond Issue Costs	-	-	-	45,636
Total Expenditures	<u>4,219,744</u>	<u>4,158,639</u>	<u>61,105</u>	<u>3,550,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,039,991)</u>	<u>(637,287)</u>	<u>402,704</u>	<u>173,528</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	773,000	773,000	-	271,075
Refunding Bonds Issued	-	-	-	4,350,000
Payment to Refunded Bond Escrow Agent	-	-	-	(4,304,364)
Total Other Financing Sources (Uses)	<u>773,000</u>	<u>773,000</u>	<u>-</u>	<u>316,711</u>
Net Change in Fund Balance	<u>(266,991)</u>	<u>135,713</u>	<u>402,704</u>	<u>490,239</u>
FUND BALANCE, OCTOBER 1	<u>1,510,096</u>	<u>1,510,096</u>	<u>-</u>	<u>1,019,857</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,243,105</u>	<u>\$ 1,645,809</u>	<u>\$ 402,704</u>	<u>\$ 1,510,096</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.

Civil Forfeiture Seizure Fund - To account for revenues under local civil cases that allow confiscation of money and property. Seizures are to be spent on law enforcement.

Federal Forfeiture Fund – To account for revenues under federal laws that allow confiscation of money and property seized during enforcement of controlled substance laws. Revenues are accounted for under federal laws and related agreements.

State Forfeiture Fund – To account for revenues under state laws that allow confiscation of money and property seized during enforcement of controlled substance laws. Revenues are accounted for under state laws and related agreements.

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.

Seguin Arts Commission – To account for contributions restricted to support the arts.

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)

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, 2014

	Combined Special Revenue	Combined Capital Projects	Total
ASSETS			
Cash and Cash Equivalents	\$ 58,866	\$ 11,060	\$ 69,926
Investments	1,623,764	3,420,046	5,043,810
Receivables (net of allowances for uncollectibles):			
Taxes	163,625	-	163,625
Accounts	10,817	13,396	24,213
Prepaid Items	-	5,874	5,874
Restricted Assets:			
Cash and Cash Equivalents	-	472	472
Investments	-	2,255,236	2,255,236
Total Assets	<u>\$ 1,857,072</u>	<u>\$ 5,706,084</u>	<u>\$ 7,563,156</u>
LIABILITIES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts Payable	\$ 33,709	\$ 258,907	\$ 292,616
Accrued Expenditures	9,963	-	9,963
Unearned Revenues	4,850	22,115	26,965
Due to Others	31,486	-	31,486
Total Liabilities	<u>80,008</u>	<u>281,022</u>	<u>361,030</u>
<i>Fund Balance:</i>			
Nonspendable:			
Prepays	-	5,874	5,874
Restricted			
Tourism & Economic Development	1,075,568	-	1,075,568
Public Safety	477,246	-	477,246
Public Service	200,058	-	200,058
Capital Projects	-	2,198,298	2,198,298
Committed	24,192	-	24,192
Assigned	-	3,220,890	3,220,890
Total Fund Balance	<u>1,777,064</u>	<u>5,425,062</u>	<u>7,202,126</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,857,072</u>	<u>\$ 5,706,084</u>	<u>\$ 7,563,156</u>

CITY OF SEGUIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2014

REVENUES	Combined Special Revenue	Combined Capital Projects	Total
Taxes	\$ 732,413	\$ -	\$ 732,413
Licenses and Permits	-	102,799	102,799
Intergovernmental	42,678	197,026	239,704
Charges for Services	168,347	-	168,347
Fines and Forfeits	176,708	-	176,708
Interest	20	4,566	4,586
Miscellaneous	14,848	380,205	395,053
Total Revenues	<u>1,135,014</u>	<u>684,596</u>	<u>1,819,610</u>
EXPENDITURES			
Current:			
General Government	684,291	144,960	829,251
Nondepartmental	374,830	-	374,830
Capital Outlay	-	3,759,180	3,759,180
Debt Service:			
Principal	-	207,893	207,893
Interest & Fiscal Charges	-	14,993	14,993
Total Expenditures	<u>1,059,121</u>	<u>4,127,026</u>	<u>5,186,147</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>75,893</u>	<u>(3,442,430)</u>	<u>(3,366,537)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	2,714,986	2,714,986
Transfers Out	(70,848)	(586,708)	(657,556)
Issuance of Capital Lease Financing	-	304,075	304,075
Total Other Financing Sources (Uses)	<u>(70,848)</u>	<u>2,432,353</u>	<u>2,361,505</u>
Net Change in Fund Balances	5,045	(1,010,077)	(1,005,032)
FUND BALANCE, OCTOBER 1	<u>1,772,019</u>	<u>6,435,139</u>	<u>8,207,158</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 1,777,064</u></u>	<u><u>\$ 5,425,062</u></u>	<u><u>\$ 7,202,126</u></u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2014

	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
ASSETS				
Cash and Cash Equivalents	\$ 19,645	\$ 4,639	\$ 1,191	\$ 8,045
Investments	620,396	153,628	25,998	74,682
Receivables (net of allowances for uncollectibles):				
Accounts	-	9,967	-	-
Taxes	154,012	-	-	-
Total Assets	<u>\$ 794,053</u>	<u>\$ 168,234</u>	<u>\$ 27,189</u>	<u>\$ 82,727</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 11,459	\$ 2,997	\$ -
Accrued Expenditures/Expenses	-	1,660	-	1,235
Due to Others	-	31,486	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>44,605</u>	<u>2,997</u>	<u>1,235</u>
<i>Fund Balance:</i>				
Restricted				
Promoting Tourism & Economic Development	794,053	123,629	-	-
Public Safety	-	-	-	81,492
Public Service	-	-	-	-
Committed	-	-	24,192	-
Total Fund Balance	<u>794,053</u>	<u>123,629</u>	<u>24,192</u>	<u>81,492</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 794,053</u>	<u>\$ 168,234</u>	<u>\$ 27,189</u>	<u>\$ 82,727</u>

Municipal Court Technology	Civil Forfeiture Seizure Fund	Federal Forfeiture Seizure Fund	State Forfeiture Seizure Fund	DARE Program Fund
\$ 743	\$ 343	\$ 2,957	\$ 1,045	\$ 2,766
51,086	9,510	78,130	59,824	137,829
-	-	-	-	-
-	-	-	-	-
<u>\$ 51,829</u>	<u>\$ 9,853</u>	<u>\$ 81,087</u>	<u>\$ 60,869</u>	<u>\$ 140,595</u>

\$ -	\$ -	\$ -	\$ -	\$ 781
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>781</u>

-	-	-	-	-
51,829	9,853	81,087	60,869	139,814
-	-	-	-	-
-	-	-	-	-
<u>51,829</u>	<u>9,853</u>	<u>81,087</u>	<u>60,869</u>	<u>139,814</u>

<u>\$ 51,829</u>	<u>\$ 9,853</u>	<u>\$ 81,087</u>	<u>\$ 60,869</u>	<u>\$ 140,595</u>
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CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2014

	Juvenile Case Manager	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 4,383	\$ -	\$ 6,787
Investments	9,608	136,763	19,857	664
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	-	850
Taxes	-	-	-	-
Total Assets	<u>\$ 9,608</u>	<u>\$ 141,146</u>	<u>\$ 19,857</u>	<u>\$ 8,301</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 12,365	\$ -	\$ 538
Accrued Expenditures/Expenses	-	5,339	-	1,729
Due to Others	-	-	-	-
Unearned Revenue	-	-	-	1,055
Total Liabilities	<u>-</u>	<u>17,704</u>	<u>-</u>	<u>3,322</u>
<i>Fund Balance:</i>				
Restricted				
Promoting Tourism & Economic Development	9,608	123,442	19,857	4,979
Public Safety	-	-	-	-
Public Service	-	-	-	-
Committed	-	-	-	-
Total Fund Balance	<u>9,608</u>	<u>123,442</u>	<u>19,857</u>	<u>4,979</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,608</u>	<u>\$ 141,146</u>	<u>\$ 19,857</u>	<u>\$ 8,301</u>

Police Department Donations	PEG Capital Fees	Library Development Fund	Totals
\$ 1,132	\$ 5,004	\$ 186	\$ 58,866
58,955	59,861	126,973	1,623,764
-	-	-	10,817
-	9,613	-	163,625
<u>\$ 60,087</u>	<u>\$ 74,478</u>	<u>\$ 127,159</u>	<u>\$ 1,857,072</u>

\$ 3,990	\$ 1,579	\$ -	\$ 33,709
-	-	-	9,963
-	-	-	31,486
3,795	-	-	4,850
<u>7,785</u>	<u>1,579</u>	<u>-</u>	<u>80,008</u>

-	-	-	1,075,568
52,302	-	-	477,246
-	72,899	127,159	200,058
-	-	-	24,192
<u>52,302</u>	<u>72,899</u>	<u>127,159</u>	<u>1,777,064</u>
<u>\$ 60,087</u>	<u>\$ 74,478</u>	<u>\$ 127,159</u>	<u>1,857,072</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, 2014

	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
REVENUES				
Taxes	\$ 131,515	\$ 184,575	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	70,575	97,772	-
Fines and Forfeits	-	-	-	32,141
Interest	108	12	(47)	(5)
Miscellaneous	-	1,493	-	-
Total Revenues	<u>131,623</u>	<u>256,655</u>	<u>97,725</u>	<u>32,136</u>
EXPENDITURES				
Current:				
General Government	158,685	259,422	84,259	-
Economic Development	-	-	-	-
Nondepartmental	-	-	-	25,150
Total Expenditures	<u>158,685</u>	<u>259,422</u>	<u>84,259</u>	<u>25,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,062)	(2,767)	13,466	6,986
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(9,274)	(12,669)	-	-
Total Other Financing Sources (Uses)	<u>(9,274)</u>	<u>(12,669)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(36,336)	(15,436)	13,466	6,986
FUND BALANCE, OCTOBER 1	<u>830,389</u>	<u>139,065</u>	<u>10,726</u>	<u>74,506</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 794,053</u>	<u>\$ 123,629</u>	<u>\$ 24,192</u>	<u>\$ 81,492</u>

Municipal Court Technology	Civil Forfeiture Seizure Fund	Federal Forfeiture Seizure Fund	State Forfeiture Seizure Fund	DARE Program Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	39,932
-	-	-	-	-
42,967	322	28,754	14,011	-
(51)	1	-	(7)	(23)
-	-	-	-	-
<u>42,916</u>	<u>323</u>	<u>28,754</u>	<u>14,004</u>	<u>39,909</u>
15,360	-	20,560	-	30,631
-	-	-	-	-
36,591	-	-	-	-
<u>51,951</u>	<u>-</u>	<u>20,560</u>	<u>-</u>	<u>30,631</u>
(9,035)	323	8,194	14,004	9,278
-	-	-	-	-
-	-	-	-	-
(9,035)	323	8,194	14,004	9,278
60,864	9,530	72,893	46,865	130,536
<u>\$ 51,829</u>	<u>\$ 9,853</u>	<u>\$ 81,087</u>	<u>\$ 60,869</u>	<u>\$ 139,814</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, 2014

	Juvenile Case Manager	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House
REVENUES				
Taxes	\$ -	\$ 310,629	\$ 8,121	\$ 58,823
Intergovernmental	-	-	-	2,746
Charges for Services	-	-	-	-
Fines and Forfeits	58,513	-	-	-
Interest	-	(5)	13	(1)
Miscellaneous	-	116	-	9,350
Total Revenues	<u>58,513</u>	<u>310,740</u>	<u>8,134</u>	<u>70,918</u>
EXPENDITURES				
Current:				
General Government	-	-	-	65,939
Economic Development	-	313,089	-	-
Nondepartmental	-	-	-	-
Total Expenditures	<u>-</u>	<u>313,089</u>	<u>-</u>	<u>65,939</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,513	(2,349)	8,134	4,979
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(48,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(48,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	9,608	(2,349)	8,134	4,979
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>125,791</u>	<u>11,723</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 9,608</u>	<u>\$ 123,442</u>	<u>\$ 19,857</u>	<u>\$ 4,979</u>

Police Department Donations	PEG Capital Fees	Library Development Fund	Totals
\$ -	\$ 38,750	\$ -	\$ 732,413
-	-	-	42,678
-	-	-	168,347
-	-	-	176,708
4	(21)	42	20
3,889	-	-	14,848
3,893	38,729	42	1,135,014
3,627	45,430	378	684,291
-	-	-	313,089
-	-	-	61,741
3,627	45,430	378	1,059,121
266	(6,701)	(336)	75,893
-	-	-	(70,848)
-	-	-	(70,848)
266	(6,701)	(336)	5,045
52,036	79,600	127,495	1,772,019
\$ 52,302	\$ 72,899	\$ 127,159	\$ 1,777,064

CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2014

	General Fund Capital Projects	2008 General Obligation Bonds	Golf Course Capital Projects	2007 Bond Fund
ASSETS				
Cash and Cash Equivalents	\$ 4,203	\$ -	\$ 6,320	\$ 121
Investments	3,120,903	-	125,042	24,456
Receivables, Net	10,387	-	3,009	-
Prepaid Items	-	-	5,874	-
Restricted Cash and Investments	-	300,985	-	-
Total Assets	<u>\$ 3,135,493</u>	<u>\$ 300,985</u>	<u>\$ 140,245</u>	<u>\$ 24,577</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 77,264	\$ -	\$ 957	\$ -
Unearned Revenue	-	-	500	-
Total Liabilities	<u>77,264</u>	<u>-</u>	<u>1,457</u>	<u>-</u>
<i>Fund Balances:</i>				
Nonspendable - Prepaids	-	-	5,874	-
Restricted for Capital Projects	-	300,985	-	-
Assigned to Capital Projects	3,058,229	-	132,914	24,577
Total Fund Balance	<u>3,058,229</u>	<u>300,985</u>	<u>138,788</u>	<u>24,577</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,135,493</u>	<u>\$ 300,985</u>	<u>\$ 140,245</u>	<u>\$ 24,577</u>

2011 Bond Fund	Miscellaneous Projects Fund	Total
\$ -	\$ 416	\$ 11,060
-	149,645	3,420,046
-	-	13,396
-	-	5,874
1,954,723	-	2,255,708
<u>\$ 1,954,723</u>	<u>\$ 150,061</u>	<u>\$ 5,706,084</u>

\$ 180,686	\$ -	\$ 258,907
-	21,615	22,115
<u>180,686</u>	<u>21,615</u>	<u>281,022</u>

-	-	5,874
1,774,037	123,276	2,198,298
-	5,170	3,220,890
<u>1,774,037</u>	<u>128,446</u>	<u>5,425,062</u>

<u>\$ 1,954,723</u>	<u>\$ 150,061</u>	<u>\$ 5,706,084</u>
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CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund Capital Projects	2008 General Obligation Bonds	Golf Course Capital Projects	2007 Bond Fund
REVENUES				
Intergovernmental	\$ 197,026	\$ -	\$ -	\$ -
Licenses and Permits	-	-	101,999	-
Charges for Services	-	-	-	-
Interest	1,868	273	12	11
Miscellaneous	380,205	-	-	-
Total Revenues	<u>579,099</u>	<u>273</u>	<u>102,011</u>	<u>11</u>
EXPENDITURES				
<i>Current:</i>				
General Government	144,960	-	-	-
Capital Outlay	2,837,410	327,464	111,755	16,889
Debt Service:				
Principal	135,710	-	72,183	-
Interest & Fiscal Charges	7,991	-	7,002	-
Total Expenditures	<u>3,126,071</u>	<u>327,464</u>	<u>190,940</u>	<u>16,889</u>
Excess (Deficiency) of Revenues Over (Under Expenditures)	<u>(2,546,972)</u>	<u>(327,191)</u>	<u>(88,929)</u>	<u>(16,878)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	2,714,986	-	-	-
Proceeds of Capital Lease	304,075	-	-	-
Total Other Financing Sources (Uses)	<u>3,019,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	472,089	(327,191)	(88,929)	(16,878)
FUND BALANCE, OCTOBER 1	<u>2,586,140</u>	<u>628,176</u>	<u>227,717</u>	<u>41,455</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 3,058,229</u>	<u>\$ 300,985</u>	<u>\$ 138,788</u>	<u>\$ 24,577</u>

2011 Bond Fund	Miscellaneous Projects Fund	Total
\$ -	\$ -	\$ 197,026
-	800	102,799
-	-	-
2,361	41	4,566
-	-	380,205
2,361	841	684,596
-	-	144,960
453,515	12,147	3,759,180
-	-	207,893
-	-	14,993
453,515	12,147	4,127,026
(451,154)	(11,306)	(3,442,430)
(586,708)	-	2,128,278
-	-	304,075
(586,708)	-	2,432,353
(1,037,862)	(11,306)	(1,010,077)
2,811,899	139,752	6,435,139
\$ 1,774,037	\$ 128,446	\$ 5,425,062

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, 2014
(With Comparative Actual amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Occupancy Tax	\$ 58,723	\$ 131,515	\$ 72,792	\$ 110,350
Interest	500	108	(392)	599
Total Revenues	<u>59,223</u>	<u>131,623</u>	<u>72,400</u>	<u>110,949</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contributions to Local Organizations	158,685	158,685	-	126,470
Total Expenditures	<u>158,685</u>	<u>158,685</u>	<u>-</u>	<u>126,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(99,462)</u>	<u>(27,062)</u>	<u>72,400</u>	<u>(15,521)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(9,274)	(9,274)	-	(30,780)
Total Other Financing Sources (Uses)	<u>(9,274)</u>	<u>(9,274)</u>	<u>-</u>	<u>(30,780)</u>
Net Change in Fund Balance	(108,736)	(36,336)	72,400	(46,301)
FUND BALANCE, OCTOBER 1	<u>830,389</u>	<u>830,389</u>	<u>-</u>	<u>876,690</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 721,653</u>	<u>\$ 794,053</u>	<u>\$ 72,400</u>	<u>\$ 830,389</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, 2014
(With Comparative Actual amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Occupancy Tax	\$ 184,575	\$ 184,575	\$ -	\$ 261,250
Charges for Services	73,000	70,575	(2,425)	73,192
Interest	100	12	(88)	141
Miscellaneous	-	1,493	1,493	-
Total Revenues	<u>257,675</u>	<u>256,655</u>	<u>(1,020)</u>	<u>334,583</u>
EXPENDITURES				
<i>General Government/Facilities & Grounds:</i>				
Personnel Services	49,928	42,501	7,427	47,921
Contracted Services	193,460	193,447	13	162,474
Supplies	10,790	10,397	393	10,705
Other Services and Charges	15,741	13,077	2,664	41,655
Total Expenditures	<u>269,919</u>	<u>259,422</u>	<u>10,497</u>	<u>262,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,244)</u>	<u>(2,767)</u>	<u>9,477</u>	<u>71,828</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(12,669)</u>	<u>(12,669)</u>	<u>-</u>	<u>(70,000)</u>
Total Other Financing Sources (Uses)	<u>(12,669)</u>	<u>(12,669)</u>	<u>-</u>	<u>(70,000)</u>
Net Change in Fund Balance	<u>(24,913)</u>	<u>(15,436)</u>	<u>9,477</u>	<u>1,828</u>
FUND BALANCE, OCTOBER 1	<u>139,065</u>	<u>139,065</u>	<u>-</u>	<u>137,237</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 114,152</u>	<u>\$ 123,629</u>	<u>\$ 9,477</u>	<u>\$ 139,065</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, 2014
(With Comparative Actual amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Charges for Services	\$ 92,000	\$ 97,772	\$ 5,772	\$ 90,301
Interest	-	(47)	(47)	26
Total Revenues	<u>92,000</u>	<u>97,725</u>	<u>5,725</u>	<u>90,327</u>
EXPENDITURES				
Current:				
<i>General Government/ Parks & Recreation</i>				
Personnel Services	45,081	42,580	2,501	44,872
Contracted Services	25,760	22,093	3,667	20,946
Supplies	20,440	19,586	854	13,782
Capital Outlay	-	-	-	11,114
Total Expenditures	<u>91,281</u>	<u>84,259</u>	<u>7,022</u>	<u>90,714</u>
Net Change in Fund Balance	719	13,466	12,747	(387)
FUND BALANCE, OCTOBER 1	<u>10,726</u>	<u>10,726</u>	<u>-</u>	<u>11,113</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 11,445</u>	<u>\$ 24,192</u>	<u>\$ 12,747</u>	<u>\$ 10,726</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, 2014
(With Comparative Actual Amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Occupancy Tax	\$ 310,629	\$ 310,629	\$ -	\$ 307,028
Interest	100	(5)	(105)	60
Miscellaneous	-	116	116	180
Total Revenues	<u>310,729</u>	<u>310,740</u>	<u>11</u>	<u>307,268</u>
EXPENDITURES				
Current:				
General Government	<u>310,643</u>	<u>313,089</u>	<u>(2,446)</u>	<u>276,304</u>
Total Expenditures	<u>310,643</u>	<u>313,089</u>	<u>(2,446)</u>	<u>276,304</u>
Net Change in Fund Balance	86	(2,349)	(2,435)	30,964
FUND BALANCE, OCTOBER 1	<u>125,791</u>	<u>125,791</u>	<u>-</u>	<u>94,827</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 125,877</u>	<u>\$ 123,442</u>	<u>\$ (2,435)</u>	<u>\$ 125,791</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, 2014
(With Comparative Actual Amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Occupancy Tax	\$ 62,952	\$ 58,823	\$ (4,129)	\$ 39,962
Intergovernmental	2,246	2,746	500	-
Interest	-	(1)	(1)	\$ -
Miscellaneous	10,200	9,350	(850)	11,410
Total Revenues	<u>75,398</u>	<u>70,918</u>	<u>(4,480)</u>	<u>51,372</u>
EXPENDITURES				
Current:				
General Government	75,125	65,939	9,186	51,372
Total Expenditures	<u>75,125</u>	<u>65,939</u>	<u>9,186</u>	<u>51,372</u>
Net Change in Fund Balance	273	4,979	4,706	-
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 273</u>	<u>\$ 4,979</u>	<u>\$ 4,706</u>	<u>\$ -</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, 2014
(With Comparative Actual amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Interest	\$ 50	\$ 4	\$ (46)	\$ 46
Miscellaneous	-	3,889	3,889	-
Total Revenues	<u>50</u>	<u>3,893</u>	<u>3,843</u>	<u>46</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Supplies	3,627	3,627	-	328
Capital Outlay	6,373	-	6,373	2,800
Total Expenditures	<u>10,000</u>	<u>3,627</u>	<u>6,373</u>	<u>3,128</u>
Net Change in Fund Balance	(9,950)	266	10,216	(3,082)
FUND BALANCE, OCTOBER 1	<u>52,036</u>	<u>52,036</u>	<u>-</u>	<u>55,118</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 42,086</u></u>	<u><u>\$ 52,302</u></u>	<u><u>\$ 10,216</u></u>	<u><u>\$ 52,036</u></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, 2014
(With Comparative Actual amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Franchise Tax	\$ 40,000	\$ 38,750	\$ (1,250)	\$ 40,456
Interest	10	(21)	(31)	9
Total Revenues	<u>40,010</u>	<u>38,729</u>	<u>(1,281)</u>	<u>40,465</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	41,952	45,430	(3,478)	1,199
Total Expenditures	<u>41,952</u>	<u>45,430</u>	<u>(3,478)</u>	<u>1,199</u>
Net Change in Fund Balance	(1,942)	(6,701)	(4,759)	39,266
FUND BALANCE, OCTOBER 1	<u>79,600</u>	<u>79,600</u>	<u>-</u>	<u>40,334</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 77,658</u>	<u>\$ 72,899</u>	<u>\$ (4,759)</u>	<u>\$ 79,600</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, 2014
(With Comparative Actual amounts for 2013)

	Final Budgeted Amounts	2014	Variance Favorable (Unfavorable)	2013
REVENUES				
Interest	\$ 50	\$ 42	\$ (8)	\$ 176
Total Revenues	<u>50</u>	<u>42</u>	<u>(8)</u>	<u>176</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	375	378	(3)	82,371
Total Expenditures	<u>375</u>	<u>378</u>	<u>(3)</u>	<u>82,371</u>
Net Change in Fund Balance	(325)	(336)	(11)	(82,195)
FUND BALANCE, OCTOBER 1	<u>127,159</u>	<u>127,495</u>	<u>336</u>	<u>209,690</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 126,834</u>	<u>\$ 127,159</u>	<u>\$ 325</u>	<u>\$ 127,495</u>

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2014 AND 2013

ASSETS	2014	2013
<i>Current Assets:</i>		
Cash and Cash Equivalents		
Restricted Cash	\$ 11,826	\$ 6,745
Unrestricted Cash	701,220	577,468
Investments		
Restricted Investments	6,967,747	8,516,386
Unrestricted Investments	24,681,251	26,581,783
Accounts Receivable (Net)	4,925,281	4,550,988
Miscellaneous Receivables	2,253,040	1,601,250
Due from Component Unit	19,590	18,508
Inventories	1,720,208	1,691,134
Prepaid Items	54,087	57,682
<i>Total Current Assets</i>	<u>41,334,250</u>	<u>43,601,944</u>
Net Pension Asset	747,802	678,325
Net Present Value of Lease Financing	577,306	614,083
Capital Assets	106,045,490	95,757,465
Accumulated Depreciation	<u>(52,756,698)</u>	<u>(49,684,186)</u>
Total Assets	<u>95,948,150</u>	<u>90,967,631</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refundings	<u>79,269</u>	<u>89,963</u>
Total Deferred Outflows of Resources	<u>\$ 79,269</u>	<u>\$ 89,963</u>

Continued

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)
UTILITY FUND
SEPTEMBER 30, 2014 AND 2013

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 2,366,655	\$ 2,464,518
Accrued Expenses	448,000	2,973,228
Unearned Revenue	63,525	38,076
Customer Deposits	553,746	542,490
Capital Leases Payable-Current Portion	-	16,152

Payable from Restricted Assets:

Accrued Interest Payable	110,731	117,123
Revenue Bonds Due Within One Year	1,077,119	1,317,714
<i>Total Current Liabilities</i>	<u>4,619,776</u>	<u>7,469,301</u>

Capital Leases Payable (Net of Current Maturities)	70,339	85,704
Compensated Absences	150,908	136,421
Net Other Post Employment Benefit Obligation	43,774	33,848
Revenue Bonds Payable (Net of Current Maturities)	18,837,546	19,662,483
<i>Total Noncurrent Liabilities</i>	<u>19,102,567</u>	<u>19,918,456</u>
Total Liabilities	<u>23,722,343</u>	<u>27,387,757</u>

NET POSITION

Net Investment in Capital Assets	36,385,747	29,869,105
Restricted for:		
Debt Service	2,377,273	2,365,494
Impact Fees	1,181,206	1,229,448
Unrestricted	32,360,850	30,205,790
Total Net Position	<u>\$ 72,305,076</u>	<u>\$ 63,669,837</u>

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

OPERATING REVENUES	2014	2013
Charges for Services:		
Electric	\$ 26,539,806	\$ 25,502,138
Water	8,489,571	8,120,986
Sewer	5,244,197	5,321,788
Miscellaneous Revenues	1,744,374	1,882,346
Total Operating Revenues	42,017,948	40,827,258
 OPERATING EXPENSES		
Administration	1,656,208	1,501,728
Operation and Maintenance:		
Electric Distribution	17,408,244	20,789,403
Utility Services	799,554	685,111
Water Production	4,422,078	4,709,201
Water/Sewer Maintenance	3,780,883	3,465,562
Sewer Plant	2,129,372	1,860,287
Economic Development	338,148	271,286
Facilities Maintenance	551,370	527,414
Information Technology	219,689	172,743
City Attorney	463,175	271,897
Nondepartmental	587,607	492,783
Indirect Cost Allocation	3,848,566	3,674,342
Total Operating Expenses	36,204,894	38,421,757
 Operating Income (Loss)	5,813,054	2,405,501
 NONOPERATING REVENUES (EXPENSES)		
Interest Income	20,456	39,696
Gain (Loss) on Sale of Assets	1,028	32,829
Interest and Fiscal Charges	(695,892)	(791,160)
Total Nonoperating Revenues (Expenses)	(674,408)	(718,635)
 Net Income (Loss) before Contributions and Transfers	5,138,646	1,686,866
 Capital Contributions	2,961,261	215,212
Transfers In (Out)	535,332	118,784
	3,496,593	333,996
 Change in Net Position	8,635,239	2,020,862
Net Position at Beginning of Year	63,669,837	61,648,975
Net Position at End of Year	\$ 72,305,076	\$ 63,669,837

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 41,028,570	\$ 40,366,113
Cash Paid for Employee Wages and Benefits	(5,555,314)	(4,985,779)
Cash Paid to Suppliers for Goods and Services	(26,411,253)	(24,416,455)
Cash Paid General Fund for Indirect Costs	(3,848,566)	(3,674,342)
Net Cash Provided (Used) by Operating Activities	5,213,437	7,289,537
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	535,332	118,784
Net Cash Provided (Used) by Noncapital Financing Activities	535,332	118,784
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(8,534,676)	(5,782,340)
Capital Grants Received	1,197,028	-
Proceeds from Refunding Bonds	-	4,825,000
Payments to Refunding Escrow Agent	-	(4,774,381)
Principal Payments on Long-Term Debt	(1,047,714)	(948,090)
Interest and Fiscal Charges Paid	(709,407)	(782,524)
Bond Issue Costs	-	(50,619)
Principal Payments on Capital Leases	(31,517)	(20,958)
Advances (To) From Component Unit	(1,082)	67
Proceeds from Sale of Capital Assets	1,028	32,829
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,126,340)	(7,501,016)
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	3,449,171	291,127
Investment Interest Received	20,456	39,696
Lease Financing - Principal Payments Received	36,777	34,915
Net Cash Provided (Used) by Investing Activities	3,506,404	365,738
Net Increase (Decrease) in Cash and Cash Equivalents	128,833	273,043
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	577,468	303,095
Restricted Cash and Cash Equivalents	6,745	8,075
	584,213	311,170
Cash and Equivalents at End of Year:		
Cash and Cash Equivalents	701,220	577,468
Restricted Cash and Cash Equivalents	11,826	6,745
	\$ 713,046	\$ 584,213

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 5,813,054	\$ 2,405,501
Adjustments to reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	3,083,395	2,907,776
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(1,026,083)	(416,319)
Inventory/Prepaid Items	(25,479)	(114,243)
Net Pension Asset	(69,477)	(77,807)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(97,863)	457,657
Accrued Expenses	(2,510,741)	2,161,184
Net Other Postemployment Benefit Obligation	9,926	10,614
Unearned Revenue	25,449	(31,403)
Customer Deposits	11,256	(13,423)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 5,213,437</u></u>	<u><u>\$ 7,289,537</u></u>
Transactions Not Affecting Cash and Cash Equivalents:		
Developer Contributions - Capital Assets	<u><u>\$ 1,764,233</u></u>	<u><u>\$ 215,212</u></u>
Total Noncash Activities	<u><u>\$ 1,764,233</u></u>	<u><u>\$ 215,212</u></u>

CITY OF SEGUIN, TEXAS
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
<i>Administration:</i>		
Personnel Services	\$ 1,473,918	\$ 1,355,854
Contracted Services	57,980	25,331
Supplies and Materials	79,495	75,622
Other Charges	38,239	37,747
Depreciation	6,576	7,174
<i>Total Administration</i>	<u>1,656,208</u>	<u>1,501,728</u>
<i>Electric Production and Distribution:</i>		
Personnel Services	779,537	619,323
Contracted Services	1,224,246	1,083,548
Supplies and Materials	14,837,534	18,526,887
Other Charges	(30,717)	18,233
Depreciation	597,644	541,412
<i>Total Electric Production and Distribution</i>	<u>17,408,244</u>	<u>20,789,403</u>
<i>Utility Services</i>		
Personnel Services	615,009	511,348
Contracted Services	151,710	144,491
Supplies and Materials	23,992	23,234
Other Charges	8,843	6,038
<i>Total Utility Services</i>	<u>799,554</u>	<u>685,111</u>
<i>Water Production:</i>		
Personnel Services	595,626	593,871
Contracted Services	3,435,110	3,695,591
Supplies and Materials	79,447	93,817
Other Charges	13,015	10,446
Depreciation	298,880	315,476
<i>Total Water Production</i>	<u>4,422,078</u>	<u>4,709,201</u>
<i>Water/Sewer Maintenance:</i>		
Personnel Services	621,718	579,119
Contracted Services	1,147,010	1,150,579
Supplies and Materials	57,285	54,894
Other Charges	588,886	346,460
Depreciation	1,365,984	1,334,510
<i>Total Water/Sewer Maintenance</i>	<u>3,780,883</u>	<u>3,465,562</u>
<i>Sewer Plant:</i>		
Personnel Services	507,670	412,120
Contracted Services	938,368	741,696
Supplies and Materials	62,135	64,727
Other Charges	4,524	4,799
Depreciation	616,675	636,945
<i>Total Sewer Plant</i>	<u>\$ 2,129,372</u>	<u>\$ 1,860,287</u>

CITY OF SEGUIN, TEXAS
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<i>Economic Development:</i>		
Personnel Services	\$ 307,509	\$ 257,841
Contracted Services	8,731	1,342
Supplies and Materials	2,145	834
Other Charges	19,763	11,269
<i>Total Economic Development</i>	<u>338,148</u>	<u>271,286</u>
<i>Facilities Maintenance:</i>		
Personnel Services	477,035	456,241
Contracted Services	44,550	45,306
Supplies and Materials	29,711	24,686
Other Charges	74	139
Depreciation	-	1,042
<i>Total Facilities Maintenance</i>	<u>551,370</u>	<u>527,414</u>
<i>Information Technology:</i>		
Personnel Services	139,582	108,435
Contracted Services	77,086	60,939
Supplies and Materials	592	833
Other Charges	2,429	2,536
<i>Total Information Technology</i>	<u>219,689</u>	<u>172,743</u>
<i>City Attorney:</i>		
Personnel Services	74,787	68,571
Contracted Services	386,837	202,410
Supplies and Materials	46	97
Other Charges	1,505	819
<i>Total City Attorney</i>	<u>463,175</u>	<u>271,897</u>
<i>Nondepartmental:</i>		
Contracted Services	211,117	206,454
Supplies and Materials	16,107	57,863
Other Charges	162,747	157,249
Depreciation	197,636	71,217
<i>Total Nondepartmental</i>	<u>587,607</u>	<u>492,783</u>
Indirect Cost Allocation	<u>3,848,566</u>	<u>3,674,342</u>
Total Operating Expenses	<u>\$ 36,204,894</u>	<u>\$ 38,421,757</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2014
 (With Comparative Amounts for 2013)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2014	2013
ASSETS					
Cash and Cash Equivalents	\$ 9,889	\$ 129,533	\$ 766	\$ 140,188	\$ 104,166
Investments	188,553	268,394	152,524	609,471	508,005
Miscellaneous Receivables	-	5,798	-	5,798	11,061
Prepaid Items	2,717	-	-	2,717	-
Total Assets	<u>201,159</u>	<u>403,725</u>	<u>153,290</u>	<u>758,174</u>	<u>623,232</u>
LIABILITIES					
Accounts Payable	12,429	9,572	-	22,001	12,793
Total Liabilities	<u>12,429</u>	<u>9,572</u>	<u>-</u>	<u>22,001</u>	<u>12,793</u>
NET POSITION					
Unrestricted	188,730	394,153	153,290	736,173	610,439
Total Net Position	<u><u>\$ 188,730</u></u>	<u><u>\$ 394,153</u></u>	<u><u>\$ 153,290</u></u>	<u><u>\$ 736,173</u></u>	<u><u>\$ 610,439</u></u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION – INTERNAL SERVICE FUNDS
 YEAR ENDED SEPTEMBER 30, 2014
 (With Comparative Amounts for 2013)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2014	2013
OPERATING REVENUES					
Charges for Premiums	\$ 2,594,447	\$ 54,057	\$ 171,636	\$2,820,140	\$ 2,713,035
Miscellaneous Revenues	-	-	3,974	3,974	-
Total Operating Revenues	<u>2,594,447</u>	<u>54,057</u>	<u>175,610</u>	<u>2,824,114</u>	<u>2,713,035</u>
OPERATING EXPENSES					
Premiums	2,556,997	89,996	123,953	2,770,946	2,789,846
Administration	41,000	-	-	41,000	31,145
Total Operating Expenses	<u>2,597,997</u>	<u>89,996</u>	<u>123,953</u>	<u>2,811,946</u>	<u>2,820,991</u>
OPERATING INCOME (LOSS)	<u>(3,550)</u>	<u>(35,939)</u>	<u>51,657</u>	<u>12,168</u>	<u>(107,956)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	<u>20</u>	<u>125</u>	<u>(119)</u>	<u>26</u>	<u>238</u>
Total Nonoperating Revenues (Expenses)	<u>20</u>	<u>125</u>	<u>(119)</u>	<u>26</u>	<u>238</u>
Net Income (Loss) Before Contributions and Transfers	<u>(3,530)</u>	<u>(35,814)</u>	<u>51,538</u>	<u>12,194</u>	<u>(107,718)</u>
Transfers In (Out)	<u>-</u>	<u>113,540</u>	<u>-</u>	<u>113,540</u>	<u>-</u>
Change in Net Position	<u>(3,530)</u>	<u>77,726</u>	<u>51,538</u>	<u>125,734</u>	<u>(107,718)</u>
Net Position At Beginning of Year	<u>192,260</u>	<u>316,427</u>	<u>101,752</u>	<u>610,439</u>	<u>718,157</u>
Net Position at End of Year	<u><u>\$ 188,730</u></u>	<u><u>\$ 394,153</u></u>	<u><u>\$ 153,290</u></u>	<u><u>\$ 736,173</u></u>	<u><u>\$ 610,439</u></u>

CITY OF SEGUIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014
(With Comparative Amounts for 2013)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2014	2013
Cash Flows From Operating Activities:					
Cash Received from Interfund Services	\$ 2,024,335	\$ 54,057	\$ 175,610	\$ 2,254,002	\$ 2,131,383
Cash Paid from Users	570,112	-	-	570,112	576,673
Cash Paid for Employee Benefits	(2,589,977)	(86,262)	(123,953)	(2,800,192)	(2,626,275)
Net Cash Provided (Used) by Operating Activities	4,470	(32,205)	51,657	23,922	81,781
Cash Flows From Noncapital Financing Activities:					
Operating Transfers from/to Other Funds	-	113,540	-	113,540	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	113,540	-	113,540	-
Cash Flows From Investing Activities:					
Sale/(Purchase) of Investments	(50,535)	127	(51,058)	(101,466)	14,832
Investment Interest Received	20	125	(119)	26	238
Net Cash Provided (Used) by Investing Activities	(50,515)	252	(51,177)	(101,440)	15,070
Net Increase (Decrease) in Cash and Cash Equivalents	(46,045)	81,587	480	36,022	96,851
Cash and Equivalents at Beginning of Year:	55,934	47,946	286	104,166	7,315
Cash and Equivalents at End of Year	\$ 9,889	\$ 129,533	\$ 766	\$ 140,188	\$ 104,166
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (3,550)	\$ (35,939)	\$ 51,657	\$ 12,168	\$ (107,956)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in					
Miscellaneous Receivables	-	5,263	-	5,263	(4,979)
Prepaid Items	(2,717)	-	-	(2,717)	194,472
Increase (Decrease) in					
Accounts Payable	10,737	(1,529)	-	9,208	244
Net Cash Provided (Used) by Operating Activities	\$ 4,470	\$ (32,205)	\$ 51,657	\$ 23,922	\$ 81,781

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 SEPTEMBER 30, 2014

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ASSETS					
Cash and Cash Equivalents	\$ 392	\$ -	\$ 2,378	\$ 11	\$ 2,781
Investments	73,211	89,854	260,922	12,813	436,800
Notes Receivable	-	-	4,599	-	4,599
Inventory	-	-	359,431	-	359,431
Total Assets	<u>73,603</u>	<u>89,854</u>	<u>627,330</u>	<u>12,824</u>	<u>803,611</u>
LIABILITIES					
Due to Others	-	-	-	1,000	1,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Net Position Held in Trust	<u>\$ 73,603</u>	<u>\$ 89,854</u>	<u>\$ 627,330</u>	<u>\$ 11,824</u>	<u>\$ 802,611</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ADDITIONS					
Interest	\$ 25	\$ 30	\$ 233	\$ 5	\$ 293
Total Additions	<u>25</u>	<u>30</u>	<u>233</u>	<u>5</u>	<u>293</u>
DEDUCTIONS					
Distribution to Participants	6,621	30	-	7,600	14,251
Total Deductions	<u>6,621</u>	<u>30</u>	<u>-</u>	<u>7,600</u>	<u>14,251</u>
Change in Net Position	(6,596)	-	233	(7,595)	(13,958)
Net Position, Beginning of Year	<u>80,199</u>	<u>89,854</u>	<u>627,097</u>	<u>19,419</u>	<u>816,569</u>
Net Position, End of Year	<u><u>\$ 73,603</u></u>	<u><u>\$ 89,854</u></u>	<u><u>\$ 627,330</u></u>	<u><u>\$ 11,824</u></u>	<u><u>\$ 802,611</u></u>

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Evidence/Abandoned Funds	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
<i>Assets:</i>				
Cash and Equivalents	\$ 9,676	\$ -	\$ -	\$ 9,676
<i>Liabilities</i>				
Due to Others	\$ 9,676	\$ -	\$ -	\$ 9,676

CITY OF SEGUIN, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2014

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			
	2005*	2006	2007	2008
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 18,218,707	\$ 18,715,795	\$ 21,202,151	\$ 18,958,130
Restricted	531,129	609,630	791,109	970,062
Unrestricted	11,092,861	11,477,486	9,789,390	11,362,829
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 29,842,697</u>	<u>\$ 30,802,911</u>	<u>\$ 31,782,650</u>	<u>\$ 31,291,021</u>
<i>Business-Type Activities:</i>				
Net Investment in Capital Assets	\$ 24,780,987	\$ 24,719,893	\$ 24,767,252	\$ 24,502,485
Restricted	942,452	839,601	1,110,889	1,122,407
Unrestricted	7,667,641	10,786,592	13,997,400	15,241,512
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 33,391,080</u>	<u>\$ 36,346,086</u>	<u>\$ 39,875,541</u>	<u>\$ 40,866,404</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 42,999,694	\$ 43,435,688	\$ 45,969,403	\$ 43,460,615
Restricted	1,473,581	1,449,231	1,901,998	2,092,469
Unrestricted	18,760,502	22,264,078	23,786,790	26,604,341
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 63,233,777</u>	<u>\$ 67,148,997</u>	<u>\$ 71,658,191</u>	<u>\$ 72,157,425</u>

*Includes retroactive reporting of infrastructure assets.

TABLE 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 18,647,949	\$ 19,035,061	\$ 22,058,500	\$ 21,979,540	\$ 21,518,984	\$ 21,780,455
1,091,155	1,243,295	2,399,602	2,793,614	3,323,527	3,352,071
11,832,570	12,804,348	13,476,007	24,998,610	26,172,941	24,028,627
<u>\$ 31,571,674</u>	<u>\$ 33,082,704</u>	<u>\$ 37,934,109</u>	<u>\$ 49,771,764</u>	<u>\$ 51,015,452</u>	<u>\$ 49,161,153</u>
\$ 25,817,049	\$ 26,030,163	\$ 26,908,429	\$ 27,668,999	\$ 29,869,105	\$ 36,385,747
1,088,411	1,884,617	2,916,398	3,239,558	3,594,942	3,558,479
17,796,040	19,735,076	29,660,618	30,740,418	30,205,790	32,360,850
<u>\$ 44,701,500</u>	<u>\$ 47,649,856</u>	<u>\$ 59,485,445</u>	<u>\$ 61,648,975</u>	<u>\$ 63,669,837</u>	<u>\$ 72,305,076</u>
\$ 44,464,998	\$ 45,065,224	\$ 48,966,929	\$ 49,648,539	\$ 51,388,089	\$ 58,166,202
2,179,566	3,127,912	5,316,000	6,033,172	6,918,469	6,910,550
29,628,610	32,539,424	43,136,625	55,739,028	56,378,731	56,389,477
<u>\$ 76,273,174</u>	<u>\$ 80,732,560</u>	<u>\$ 97,419,554</u>	<u>\$ 111,420,739</u>	<u>\$ 114,685,289</u>	<u>\$ 121,466,229</u>

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

Expenses	Fiscal Year			
	2005	2006	2007	2008
<i>Governmental Activities:</i>				
General Government	\$ 1,491,421	\$ 2,144,300	\$ 1,878,372	\$ 1,794,323
Public Safety	7,030,748	7,560,114	8,898,829	8,891,772
Public Service	4,440,736	4,736,797	5,418,440	5,946,254
Capital Outlay	571,970	-	-	-
Interest on Long-Term Debt	578,868	954,460	1,160,419	1,585,143
<i>Total Governmental Activities</i>	<u>14,113,743</u>	<u>15,395,671</u>	<u>17,356,060</u>	<u>18,217,492</u>
<i>Business-Type Activities:</i>				
Utility	28,730,735	33,427,405	32,180,148	38,124,954
<i>Total Business-Type Activities</i>	<u>28,730,735</u>	<u>33,427,405</u>	<u>32,180,148</u>	<u>38,124,954</u>
Total Primary Government Expenses	<u>\$ 42,844,478</u>	<u>\$ 48,823,076</u>	<u>\$ 49,536,208</u>	<u>\$ 56,342,446</u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for Services:				
General Government	\$ 1,937,646	\$ 1,924,059	\$ 1,964,123	\$ 2,396,731
Public Safety	2,043,277	2,316,451	2,482,048	2,178,103
Public Service	1,535,572	1,722,142	2,355,714	1,948,256
Operating Grants and Contributions	203,241	156,943	396,114	566,929
Capital Grants and Contributions	614,296	891,532	599,544	144,622
<i>Total Governmental Activities</i>	<u>6,334,032</u>	<u>7,011,127</u>	<u>7,797,543</u>	<u>7,234,641</u>
<i>Business-Type Activities:</i>				
Charges for Services	28,442,576	35,133,606	34,079,849	38,334,793
Operating Grants and Contributions	122,000	116,500	111,000	105,500
Capital Grants and Contributions	336,870	891,707	274,110	674,119
<i>Total Business-Type Activities</i>	<u>28,901,446</u>	<u>36,141,813</u>	<u>34,464,959</u>	<u>39,114,412</u>
Total Primary Government Program Revenues	<u>\$ 35,235,478</u>	<u>\$ 43,152,940</u>	<u>\$ 42,262,502</u>	<u>\$ 46,349,053</u>

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,859,944	\$ 1,859,525	\$ 2,077,927	\$ 1,482,333	\$ 1,617,167	\$ 1,891,420
9,068,057	9,494,381	10,057,294	10,617,994	11,147,424	11,757,015
6,471,090	6,636,986	6,912,623	7,849,643	8,269,202	8,464,114
-	-	-	-	-	-
1,465,134	1,444,828	2,017,079	1,778,567	1,685,881	2,516,964
18,864,225	19,435,720	21,064,923	21,728,537	22,719,674	24,629,513
38,051,066	36,430,136	37,928,870	39,484,763	39,212,917	36,900,786
38,051,066	36,430,136	37,928,870	39,484,763	39,212,917	36,900,786
\$ 56,915,291	\$ 55,865,856	\$ 58,993,793	\$ 61,213,300	\$ 61,932,591	\$ 61,530,299
\$ 2,438,156	\$ 2,419,222	\$ 2,423,729	\$ 2,617,386	\$ 2,616,261	\$ 2,888,748
2,312,047	2,957,157	3,337,034	2,940,217	3,053,799	3,524,917
2,412,189	2,228,708	2,393,691	2,464,152	2,435,778	3,081,696
156,418	965,782	719,700	985,512	658,404	841,529
598,398	567,658	222,703	221,193	140,973	197,027
7,917,208	9,138,527	9,096,857	9,228,460	8,905,215	10,533,917
41,231,252	39,290,331	43,211,099	41,463,853	40,827,258	42,017,948
-	-	-	-	-	-
490,976	87,917	257,571	40,454	215,212	2,961,261
41,722,228	39,378,248	43,468,670	41,504,307	41,042,470	44,979,209
\$ 49,639,436	\$ 48,516,775	\$ 52,565,527	\$ 50,732,767	\$ 49,947,685	\$ 55,513,126

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

	Fiscal Year			
	2005	2006	2007	2008
Net (Expense)/Revenue				
Governmental Activities	\$ (7,779,711)	\$ (8,384,544)	\$ (9,558,517)	\$ (10,982,851)
Business-Type Activities	170,711	2,714,408	2,284,811	989,458
Total Primary Government Net (Expense)	<u>\$ (7,609,000)</u>	<u>\$ (5,670,136)</u>	<u>\$ (7,273,706)</u>	<u>\$ (9,993,393)</u>
General Revenues and Other Changes in Net Assets				
<i>Governmental Activities:</i>				
General Property Taxes	\$ 3,693,120	\$ 4,046,240	\$ 4,582,576	\$ 5,049,451
Franchise Taxes	862,023	554,974	620,386	625,509
Sales Taxes	3,563,124	3,776,429	4,096,755	4,355,410
Occupancy Taxes	-	386,595	457,310	523,108
Interest and Investment Earnings	482,666	1,004,432	1,056,068	684,611
Miscellaneous	243,970	-	-	-
Gain (Loss) on Sale of Capital Assets	-	2,264	(45,385)	-
Special Items	-	-	-	(1,330,867)
Transfers	194,846	44,681	(229,454)	584,000
<i>Total Governmental Activities</i>	<u>9,039,749</u>	<u>9,815,615</u>	<u>10,538,256</u>	<u>10,491,222</u>
<i>Business-Type Activities Charges for Services:</i>				
Interest and Investment Earnings	292,971	537,526	771,998	565,238
Gain (Loss) on Sale of Capital Assets	40,092	2,510	243,192	20,167
Special Items	-	-	-	-
Transfers	(194,846)	(44,681)	229,454	(584,000)
<i>Total Business-Type Activities</i>	<u>138,217</u>	<u>495,355</u>	<u>1,244,644</u>	<u>1,405</u>
Total Primary Government	<u>\$ 9,177,966</u>	<u>\$ 10,310,970</u>	<u>\$ 11,782,900</u>	<u>\$ 10,492,627</u>
Change in Net Position				
Governmental Activities	\$ 1,260,038	\$ 1,431,071	\$ 979,739	\$ (491,629)
Business-Type Activities	308,928	3,209,763	3,529,455	990,863
Total Primary Government	<u>\$ 1,568,966</u>	<u>\$ 4,640,834</u>	<u>\$ 4,509,194</u>	<u>\$ 499,234</u>

TABLE 2 (CONT.)

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (10,947,017)	\$ (10,297,193)	\$ (11,968,066)	\$ (12,500,077)	\$ (13,814,459)	\$ (14,095,596)
3,671,162	2,948,112	5,539,800	2,019,544	1,829,553	8,078,423
<u>\$ (7,275,855)</u>	<u>\$ (7,349,081)</u>	<u>\$ (6,428,266)</u>	<u>\$ (10,480,533)</u>	<u>\$ (11,984,906)</u>	<u>\$ (6,017,173)</u>
\$ 5,620,048	\$ 5,694,180	\$ 6,363,981	\$ 7,032,068	\$ 7,123,720	\$ 6,952,798
691,665	920,524	833,019	853,330	897,556	913,296
4,256,246	4,473,399	4,472,305	5,512,435	5,833,464	5,841,830
458,343	550,999	809,377	869,409	762,465	726,361
201,373	55,460	35,855	63,548	49,726	36,602
-	-	500,000	505,000	510,000	515,000
-	-	-	-	-	-
-	-	3,000,000	9,585,200	-	(2,209,258)
-	72,034	804,934	(83,258)	(118,784)	(535,332)
<u>11,227,675</u>	<u>11,766,596</u>	<u>16,819,471</u>	<u>24,337,732</u>	<u>15,058,147</u>	<u>12,241,297</u>
160,396	42,731	37,921	67,211	39,696	20,456
3,538	-	62,802	(6,483)	32,829	1,028
-	-	7,000,000	-	-	-
-	(72,034)	(804,934)	83,258	118,784	535,332
<u>163,934</u>	<u>(29,303)</u>	<u>6,295,789</u>	<u>143,986</u>	<u>191,309</u>	<u>556,816</u>
<u>\$ 11,391,609</u>	<u>\$ 11,737,293</u>	<u>\$ 23,115,260</u>	<u>\$ 24,481,718</u>	<u>\$ 15,249,456</u>	<u>\$ 12,798,113</u>
\$ 280,658	\$ 1,469,403	\$ 4,851,405	\$ 11,837,655	\$ 1,243,688	\$ (1,854,299)
3,835,096	2,918,809	11,835,589	2,163,530	2,020,862	8,635,239
<u>\$ 4,115,754</u>	<u>\$ 4,388,212</u>	<u>\$ 16,686,994</u>	<u>\$ 14,001,185</u>	<u>\$ 3,264,550</u>	<u>\$ 6,780,940</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<i>General Fund:</i>				
Nonspendable	\$ 55,380	\$ 49,326	\$ 59,612	\$ 66,379
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	7,110,870	6,748,938	6,543,410	7,372,266
<i>Total General Fund</i>	<u>\$ 7,166,250</u>	<u>\$ 6,798,264</u>	<u>\$ 6,603,022</u>	<u>\$ 7,438,645</u>
<i>All other Governmental Funds:</i>				
Nonspendable	\$ 393	\$ -	\$ -	\$ 2,160
Restricted - Special Revenue	457,875	454,137	880,981	982,294
Restricted - Capital Projects	6,000,724	8,282,350	4,923,857	9,788,858
Restricted - Debt Service	519,072	464,988	652,652	851,815
Committed - Special Revenue	3	9,373	17,843	11,529
Assigned - Capital Projects	3,466,009	2,954,110	2,278,642	2,196,305
<i>Total Other Governmental Funds</i>	<u>\$ 10,444,076</u>	<u>\$ 12,164,958</u>	<u>\$ 8,753,975</u>	<u>\$ 13,832,961</u>

TABLE 3

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 61,015	\$ 56,899	\$ 73,101	\$ 66,104	\$ 2,037,347	\$ 70,386
-	-	22,800	22,800	20,100	20,100
-	-	-	2,208,762	2,163,385	2,165,441
-	-	-	-	157,464	151,582
7,697,782	8,655,304	8,773,457	17,454,678	15,568,700	16,586,852
<u>\$ 7,758,797</u>	<u>\$ 8,712,203</u>	<u>\$ 8,869,358</u>	<u>\$ 19,752,344</u>	<u>\$ 19,946,996</u>	<u>\$ 18,994,361</u>
\$ 5,520	\$ 4,295	\$ -	\$ 22,852	\$ 12,803	\$ 5,874
1,002,698	1,065,039	1,389,762	1,701,526	1,748,490	1,752,872
7,435,646	3,749,080	11,920,110	14,004,274	13,155,149	30,155,607
945,507	1,068,598	945,380	1,019,857	1,510,096	1,645,809
23,137	23,413	31,331	11,113	10,726	24,192
2,259,074	1,940,052	2,059,875	2,183,206	2,860,482	3,220,890
<u>\$ 11,671,582</u>	<u>\$ 7,850,477</u>	<u>\$ 16,346,458</u>	<u>\$ 18,942,828</u>	<u>\$ 19,297,746</u>	<u>\$ 36,805,244</u>

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

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 8,126,084	\$ 8,981,094	\$ 9,823,009	\$ 10,578,794
Licenses and Permits	244,411	233,974	313,206	542,193
Intergovernmental	1,364,244	845,670	1,007,956	999,436
Charges for Services	3,768,684	3,908,322	3,770,273	4,260,013
Fines and Forfeits	681,638	676,168	719,521	964,752
Interest	476,020	987,113	1,041,605	674,264
Miscellaneous	273,960	352,559	975,127	455,465
Total Revenues	<u>14,935,041</u>	<u>15,984,900</u>	<u>17,650,697</u>	<u>18,474,917</u>
Expenditures				
General Government	2,142,238	2,443,736	2,550,851	2,930,937
Public Safety	6,459,052	7,129,917	8,164,911	8,277,544
Public Service	3,220,304	3,419,339	4,300,974	3,907,102
Nondepartmental	1,315,515	1,834,751	1,221,472	1,416,615
Indirect Cost Allocation (Recovery)	(2,332,859)	(2,333,433)	(2,437,684)	(2,798,522)
Capital Projects/ Outlay	5,235,737	8,712,503	12,469,055	5,705,912
Debt Service:				
Principal	1,130,000	946,411	961,856	1,189,174
Interest and Fiscal Charges	560,085	740,680	1,037,116	1,307,381
Bond Issue Costs	-	192,351	143,930	249,427
Total Expenditures	<u>17,730,072</u>	<u>23,086,255</u>	<u>28,412,481</u>	<u>22,185,570</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,795,031)</u>	<u>(7,101,355)</u>	<u>(10,761,784)</u>	<u>(3,710,653)</u>
Other Financing Sources (Uses)				
Transfers In	2,945,540	1,084,933	1,537,142	1,747,357
Transfers Out	(2,444,660)	(1,208,609)	(1,793,596)	(1,194,357)
Issuance of Long-Term Financing	162,502	8,805,242	6,645,271	9,380,927
Payments to Refunding Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>663,382</u>	<u>8,681,566</u>	<u>6,388,817</u>	<u>9,933,927</u>
Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,662</u>
Net Change in Fund Balance	<u>\$ (2,131,649)</u>	<u>\$ 1,580,211</u>	<u>\$ (4,372,967)</u>	<u>\$ 6,453,936</u>
Debt Service as a percentage of Noncapital Expenditures	13.5%	13.1%	13.4%	16.1%

TABLE 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 11,000,334	\$ 11,586,011	\$ 12,413,070	\$ 14,250,325	\$ 14,653,908	\$ 14,396,360
273,991	329,009	325,496	404,953	384,153	688,637
1,467,479	2,253,478	1,462,440	1,842,006	1,062,026	1,692,199
4,942,725	5,127,519	5,071,986	5,375,293	5,364,318	5,724,792
818,794	1,366,173	1,534,392	1,422,147	1,446,373	1,894,219
201,149	54,851	35,283	63,074	378,958	36,579
329,079	129,349	741,762	721,692	778,174	1,080,418
<u>19,033,551</u>	<u>20,846,390</u>	<u>21,584,429</u>	<u>24,079,490</u>	<u>24,067,910</u>	<u>25,513,204</u>
3,047,345	3,043,817	3,271,912	2,970,433	2,995,289	3,291,439
8,532,673	8,862,366	9,919,756	9,946,852	10,421,044	11,099,683
4,087,284	4,541,940	4,562,336	5,877,185	5,996,218	6,087,470
1,310,186	1,491,764	1,809,481	1,620,181	1,949,011	2,202,136
(2,869,702)	(2,952,855)	(3,288,861)	(3,430,197)	(3,674,342)	(3,848,566)
4,970,168	5,751,957	3,792,747	2,702,978	2,305,774	5,466,886
1,414,361	1,466,258	1,584,205	1,973,707	1,977,394	2,370,179
1,465,362	1,428,424	1,678,851	1,686,787	1,628,268	2,011,346
22,500	-	328,000	146,006	45,636	363,655
<u>21,980,177</u>	<u>23,633,671</u>	<u>23,658,427</u>	<u>23,493,932</u>	<u>23,644,292</u>	<u>29,044,228</u>
<u>(2,946,626)</u>	<u>(2,787,281)</u>	<u>(2,073,998)</u>	<u>585,558</u>	<u>423,618</u>	<u>(3,531,024)</u>
811,222	631,000	1,386,102	1,264,924	2,496,336	3,536,891
(811,222)	(711,428)	(1,763,058)	(1,435,973)	(2,615,120)	(4,185,763)
1,105,409	-	11,104,090	6,455,635	4,549,100	22,944,017
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,975,988)</u>	<u>(4,304,364)</u>	<u>-</u>
<u>1,105,409</u>	<u>(80,428)</u>	<u>10,727,134</u>	<u>3,308,598</u>	<u>125,952</u>	<u>22,295,145</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,585,200</u>	<u>-</u>	<u>(2,209,258)</u>
<u>\$ (1,841,217)</u>	<u>\$ (2,867,709)</u>	<u>\$ 8,653,136</u>	<u>\$ 13,479,356</u>	<u>\$ 549,570</u>	<u>\$ 16,554,863</u>
16.5%	15.7%	16.4%	17.5%	17.4%	18.1%

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

TABLE 5

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales & Use</u>	<u>Occupancy</u>	<u>Franchise</u>	<u>Total</u>
2005	\$ 3,700,937	\$ 3,563,124	\$ 320,536	\$ 541,487	\$ 8,126,084
2006	4,035,681	3,776,429	527,324	641,660	8,981,094
2007	4,648,558	4,096,755	457,310	620,386	9,823,009
2008	5,074,767	4,355,410	523,108	625,509	10,578,794
2009	5,594,080	4,256,246	458,343	691,665	11,000,334
2010	5,641,089	4,473,399	550,999	920,524	11,586,011
2011	6,298,369	4,495,098	786,585	833,018	12,413,070
2012	7,015,151	5,512,435	869,409	853,330	14,250,325
2013	7,160,423	5,833,464	762,465	897,556	14,653,908
2014	6,914,873	5,841,830	726,361	913,296	14,396,360

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
2014	\$ 738,143,976	\$ 489,211,189	\$ 576,499,288	\$ 136,133,611	\$ 570,260,123	\$ 1,369,727,941	0.5173
2013	738,982,849	465,714,399	785,423,174	152,396,679	713,834,301	1,428,682,800	0.5073
2012	723,441,220	431,521,993	550,501,805	150,003,452	467,115,554	1,388,352,916	0.5073
2011	716,337,690	381,012,529	344,847,282	220,121,445	334,238,078	1,328,080,868	0.4893
2010	668,475,414	383,484,507	330,139,839	209,183,412	312,223,664	1,279,059,508	0.4600
2009	657,580,380	369,860,723	334,046,725	195,824,119	342,543,265	1,214,768,682	0.4823
2008	602,014,523	330,995,847	312,967,426	190,092,227	320,532,212	1,115,537,811	0.4726
2007	514,576,330	287,310,912	316,582,669	148,873,333	295,009,577	972,333,667	0.4814
2006	477,295,664	260,735,171	353,323,689	140,742,393	284,400,722	947,696,195	0.4326
2005	459,102,183	231,834,159	383,374,394	134,838,056	290,829,976	918,318,816	0.4021

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 2013 tax roll was \$1,189,647,946.

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
2005	\$ 0.2645	\$ 0.1376	\$ 0.4021	\$ 1.6850	\$ 0.4031
2006	0.2718	0.1608	0.4326	1.6944	0.4031
2007	0.2706	0.2108	0.4814	1.6890	0.4031
2008	0.2587	0.2139	0.4726	1.1600	0.3845
2009	0.2323	0.2500	0.4823	1.2498	0.3295
2010	0.2325	0.2275	0.4600	1.2498	0.3895
2011	0.2693	0.2200	0.4893	1.2498	0.3999
2012	0.2693	0.2380	0.5073	1.2598	0.4036
2013	0.2698	0.2375	0.5073	1.2770	0.4036
2014	0.2942	0.2231	0.5173	1.2800	0.3999

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

TABLE 8

Taxpayer	Fiscal Year 2014 (2013 Tax Levy)			Fiscal Year 2005 (2004 Tax Levy)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Temic Automotive	\$ 64,396,709	1	4.70%	\$ 114,937,490	1	12.52%
Hexcel Corporation	17,023,236	2	1.24%	15,566,328	2	1.70%
Tyson Foods, Inc.	10,613,564	3	0.77%	10,617,873	3	1.16%
Ranch @ SH123 Loop	10,442,900	4	0.76%	--	--	--
Wonder Properties LTD	9,322,400	5	0.68%	--	--	--
Ameritex Pipe & Products LLC	8,101,726	6	0.59%	--	--	--
BV Seguin I LP	7,945,176	7	0.58%	--	--	--
Wal-Mart Store	7,451,298	8	0.54%	6,569,846	7	0.72%
Wal-Mart Real Estate Business Trust	7,200,902	9	0.53%	6,693,071	6	0.73%
ITW MiniGrip Inc.	6,817,432	10	0.50%	7,531,968	5	0.82%
Rio Nogales Power Project LP	--	--	--	9,289,230	4	1.01%
Frontier Land Limited	--	--	--	6,400,000	8	0.70%
Southwestern Bell Telephone	--	--	--	6,113,050	9	0.67%
Motorola Inc.	--	--	--	5,109,391	10	0.56%
Total	<u>\$ 149,315,343</u>		<u>10.90%</u>	<u>\$ 188,828,247</u>		<u>20.56%</u>

Source: Guadalupe County Appraisal District

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
2005	\$ 3,670,226	\$ 3,560,194	97.0%	\$ 100,903	\$ 3,661,097	99.8%
2006	4,043,713	3,854,709	95.3%	178,338	4,033,047	99.7%
2007	4,527,973	4,325,674	95.5%	187,852	4,513,526	99.7%
2008	5,061,063	4,855,402	95.9%	189,945	5,045,347	99.7%
2009	5,618,105	5,443,556	96.9%	147,868	5,591,424	99.5%
2010	5,987,710	5,829,714	97.4%	126,426	5,956,140	99.5%
2011	6,243,006	6,056,865	97.0%	132,091	6,188,956	99.1%
2012	6,766,524	6,577,230	97.2%	90,232	6,667,462	98.5%
2013	6,971,685	6,842,125	98.1%	53,326	6,895,451	98.9%
2014	6,676,209	6,529,859	97.8%	-	6,529,859	97.8%

Amount collected includes discounts

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

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita	Percentage of Personal Income
	Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases					
2005	\$ 11,165,000	\$ 480,000	\$ 144,084	\$ 8,985,000	\$ 222,009	\$ 20,996,093	\$ 918,318,816	2.3%	\$ 919	6.7%
2006	19,250,000	240,000	137,019	14,150,000	207,548	33,984,567	947,696,195	3.6%	1,355	9.9%
2007	24,365,000	760,000	90,162	13,670,000	193,792	39,078,954	972,333,667	4.0%	1,470	10.7%
2008	31,535,000	1,589,749	40,664	17,095,000	205,019	50,465,432	1,115,537,811	4.5%	1,805	13.1%
2009	30,580,000	2,164,298	112,163	16,345,000	185,325	49,386,786	1,214,768,682	4.1%	1,765	12.8%
2010	29,540,000	1,772,520	77,683	15,570,000	164,547	47,124,750	1,279,059,508	3.7%	1,607	10.2%
2011	39,235,000	1,345,970	329,118	22,600,000	144,321	63,654,409	1,328,080,868	4.8%	2,528	16.1%
2012	41,831,415	930,000	211,860	21,816,105	122,815	64,912,195	1,388,352,916	4.7%	2,502	15.9%
2013	40,604,177	565,000	310,476	20,980,197	101,857	62,561,707	1,428,682,800	4.4%	2,386	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%

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					
2005	\$ 11,165,000	\$ 480,000	\$ (519,072)	\$ 11,125,928	\$ 918,318,816	1.2%	487
2006	19,250,000	240,000	(464,988)	19,025,012	947,696,195	2.0%	758
2007	24,365,000	760,000	(652,652)	24,472,348	972,333,667	2.5%	920
2008	31,535,000	1,589,749	(851,815)	32,272,934	1,115,537,811	2.9%	1,155
2009	30,580,000	2,164,298	(945,517)	31,798,781	1,214,768,682	2.6%	1,137
2010	29,540,000	1,772,520	(1,068,598)	30,243,922	1,279,059,508	2.4%	1,031
2011	39,325,000	1,345,970	(945,380)	39,725,590	1,328,080,868	3.0%	1,578
2012	41,831,415	930,000	(1,019,857)	41,741,558	1,388,352,916	3.0%	1,609
2013	40,604,177	565,000	(1,510,096)	39,659,081	1,428,682,800	2.8%	1,510
2014	61,417,631	185,000	(1,645,809)	59,956,822	1,369,727,941	4.4%	2,249

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

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

CITY OF SEGUIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2014
(Unaudited)

TABLE 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Guadalupe County	\$ 12,785,000	16.86%	\$ 2,155,551
Seguin Independent School District	111,584,149	53.85%	<u>60,088,064</u>
Subtotal, Overlapping Debt			62,243,615
Seguin Direct Debt (Net)			<u>59,956,822</u>
Total Direct and Overlapping Debt			<u><u>\$ 122,200,437</u></u>

Source: Municipal Advisory Council of Texas.

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

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

TABLE 13

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	<u>\$ 1,369,727,941</u>
* Debt limit (10% of assessed value)	136,972,794
Outstanding Debt ^[1]	61,602,631
Less amount set aside for repayment of general obligation debt	<u>(1,645,809)</u>
Total net debt applicable to limit	<u>59,956,822</u>
Economic Debt Margin	<u><u>\$ 77,015,972</u></u>

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	\$ 91,831,882	\$ 94,769,620	\$ 97,233,367	\$ 111,553,781	\$ 121,476,868
Total net debt applicable to limit	<u>(11,125,928)</u>	<u>(19,025,012)</u>	<u>(24,472,348)</u>	<u>(32,522,934)</u>	<u>(31,798,781)</u>
Economic Debt Margin	<u><u>\$ 80,705,954</u></u>	<u><u>\$ 75,744,608</u></u>	<u><u>\$ 72,761,019</u></u>	<u><u>\$ 79,030,847</u></u>	<u><u>\$ 89,678,087</u></u>

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 127,905,951	\$ 132,808,087	\$ 138,835,292	\$ 142,868,280	\$ 136,972,794
Total net debt applicable to limit	<u>(30,243,922)</u>	<u>(39,725,590)</u>	<u>(41,289,480)</u>	<u>(39,242,331)</u>	<u>(59,956,822)</u>
Economic Debt Margin	<u><u>\$ 97,662,029</u></u>	<u><u>\$ 93,082,497</u></u>	<u><u>\$ 97,545,812</u></u>	<u><u>\$ 103,625,949</u></u>	<u><u>\$ 77,015,972</u></u>

^[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

<u>Fiscal Year</u>	<u>Utility Service Charges</u>	<u>Less: Operating Expenses*</u>	<u>Net Available Revenue</u>	<u>Debt Service Principal</u>	<u>Interest</u>	<u>Coverage</u>
2005	\$ 28,092,264	\$ (25,577,533)	\$ 2,514,731	\$ 330,000	\$ 409,413	3.40
2006	35,133,605	(30,070,979)	5,062,626	335,000	375,609	7.12
2007	34,079,849	(29,245,499)	4,834,350	480,000	677,022	4.18
2008	38,334,793	(34,927,078)	3,407,715	555,000	715,330	2.68
2009	41,231,252	(34,938,855)	6,292,397	750,000	744,488	4.21
2010	39,290,331	(33,098,744)	6,191,587	775,000	714,449	4.16
2011	43,211,099	(34,002,636)	9,208,463	805,000	961,171	5.21
2012	41,463,853	(35,728,904)	5,734,949	904,521	944,857	3.10
2013	40,827,258	(35,513,981)	5,313,277	839,048	734,437	3.38
2014	42,017,948	(33,121,499)	8,896,449	1,079,232	703,016	4.99

* 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
2005	22,011	22,845	\$ 36,931	\$ 13,740	32.6	7,502	4.4
2006	22,011	25,090	38,051	13,740	32.6	7,555	4.4
2007	22,011	26,590	38,051	13,740	32.6	7,879	3.6
2008	22,011	27,951	36,931	13,740	32.6	7,501	4.7
2009	22,011	27,979	36,931	13,740	33.0	7,559	7.1
2010	22,011	29,325	38,060	15,730	32.4	7,562	6.4
2011	25,175	25,175	38,060	15,730	32.4	7,547	7.3
2012	25,175	25,943	38,060	15,730	32.4	7,440	6.8
2013	25,175	25,981	38,060	15,730	32.4	7,556	5.4
2014	25,175	26,660	38,526	18,901	35.3	7,529	4.2

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 EIGHT YEARS AGO
(Unaudited)

TABLE 16

Employer	2014			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Continental AG (Motorola)	1,374	1	12.21%	1,395	1	13.11%
Texas Power Systems/CAT	1,206	2	10.72%	--	--	--
Seguin Independent School District	1,129	3	10.03%	1,220	2	11.47%
CMC Steel	853	4	7.58%	838	3	7.88%
Tyson Foods	850	5	7.55%	472	6	4.44%
Guadalupe Regional Medical Center	695	6	6.18%	697	4	6.55%
Guadalupe County	586	7	5.21%	514	5	4.83%
Wal-Mart Super Center	400	8	3.55%	400	7	3.76%
City of Seguin	333	9	2.96%	279	9	2.62%
Texas Lutheran University	310	10	2.76%	308	8	2.89%
HEB	250	11	2.22%	250	10	2.35%
Total	7,986		70.97%	6,373		59.90%

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				
	2014	2013	2012	2011	2010
Police					
Physical arrests	1,605	1,138	1,509	1,548	1,444
Traffic citations	15,988	8,911	12,349	15,040	13,027
Parking citations	308	291	176	44	517
Fire/EMS					
Emergency responses	3,748	3,903	3,162	3,692	3,578
Non-emergency response/Service Calls	804	588	1837	1435	74
Inspections	379	482	831	289	654
Refuse collection (by private contractor)					
# of customers	8,079	7,945	7,850	7,739	7,609
Parks and Recreation					
Park and sport facility rentals	639	622	624	734	721
Sport league participants	740	2,251	2,815	2,670	2,611
Program participants	4,640	3,509	5,172	4,822	4,782
Wave Pool admissions	13,077	13,126	13,126	14,015	10,504
Library					
Volumes in collection	64,366	62,220	69,563	76,126	76,440
Total volumes borrowed	197,204	205,281	210,820	229,389	233,609
Electric					
# of customers	8,314	8,293	8,191	8,210	8,011
Sales (millions of \$)	25.7	25.3	25.8	26.5	26.4
Water					
# of customers	7,120	7,116	7,088	7,060	7,019
Average daily production (millions of gal.)					
Surface water	2.690	2.354	2.769	2.875	2.139
Well water	3.040	3.005	3.169	3.402	3.163
Total	5.730	5.359	5.938	6.277	5.302
Water main repairs (main sizes from 3/4" to 16")	403	127	74	56	97
Wastewater					
Average daily sewage treatment (millions of gal.)	3.290	3.740	4.130	3.960	3.326

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				
2009	2008	2007	2006	2005
1,200	1,210	1,019	1,062	1,347
14,456	17,612	7,922	9,314	9,518
615	850	1,485	828	292
3,738	3,578	3,661	3,429	3,235
604	609	813	580	606
728	670	564	556	299
7,486	7,450	7,346	7,200	7,126
690	709	689	778	686
2,073	2,008	2,117	2,005	1,994
5,875	6,214	5,800	5,220	4,775
13,693	14,015	13,453	12,525	13,356
76,805	75,202	72,755	69,864	70,638
226,206	218,206	192,701	199,148	198,528
8,014	8,069	8,075	8,053	7,903
28.2	25.6	23.2	23.6	18.8
7,044	7,036	7,036	6,998	6,924
2.005	2.317	2.586	3.148	3.069
4.122	3.789	3.228	3.145	2.986
6.127	6.106	5.814	6.293	6.055
76	70	102	86	70
3.220	3.020	3.456	3.420	3.259

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

Function	Fiscal Year				
	2014	2013	2012	2011	2010
Police					
Stations	1	1	1	1	1
Police vehicles	67	66	62	62	62
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	178.48	178.48	178.48	178.48	174.91
Parks and Recreation					
Number of parks	11	11	11	10	10
Acreage	299.91	299.91	299.91	289.41	289.41
Water					
Water mains (miles)	161.00	161.00	117.00	118.90	118.63
Fire hydrants	1,100	1,085	1,081	978	978
Storage capacity (millions of gallons)	7.79	7.79	7.79	7.79	7.79
Wastewater					
Sanitary sewers (miles)	175.00	152.00	118.00	129.00	124.27

TABLE 18

Fiscal Year				
2009	2008	2007	2006	2005
1	1	1	1	1
61	60	61	60	56
3	3	3	3	3
174.63	174.52	173.81	172.10	162.62
10	10	10	10	10
289.41	289.41	289.41	289.41	289.41
118.28	117.64	117.14	117.14	116.50
978	976	973	967	955
7.79	7.79	7.79	7.79	7.79
123.84	119.25	118.70	118.52	111.79

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

TABLE 19

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Financial Administration	8	8	8	7	7	7	8	8	8	8
City Manager	4	3	3	3	3	5	5	4	4	4
Human Resources	5	5	5	5	5	5	6	5	6	5
Planning and Zoning	11	11	10	10	9	9	9	10	10	10
City Secretary	1	1	1	1	1	1	1	1	1	1
Information Systems	4	3	3	3	2	0	0	0	0	0
Facilities and Grounds	0	3	3	12	11	9	10	12	11	12
Public Safety										
Police	76	72	72	68	68	64	63	64	64	63
Fire/EMS	56	53	51	51	49	47	50	48	48	46
Legal & Judicial	5	5	5	5	4	4	4	3	4	4
Animal Control	4	4	4	3	3	3	3	3	3	3
Public Service										
Public Works	27	26	28	24	18	18	17	19	19	18
Vehicle Maintenance	3	3	3	3	3	3	3	3	3	3
Library	8	8	8	8	8	8	8	8	6	8
Parks and Recreation	16	18	17	10	8	7	8	8	8	8
Golf Course	9	9	9	9	9	9	8	9	9	8
DownTown & Main St. Program	2	2	2	2	2	2	2	2	2	2
Coliseum	1	1	1	1	1	1	1	1	1	1
Utility Fund										
Administration	2	2	2	2	2	2	4	6	3	3
Electric Production/Distribution	11	10	10	20	17	18	19	19	18	19
Utility Services	10	10	10	0	0	0	0	0	0	0
Water Production	11	10	11	11	17	15	17	11	17	17
Water/Sewer Maintenance	10	10	11	11	10	11	9	11	9	10
Sewer Plant	8	7	8	8	8	8	8	8	8	8
Economic Development	4	4	3	3	3	2	2	2	2	2
Facilities Maintenance	14	13	13	12	13	13	14	13	10	11
Utility Billing	5	5	6	6	6	6	6	6	5	6
CVB	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>317</u>	<u>308</u>	<u>308</u>	<u>299</u>	<u>287</u>	<u>277</u>	<u>285</u>	<u>284</u>	<u>279</u>	<u>280</u>

Source: City Human Resources Department

Source: City Human Resources Department

COMPLIANCE SECTION

SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

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, 2014, and the related notes to the financial statements, which collectively comprise the City of Seguin, Texas, basic financial statements and have issued our report thereon dated February 15, 2015. 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.

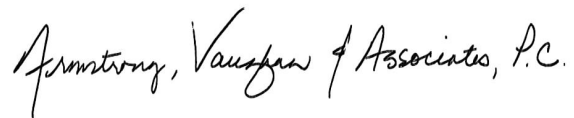
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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.

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

Armstrong, Vaughan & Associates, P.C.

February 13, 2015

SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited City of Seguin Texas's compliance with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each City of Seguin Texas's major federal programs for the year ended September 30, 2014. 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 federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Seguin Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Seguin Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, 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, 2014.

Report on Internal Control Over Compliance

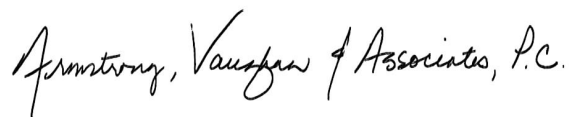
Management of City of Seguin Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Seguin Texas's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boerne Independent School District'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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

February 13, 2015

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified Yes X No
One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial
Statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified Yes X No
One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None Reported

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 section 510(a)
of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.300	Investments for Public Works and Economic Development

Dollar threshold used to distinguish between
Type A and type B Programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF SEGUIN, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>Explanation Finding/Recommendation</u>	<u>Current Status</u>	Management's Explanation <u>If Not Implemented</u>
Not Applicable		

CITY OF SEGUIN, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Not Applicable

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

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY			
Passed Through Texas Commission on Environmental Quality Clean Water Act	66.460	582-14-40158	1,658
U.S. DEPARTMENT OF JUSTICE			
Direct Awards			
Bullet Proof Vests	16.607		1,750
Asset Forfeiture Program	16.922	TX0940300	20,560
Passed Through Alamo Area Council of Governments			
VAWA	16.588	2303304	45,598
Juvenile Accountability Incentive Block Grant	16.523	2698901	110,111
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Office of Rural and Community Affairs			
Neighborhood Stabilization	14.228	77099999121	542
U.S. DEPARTMENT OF COMMERCE			
Direct Award			
Investments for Public Works and Economic Development	11.300	08-01-04727	1,118,508
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Texas Department of Transportation			
Highway Planning and Construction - ARRA	20.205	0915-46-039	15,601
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 1,314,328</u></u>

BOERNE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Seguin, Texas and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ in amounts presented in, or used in the preparation of, the financial statements.

