

CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2013

Prepared by: Finance Department
Susan Caddell
Director of Finance



CITY OF SEGUIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

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CITY OF SEGUIN

February 27, 2014

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, 2013. 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, 2013, 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 unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2013. 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/Inteplast Group, Wal-Mart, Alamo Industrial, HEB and Hexcel-Schwebel.

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.

The Central Texas Technology Center (the "CTTC") is a District Workforce Specialty Campus located minutes from downtown Seguin. The CTTC consists of a 25,000-square-foot facility. It is the area's first higher education facility dedicated to technology and it is a collaborative effort of the governing bodies and business development agencies of New Braunfels, Seguin and the Alamo Community College District (ACCD). The center is currently operating at capacity and, contingent on Economic Development Administration funding, will be undergoing an expansion that will double the center's size.

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. 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.

The economic outlook for the City of Seguin appears to be well as our sales tax revenues continue to rise and our unemployment rate remains below the national average. The unemployment rate for the State of Texas as of December 2013 was 5.6%. The unemployment rate for Guadalupe County as of December 2013 was 4.8%. The unemployment rate for the City of Seguin as of December 2013 was 5.1%.

A new facility was built by Caterpillar, Inc. in the City of Seguin. Once fully operational, the company will have 1,459 employees with an annual payroll of \$85.9 million dollars – an average salary of over \$58,876 per year. Additionally, 1,719 indirect or spin off jobs will be created in the local/regional economy as a

result of this project. These direct and indirect jobs will create almost \$159 million in earnings for the local/regional economy. At full build-out and operations, the project is projected to have a \$600 million per year impact on the local economy.

In 2012, Continental Automotive Systems, Inc., announced that it would relocate production of its sensors and actuators from Europe and Asia to its plant in Seguin, creating 300 new jobs and \$113 million in capital investment.

In June 2011, Rave Gears, LLC announced that it would build a precision gear manufacturing plant in Seguin. Rave Gears, LLC will specialize in the manufacturing of precision gears for the aerospace, automobile racing, and recreational vehicle industries. The plant will employ 60 people with a \$3 million capital investment and bring in a new industry to the community.

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.

Helmerich & Payne, an oil & gas service company, currently has a small facility in Seguin to serve the Eagleford Shale with 90 employees. The company recently announced plans to consolidate its Seguin and Alice facilities in Seguin. The project will represent an investment of over \$11 million and bring a total of over 450 jobs.

Long-term financial planning. The City issued \$9,175,000 in general obligation refunding bonds in June 2013, which refunded one general obligation bond and one utility revenue bond.

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	A+/positive outlook
Utility Revenue Bonds	A+/stable outlook	A-/positive outlook

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

Deferred Compensation Plan. The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

OTHER INFORMATION

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

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

Respectfully submitted,



Douglas G. Faseler
City Manager



Susan Caddell
Director of Finance



Government Finance Officers Association

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Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF SEGUIN, TEXAS

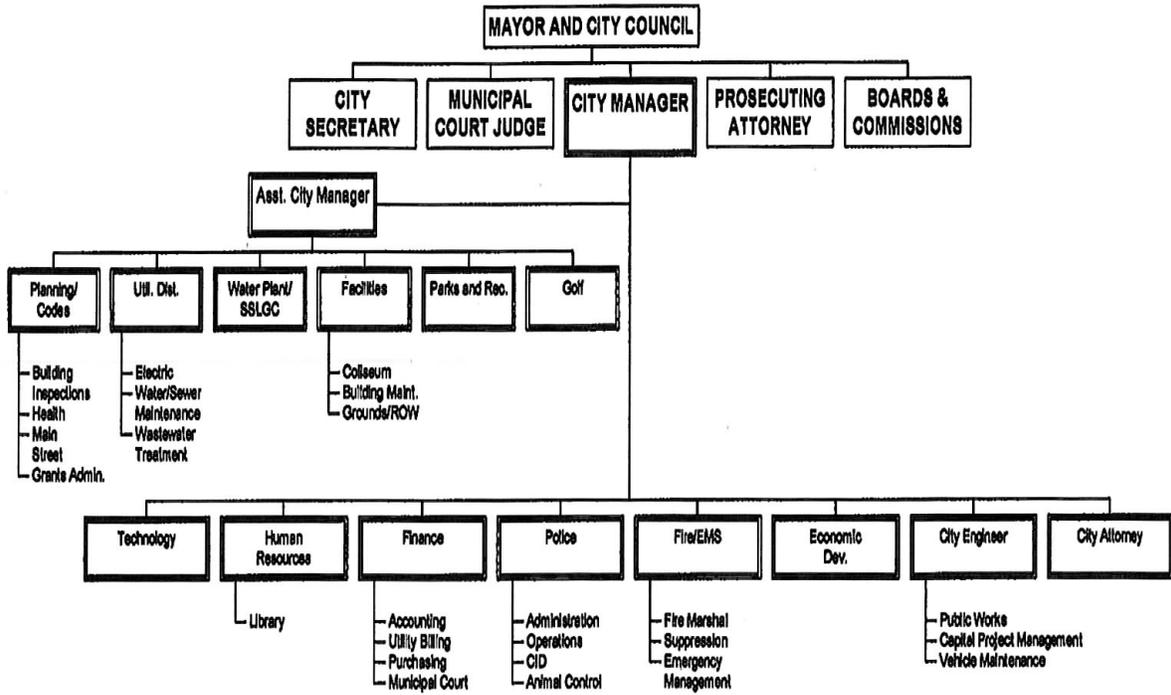
PRINCIPAL OFFICERS

DON KEIL..... Mayor
NICK CARRILLO..... Mayor Pro-Tem
TOMAS V. CASTELLON, JR..... Councilman
JEANETTE CRABB Councilwoman
DONNA DODGEN Councilwoman
ERNESTO M. LEAL Councilman
FONDA MATHIS Councilwoman
CARLOS MEDRANO Councilman
BOB PEES..... Councilman

DOUG FASELER
City Manager

THALIA STAUTZENBERGER..... City Secretary
SUSAN CADDELL..... Director of Finance
ANDREW QUITTNER..... City Attorney

CITY OF SEGUIN







INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2013, 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, 2013, 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 combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2014 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.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.
February 15, 2014



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, 2013. 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, 2013, by \$114,685,289 (net position). Of this amount, \$56,231,021 (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 \$1,813,384 or 1.6% compared to the prior fiscal year. This can be attributable to increased sales tax revenue and charges for services above budget along with lower expenses than budget.
- As of September 30, 2013, the City of Seguin's governmental funds reported combined ending fund balances of \$39,244,742, an increase of \$549,570. This is attributable largely to the increased sales tax revenue and charges for services.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,568,700, or 95.5% of total General Fund expenses.
- The City's total debt decreased by \$2,297,342 during the current fiscal year. The City issued General Obligation Refunding Bonds which refunded one revenue bond and one general obligation bond.
- During the year, the City's expenses were \$1,362,472 less than the \$24,082,146 generated in taxes and other revenues for governmental activities before transfers.
- The total cost of the City's governmental activity programs increased by \$1,038,961 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 2012 and 2013.
- For the year ended September 30, 2013, the City implemented *GASB (Governmental Accounting Standards Board) Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. As a result of recognizing certain items as outflows of resources that were previously recognized as assets, the City has recognized all remaining unamortized bond issue costs as of September 30, 2012 as a reduction of beginning net position in the government-wide statements and the Proprietary Fund statements. A prior period adjustment is reflected in the amounts of \$902,198 and \$548,967 in the Governmental Activities column and Business Type column in the government-wide statement of activities. The \$548,967 is again reflected in the Proprietary Funds statements.

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, 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 - 65 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 66 - 71 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 75 - 114 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, 2013, the City of Seguin's assets and deferred outflows of resources exceeded liabilities by \$114,685,289. Table A-1 is a condensed version of the City's statement of net position for the years ended September 30, 2013 and 2012, respectively.

The largest portion of the City's total net position (49%) is its unrestricted net position. This includes funds from a tax exemption settlement agreement received in FY 2012. The next largest portion of the City's total net position (44.8%) 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	
	2013	2012*	2013	2012*	2013	2012*
Assets						
Current assets	29,938,677	28,572,541	35,078,813	32,857,206	65,017,490	61,429,747
Capital assets	50,107,175	51,042,144	46,073,279	42,983,503	96,180,454	94,025,647
Other non current assets	15,083,649	15,894,535	9,815,539	11,481,843	24,899,188	27,376,378
Total assets	<u>95,129,501</u>	<u>95,509,220</u>	<u>90,967,631</u>	<u>87,322,552</u>	<u>186,097,132</u>	<u>182,831,772</u>
Deferred Outflows of Resources	<u>513,335</u>	<u>280,236</u>	<u>89,963</u>	<u>14,660</u>	<u>603,298</u>	<u>294,896</u>
Liabilities						
Current liabilities	2,102,507	2,093,013	7,453,149	4,553,278	9,555,656	6,646,291
Noncurrent liabilities	42,524,877	43,924,679	19,934,608	21,134,959	62,459,485	65,059,638
Total liabilities	<u>44,627,384</u>	<u>46,017,692</u>	<u>27,387,757</u>	<u>25,688,237</u>	<u>72,015,141</u>	<u>71,705,929</u>
Net Position						
Invested in Capital Assets	21,518,984	21,979,540	29,869,105	27,668,999	51,388,089	49,648,539
Restricted	3,323,527	2,793,614	3,594,942	3,239,558	6,918,469	6,033,172
Unrestricted	26,172,941	24,998,610	33,464,047	30,740,418	59,636,988	55,739,028
Total Net Position	<u>51,015,452</u>	<u>49,771,764</u>	<u>63,669,837</u>	<u>61,648,975</u>	<u>117,943,546</u>	<u>111,420,739</u>

*Restated for Implementation of GASB 65.

An additional portion of the City of Seguin's net position (6.2%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net position of \$56,231,021 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 decreased by \$432,144 or .7%. This was due to a decrease in electric, water and sewer revenue as a result of decreased consumption. The City's total government-wide expenses increased by \$709,973 or 1.2%. This was largely attributable to the increase in salaries and benefits.

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

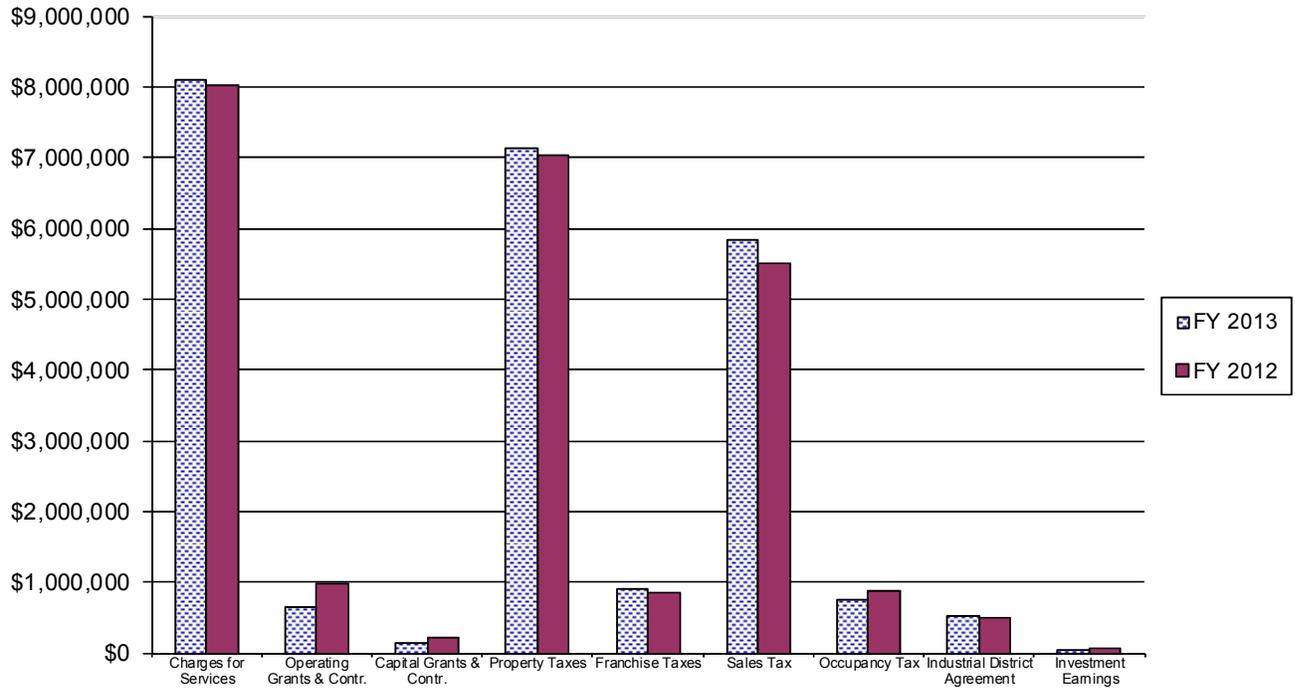
	Governmental Activities		Business-Type Activities		Total	
	2013	2012*	2013	2012*	2013	2012*
Program Revenues:						
Charges for Services	\$ 8,105,838	\$ 8,021,755	\$ 40,827,258	\$ 41,463,853	\$ 48,933,096	\$ 49,485,608
Operating Grants and Contributions	658,404	985,512	-	-	658,404	985,512
Capital Grants and Contributions	140,973	221,193	215,212	40,454	356,185	261,647
General Revenues						
Property Taxes	7,123,720	7,032,068	-	-	7,123,720	7,032,068
Franchise Taxes	897,556	853,330	-	-	897,556	853,330
Sales Tax	5,833,464	5,512,435	-	-	5,833,464	5,512,435
Occupancy Tax	762,465	869,409	-	-	762,465	869,409
Industrial District Agreement	510,000	505,000	-	-	510,000	505,000
Investment Earnings	49,726	63,548	39,696	67,211	89,422	130,759
Gain (Loss) on Sale of Assets	-	-	32,829	(6,483)	32,829	(6,483)
Total Revenues:	24,082,146	24,064,250	41,114,995	41,565,035	65,197,141	65,629,285
Expenses:						
General Government	1,617,167	1,482,333	-	-	1,617,167	1,482,333
Public Safety	11,147,424	10,617,994	-	-	11,147,424	10,617,994
Public Service	8,269,202	7,849,643	-	-	8,269,202	7,849,643
Capital Outlay	-	-	-	-	-	-
Interest on Long-Term Debt	1,685,881	1,778,567	-	-	1,685,881	1,778,567
Utility	-	-	39,212,917	39,484,763	39,212,917	39,484,763
Total Expenses	22,719,674	21,728,537	39,212,917	39,484,763	61,932,591	61,213,300
Excess (Deficiency) Before Transfers In (Out)	1,362,472	2,335,713	1,902,078	2,080,272	3,264,550	4,415,985
Special Items and Transfers	(118,784)	(83,258)	118,784	83,258	-	-
Increase (Decrease) in Net Position	-	9,585,200	-	-	-	9,585,200
Net Position	\$ 1,243,688	\$ 11,837,655	\$ 2,020,862	\$ 2,163,530	\$ 3,264,550	\$ 14,001,185

*Restated for Implementation of GASB 65.

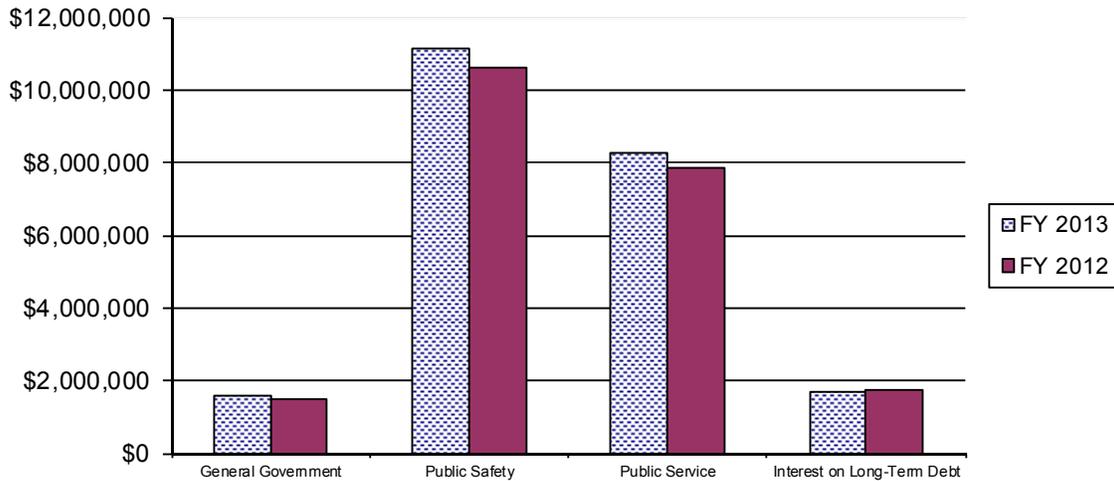
Governmental activities. The City's total governmental revenues increased slightly by \$17,896 or .1% above last year. The City's total governmental expenses increased by \$991,137 or 4.6% above last year.

- An increase in property tax values and addition of annexed properties and new improvements, enabled an increase of tax revenue of \$91,652. Taxable values increased \$44.1 million or 3.2% above last year.
- Sales Tax revenue increased by \$321,029 or 5.8%. The oil and gas production industry in South Texas along with an increase in retail sales has provided the increase in sales tax.
- EMS Revenue increased by \$74,638 or 6.8% due to increased number of runs.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$11,147,424. These expenses are offset by revenues collected from a variety of sources, with the largest being from fines and penalties in the amount of \$1,251,952. Additional funding also included EMS revenue in the amount of \$1,168,133 and Fire and EMS interlocal agreements with Guadalupe County in the amount of \$541,181. The major components of public safety are police and fire. Police accounted for \$5.5 million in public safety expense while Fire accounted for \$4.3 million in public safety expense.

Revenues - Governmental Activities



Expenses - Governmental Activities

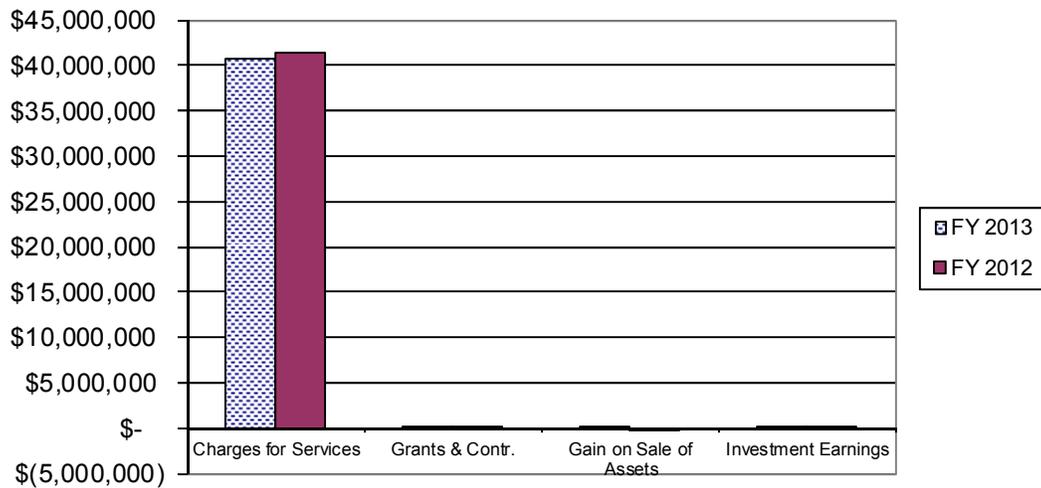


Business-type activities. The City's total business-type revenues decreased by \$450,040 or 1.1%. The City's total business-type expenses decreased by \$271,846 or .7%.

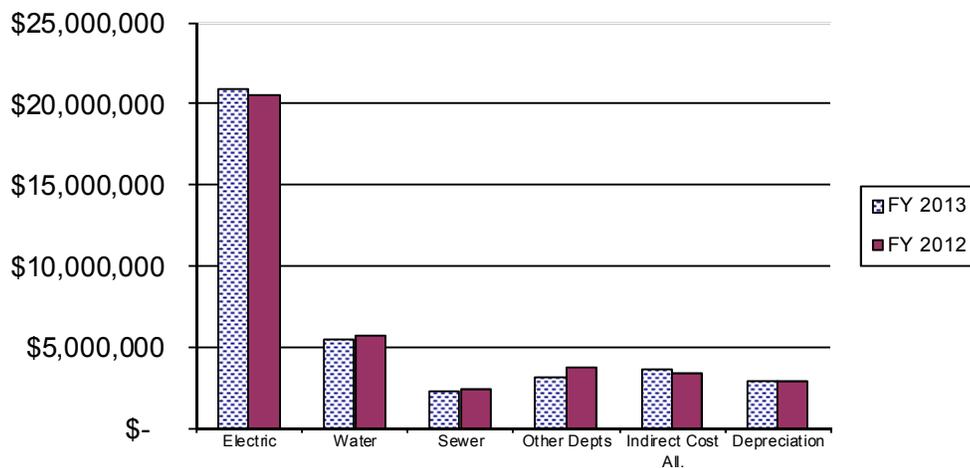
- Electric revenues make up \$25.5 million of the charges for services. This year electric revenues decreased by \$473,334. The decrease was due to a decrease in consumption. Wholesale power costs decreased by \$179,765 or 1%.

- Water revenues make up \$8.1 million of the charges for services. This year water revenues decreased by \$363,417 or 4.3%. This was a result of a decrease in consumption. The wholesale water costs decreased by \$168,630 or 5%.
- Sewer revenues make up \$5.3 million of the charges for services. This year sewer revenues decreased slightly by \$52,429 or 1%. This was due to a decrease in water consumption.
- Miscellaneous Revenue increased by \$252,585 or 15.5%. This was due to the receipt of a prcf rebate from LCRA in the amount of \$251,795.

Business-Type Activities-Revenues



Business-Type Activities-Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$39,244,742. This is an increase of \$549,570. This is attributable largely the increase in sales tax revenue along with an increase in property tax and EMS revenue. Of this total amount, \$15,568,700 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 \$2,050,150 which are prepaids and inventory, 2) restricted fund balance in the amount of \$16,433,835, 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 \$2,174,111, which is committed to stabilization agreement and aquatic fees, and 4) assigned fund balance in the amount of \$3,017,946, 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 \$15,568,700, while total fund balance reached \$19,946,996. Of this amount \$8,853,090 is attributable the receipt 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 \$8,853,090 taken out of the equation, unassigned fund balance represents 41.2% of general fund expenditures, while total fund balance represents 68.1% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of \$2,586,140, an increase of \$604,773. 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 FY13, four bond funds had a total fund balance of \$13,062,022. This was a decrease of \$875,959.

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 \$30,205,790. The restricted net position is \$3,594,942, while net position invested in capital assets amounted to \$29,869,105.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2012-13, actual revenues on a budgetary basis were \$18,938,278 compared to the final budget of \$17,335,798, which is \$1,602,480 above budget. Sales tax revenue exceeded budget by \$1,131,821. EMS Revenue exceeded budget by \$168,133 due to an increase in the number of runs. Refuse collection fees

exceeded budget by \$105,912. Building permits exceeded budget by \$73,996 due to increased construction activity.

For FY 2012-13, actual expenditures on a budgetary basis were \$16,302,330 compared to the final budget of \$17,953,330, which was \$1,651,000 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 \$474,342.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2013, the City had invested \$96,180,454, 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 \$2,154,807 or 2.3%. The increase was due in part to large projects being completed during fiscal year 2013. More detailed information about the City's capital assets can be found in Note G, page 46 - 47.

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2013	2012	2013	2012	2013	2012	Change
							2013-2012
Land	\$ 4,064,974	\$ 3,988,077	\$ 727,026	\$ 727,026	\$ 4,792,000	\$ 4,715,103	1.6%
Buildings and Improvements	20,788,428	20,681,283	22,471,764	22,453,122	43,260,192	43,134,405	0.3%
Improvements Other than Buildings	50,892,961	49,731,539	55,068,017	52,214,503	105,960,978	101,946,042	3.9%
Transportation and Equipment	11,395,136	11,282,640	6,200,336	5,972,070	17,595,472	17,254,710	2.0%
Construction in Progress	1,422,570	1,218,243	11,290,322	8,403,769	12,712,892	9,622,012	32.1%
Totals at Historical Cost	88,564,069	86,901,782	95,757,465	89,770,490	184,321,534	176,672,272	4.3%
Total Accumulated Depreciation	(38,456,894)	(35,859,638)	(49,684,186)	(46,786,987)	(88,141,080)	(82,646,625)	6.6%
Net Capital Assets	\$ 50,107,175	\$ 51,042,144	\$ 46,073,279	\$ 42,983,503	\$ 96,180,454	\$ 94,025,647	2.3%

Long-term debt. At year-end, the City had \$61,987,333 in bonds, loans and capital leases outstanding as shown in Table A-4. This was a decrease of \$2,297,342 or 3.6% from 2012. This fiscal year, the City issued General Obligation Refunding Bonds which refunded one revenue bond and one general obligation bond. 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 A+ with a positive 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 positive outlook. The current ratio of net tax-supported debt to assessed value of all taxable property is 2.9%. The pledged revenue coverage for the utility system revenue bonds is 3.38.

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2013	2012	2013	2012	2013	2012	Change
							2013-2012
Bonds Payable	\$ 26,587,427	\$ 27,469,337	\$ 20,822,573	\$ 21,640,663	\$ 47,410,000	\$ 49,110,000	-3.5%
Certificates of Obligation	13,600,000	13,910,000	-	-	13,600,000	13,910,000	-2.2%
Tax Anticipation Notes	565,000	930,000	-	-	565,000	930,000	-39.2%
Capital Leases	310,476	211,860	101,857	122,815	412,333	334,675	23.2%
Total Bonds & Notes Payable	\$ 41,062,903	\$ 42,521,197	\$ 20,924,430	\$ 21,763,478	\$ 61,987,333	\$ 64,284,675	-21.7%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2013-14, 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 \$1,791,196 or 8.3% above the FY13 budget.

- Property tax revenue is budgeted to decrease by \$148,063 or 2.2%. This is due to the fact this is the first year of 100% tax exemption of the Rio Nogales Power Plant. In order to offset the decrease in tax revenue, the City is maintaining a transfer of \$350,000 to the General Fund and \$350,000 to the General I&S Fund from a payment made in FY2012 from a tax exemption settlement agreement.
- The property tax rate increased by \$.01 to \$.5173. This is down from the effective tax rate of \$.5449.
- Sales tax revenue is budgeted to increase by \$1,150,000 due to the increase the City has seen in FY12 and FY13.
- Recycling fee is budgeted to increase by \$259,250 due to an increase in the fee for curbside recycling.
- Golf course receipts and golf cart rentals are budgeted to increase by \$168,000 due to an increase in activity.
- Amusement establishment permits are budgeted to increase by \$120,000 based on an increase in permit fees.
- GVEC franchise tax revenue is budgeted to increase by \$95,000 based on a proposed increase in the franchise fee from 2% to 3%.
- Building permits is budgeted to increase by \$88,000 due to the growth in the housing the City has been seeing.
- Salaries and benefits are budgeted to increase by \$1,063,157. This includes a 6% increase for health insurance and a 2% cost of living. It also includes some new positions and upgrades.
- Recycling increased by \$279,000 due to the start of curbside recycling.
- Indigent Health Care is budgeted to increase by \$79,479.

The projected revenues and expenditures for the Utility Fund are budgeted to decrease by \$569,635 or 1.4% below the FY13 budget.

- Water revenue is budgeted to increase by \$41,550 due to an anticipated increase in consumption.
- Sewer revenue is budgeted to increase by \$95,400 due to an anticipated increase in consumption.
- Electric revenue is budgeted to decrease by \$350,865 due to anticipated decrease in consumption based upon prior fiscal years. Along with this decrease, wholesale power costs are also budgeted to decrease by \$1,411,212.
- Salaries and benefits are budgeted to increase by \$432,820. This includes a 6% increase for health insurance and a 2% cost of living. It also includes some new positions and upgrades.
- Indirect cost allocation is budgeted to increase by \$200,000 based upon prior years.
- Distribution system maintenance in the Electric Distribution Department is budgeted to increase by \$50,000 due to increased number of projects.

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
- Firefighter
- Telecommunications Operator
- Service Worker (Public Works Department)
- Project Inspector (½ position)
- Information System Technician (½ position)
- Public Information Officer (½ position)

New positions in the Utility Fund have also been added.

- Project Inspector (½ position)
- Information System Technician (½ position)
- Public Information Officer (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.



CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2013

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, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
ASSETS				
Cash and Cash Equivalents	\$ 314,325	\$ 577,468	\$ 891,793	\$ 10,547
Investments	24,581,910	26,581,783	51,163,693	1,139,684
Receivables (net of allowances for uncollectibles)				
Taxes	1,842,153	-	1,842,153	-
Accounts	847,378	4,550,988	5,398,366	-
Grants	203,912	-	203,912	-
Miscellaneous	98,849	1,601,250	1,700,099	-
Due From Component Unit/ Primary Government	-	18,508	18,508	185,082
Inventories	18,286	1,691,134	1,709,420	-
Prepays	2,031,864	57,682	2,089,546	2,335
Restricted Assets:				
Cash and Cash Equivalents	3,253	6,745	9,998	-
Investments	13,045,423	8,516,386	21,561,809	-
Net Pension Asset	2,034,973	678,325	2,713,298	-
Notes Receivable	-	-	-	685,699
Net Present Value of Lease Financing	-	614,083	614,083	-
Capital Assets:				
Land	4,064,974	727,026	4,792,000	879,325
Buildings & Improvements	20,788,428	22,471,764	43,260,192	781,347
Improvements Other than Buildings/Infrastructure	50,892,961	55,068,017	105,960,978	-
Transportation & Equipment	11,395,136	6,200,336	17,595,472	-
Construction in Progress	1,422,570	11,290,322	12,712,892	-
Accumulated Depreciation	(38,456,894)	(49,684,186)	(88,141,080)	(32,146)
Total Assets	95,129,501	90,967,631	186,097,132	3,651,873
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	513,335	89,963	603,298	-
Total Deferred Outflows of Resources	\$ 513,335	\$ 89,963	\$ 603,298	\$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 1,517,871	\$ 5,437,746	\$ 6,955,617	\$ 62,369
Unearned Revenue	251,844	38,076	289,920	-
Accrued Interest Payable	147,710	-	147,710	-
Due to Component Unit/ Primary Government	185,082	-	185,082	18,508
Customer Deposits	-	542,490	542,490	600
<i>Payable from Restricted Assets:</i>				
Accrued Interest Payable	-	117,123	117,123	-
Current Portion of Long-Term Debt	-	1,317,714	1,317,714	-
<i>Noncurrent Liabilities:</i>				
Due within One Year	2,667,439	16,152	2,683,591	-
Due in more than One Year	39,857,438	19,918,456	59,775,894	-
Total Liabilities	<u>44,627,384</u>	<u>27,387,757</u>	<u>72,015,141</u>	<u>81,477</u>
NET POSITION				
Net Investment in Capital Assets	21,518,984	29,869,105	51,388,089	1,628,526
Restricted for:				
Tourism & Economic Development	1,106,968	-	1,106,968	-
Public Safety	434,427	-	434,427	-
Public Service	227,195	-	227,195	-
Debt Service	1,554,937	2,365,494	3,920,431	-
Impact Fees	-	1,229,448	1,229,448	-
Unrestricted	26,172,941	30,205,790	56,378,731	1,941,870
Total Net Position	<u>\$ 51,015,452</u>	<u>\$ 63,669,837</u>	<u>\$ 114,685,289</u>	<u>\$ 3,570,396</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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	\$ 5,291,509	\$ (3,674,342)	\$ 2,616,261	\$ 431,889	\$ -
Public Safety	11,147,424	-	3,053,799	175,815	973
Public Service	8,269,202	-	2,435,778	50,700	140,000
Interest on Long-term Debt	1,685,881	-	-	-	-
Total Governmental Activities	<u>26,394,016</u>	<u>(3,674,342)</u>	<u>8,105,838</u>	<u>658,404</u>	<u>140,973</u>
Business-Type Activities					
Utility	35,538,575	3,674,342	40,827,258	-	215,212
Total Business-Type Activities	<u>35,538,575</u>	<u>3,674,342</u>	<u>40,827,258</u>	<u>-</u>	<u>215,212</u>
Total Primary Government	<u>\$ 61,932,591</u>	<u>\$ -</u>	<u>\$ 48,933,096</u>	<u>\$ 658,404</u>	<u>\$ 356,185</u>
Component Unit:					
Seguin Economic Development Corporation					
	\$ 1,360,527	\$ -	\$ 28,078	\$ -	\$ -
Total Component Unit	<u>\$ 1,360,527</u>	<u>\$ -</u>	<u>\$ 28,078</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:					
Taxes					
General Property Taxes					
Franchise Taxes					
Sales Taxes					
Occupancy Taxes					
Industrial District Agreement Annual Payment					
Gain (Loss) on Sale of Capital Assets					
Interest and Investment Earnings					
Total General Revenues					
Transfers					
Change in Net Position					
Net Position at Beginning of Year					
Prior Period Adjustment					
Net Position at End of Year					

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
\$ 1,430,983	\$ -	\$ 1,430,983	\$ -
(7,916,837)	-	(7,916,837)	-
(5,642,724)	-	(5,642,724)	-
(1,685,881)	-	(1,685,881)	-
<u>(13,814,459)</u>	<u>-</u>	<u>(13,814,459)</u>	<u>-</u>
<u>-</u>	<u>1,829,553</u>	<u>1,829,553</u>	<u>-</u>
<u>-</u>	<u>1,829,553</u>	<u>1,829,553</u>	<u>-</u>
<u>(13,814,459)</u>	<u>1,829,553</u>	<u>(11,984,906)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,332,449)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,332,449)</u>
7,123,720	-	7,123,720	-
897,556	-	897,556	-
5,833,464	-	5,833,464	1,153,031
762,465	-	762,465	-
510,000	-	510,000	-
-	32,829	32,829	-
49,726	39,696	89,422	39,497
<u>15,176,931</u>	<u>72,525</u>	<u>15,249,456</u>	<u>1,192,528</u>
<u>(118,784)</u>	<u>118,784</u>	<u>-</u>	<u>-</u>
1,243,688	2,020,862	3,264,550	(139,921)
50,673,962	62,197,942	112,871,904	3,710,317
(902,198)	(548,967)	(1,451,165)	
<u>\$ 51,015,452</u>	<u>\$ 63,669,837</u>	<u>\$ 114,685,289</u>	<u>\$ 3,570,396</u>

CITY OF SEGUIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

ASSETS	General Fund	2010 Certificates of Obligation	Debt Service Fund
Cash and Cash Equivalents	\$ 175,371	\$ -	\$ 33
Investments	17,905,795	-	1,497,402
Receivables (net of allowances for uncollectibles):			
Taxes	1,479,333	-	205,212
Accounts	836,621	-	-
Grants	62,328	-	-
Miscellaneous	87,788	-	-
Inventories	18,286	-	-
Prepaid Items	2,019,061	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	2,781	-
Investments	-	9,581,273	-
Total Assets	<u>\$ 22,584,583</u>	<u>\$ 9,584,054</u>	<u>\$ 1,702,647</u>
LIABILITIES			
Accounts Payable	\$ 583,216	\$ 3,562	\$ -
Accrued Expenditures	625,349	-	-
Due to Component Unit	185,082	-	-
Unearned Revenues	225,879	-	-
Due to Others	33,238	-	-
Total Liabilities	<u>1,652,764</u>	<u>3,562</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	984,823	-	192,551
Total Deferred Inflows of Resources	<u>984,823</u>	<u>-</u>	<u>192,551</u>
<i>Nonspendable:</i>			
Prepays and Inventory	2,037,347	-	-
<i>Restricted:</i>			
Tourism& Economic Development	-	-	-
Public Safety	-	-	-
Public Service	20,100	-	-
Capital Projects	-	9,580,492	-
Debt Service	-	-	1,510,096
<i>Committed:</i>			
Stabilization Arrangement	2,163,385	-	-
Aquatic Fees	-	-	-
<i>Assigned</i>	157,464	-	-
<i>Unassigned</i>	15,568,700	-	-
Total Fund Balances	<u>19,946,996</u>	<u>9,580,492</u>	<u>1,510,096</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	<u>\$ 22,584,583</u>	<u>\$ 9,584,054</u>	<u>\$ 1,702,647</u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 34,757	\$ 210,161
4,670,706	24,073,903
157,607	1,842,152
10,757	847,378
141,584	203,912
-	87,788
-	18,286
12,803	2,031,864
472	3,253
3,464,150	13,045,423
<u>\$ 8,492,836</u>	<u>\$ 42,364,120</u>
\$ 223,125	\$ 809,903
10,017	635,366
-	185,082
25,965	251,844
26,571	59,809
<u>285,678</u>	<u>1,942,004</u>
-	1,177,374
<u>-</u>	<u>1,177,374</u>
12,803	2,050,150
1,106,968	1,106,968
434,427	434,427
207,095	227,195
3,574,657	13,155,149
-	1,510,096
-	2,163,385
10,726	10,726
2,860,482	3,017,946
-	15,568,700
<u>8,207,158</u>	<u>39,244,742</u>
<u>\$ 8,492,836</u>	<u>\$ 42,364,120</u>



CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 39,244,742

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. 50,107,175

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. 610,439

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

Net Pension Asset	2,034,973	
Unearned Revenues	<u>1,177,376</u>	3,212,349

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	40,752,427	
Unamortized Premiums and Deferred Charges	(96,585)	
Capital Leases	310,476	
Net Other Post Employment Benefit Obligation	91,514	
Compensated Absences	<u>953,711</u>	(42,011,543)

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds. (147,710)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 51,015,452

CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	2010 Certificates of Obligation	Debt Service Fund
REVENUES			
Taxes	\$ 10,521,558	\$ -	\$ 3,361,582
Licenses and Permits	356,212	-	-
Intergovernmental	902,410	-	28,509
Charges for Services	5,170,549	-	2,219
Fines and Forfeits	1,282,300	-	-
Interest	23,808	13,372	331,675
Miscellaneous	681,441	-	-
Total Revenues	<u>18,938,278</u>	<u>13,372</u>	<u>3,723,985</u>
EXPENDITURES			
Current:			
General Government	2,345,862	-	-
Public Safety	10,421,044	-	-
Public Service	5,553,915	-	-
Nondepartmental	1,645,470	-	-
Indirect Cost Allocation (Recovery)	(3,674,342)	-	-
Capital Projects/Outlay	10,381	267,592	-
Debt Service:			
Principal	-	-	1,882,764
Interest and Fiscal Charges	-	-	1,622,057
Bond Issue Costs	-	-	45,636
Total Expenditures	<u>16,302,330</u>	<u>267,592</u>	<u>3,550,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,635,948</u>	<u>(254,220)</u>	<u>173,528</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	36,522	-	271,075
Transfers Out	(2,477,818)	-	-
Proceeds from Capital Lease Obligations	-	-	-
Proceeds from Refunding Bonds	-	-	4,350,000
Payments to Refunding Bond Escrow Agent	-	-	(4,304,364)
Total Other Financing Sources (Uses)	<u>(2,441,296)</u>	<u>-</u>	<u>316,711</u>
Net Change in Fund Balance	194,652	(254,220)	490,239
Fund Balances at Beginning of Year	<u>19,752,344</u>	<u>9,834,712</u>	<u>1,019,857</u>
Fund Balances at End of Year	<u>\$ 19,946,996</u>	<u>\$ 9,580,492</u>	<u>\$ 1,510,096</u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 770,768	\$ 14,653,908
27,941	384,153
131,107	1,062,026
191,550	5,364,318
164,073	1,446,373
10,103	378,958
96,733	778,174
<u>1,392,275</u>	<u>24,067,910</u>
649,427	2,995,289
-	10,421,044
442,303	5,996,218
303,541	1,949,011
-	(3,674,342)
2,027,801	2,305,774
94,630	1,977,394
6,211	1,628,268
-	45,636
<u>3,523,913</u>	<u>23,644,292</u>
<u>(2,131,638)</u>	<u>423,618</u>
2,188,739	2,496,336
(137,302)	(2,615,120)
199,100	199,100
-	4,350,000
-	(4,304,364)
<u>2,250,537</u>	<u>125,952</u>
118,899	549,570
8,088,259	38,695,172
<u>\$ 8,207,158</u>	<u>\$ 39,244,742</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, 2013

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 549,570

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	1,826,188	
Current Period Depreciation	<u>(2,901,158)</u>	(1,074,970)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in Unavailable Revenues	(123,475)	
Contributed Capital Assets	<u>140,000</u>	16,525

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 these amounts are deferred and amortized in the Statement of Activities:

Proceeds of New Debt	(4,549,100)	
Principal Payments	1,977,394	
Payment to Refunding Bond Agent	4,304,364	
Amortization of Deferred Charges & Premiums	<u>(5,937)</u>	1,726,721

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.

204,724

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.

(71,165)

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.

(107,718)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 1,243,687

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
ASSETS		
<i>Current Assets</i>		
<i>Cash and Cash Equivalents:</i>		
Restricted Cash	\$ 6,745	\$ -
Unrestricted Cash	577,468	104,166
<i>Investments:</i>		
Restricted Investments	8,516,386	-
Unrestricted Investments	26,581,783	508,005
Accounts Receivable (Net)	4,550,988	-
Miscellaneous Receivables	1,601,250	11,061
Due from Component Unit	18,508	-
Inventories	1,691,134	-
Prepaid Items	57,682	-
<i>Total Current Assets</i>	43,601,944	623,232
Net Pension Asset	678,325	-
Net Present Value of Lease Financing	614,083	-
	1,292,408	-
<i>Capital Assets:</i>		
Land	727,026	-
Buildings and Improvements	22,471,764	-
Improvements Other than Buildings	55,068,017	-
Transportation & Equipment	6,200,336	-
Construction in Progress	11,290,322	-
Accumulated Depreciation	(49,684,186)	-
<i>Capital Assets, net</i>	46,073,279	-
<i>Total Noncurrent Assets</i>	47,365,687	-
Total Assets	90,967,631	623,232
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refundings	89,963	-
Total Deferred Outflows of Resources	\$ 89,963	\$ -

Continued

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2013

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 2,464,518	\$ 12,793
Accrued Expenses	2,973,228	-
Unearned Revenue	38,076	-
Customer Deposits	542,490	-
Capital Lease Payable - Current Portion	16,152	-
<i>Current Liabilities</i>	6,034,464	12,793
 <i>Current Liabilities Payable from Restricted Assets:</i>		
Accrued Interest Payable	117,123	-
Current Portion of Long-term Bonds	1,317,714	-
<i>Current Liabilities Payable from Restricted Assets</i>	1,434,837	-
<i>Total Current Liabilities</i>	7,469,301	12,793
 <i>Noncurrent Liabilities:</i>		
Capital Lease Payable	85,704	-
Compensated Absences	136,421	-
Net Other Post Employment Benefit Obligation	33,848	-
Revenue Bonds Payable	19,662,483	-
<i>Total Noncurrent Liabilities</i>	19,918,456	-
Total Liabilities	27,387,757	12,793
 NET POSITION		
Net Investment in Capital Assets	29,869,105	-
Restricted for:		
Debt Service	2,365,494	-
Impact Fees	1,229,448	-
Unrestricted	30,205,790	610,439
Total Net Position	\$ 63,669,837	\$ 610,439

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, 2013

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Utility Service	\$ 38,944,912	\$ -
Charges for Premiums	-	2,713,035
Miscellaneous Revenues	1,882,346	-
Total Operating Revenues	<u>40,827,258</u>	<u>2,713,035</u>
OPERATING EXPENSES		
Administration	1,501,728	2,820,991
Operation and Maintenance:		
Electric Distribution	20,789,403	-
Utility Services	685,111	-
Water Production	4,709,201	-
Water/Sewer Maintenance	3,465,562	-
Sewer	1,860,287	-
Economic Development	271,286	-
Facilities Maintenance	527,414	-
Information Technology	172,743	-
City Attorney	271,897	-
Nondepartmental	492,783	-
Indirect Cost Allocation	3,674,342	-
Total Operating Expenses	<u>38,421,757</u>	<u>2,820,991</u>
OPERATING INCOME (LOSS)	<u>2,405,501</u>	<u>(107,956)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	39,696	238
Gain (Loss) on Sale of Assets	32,829	-
Interest and Fiscal Charges	(791,160)	-
Total Nonoperating Revenues (Expenses)	<u>(718,635)</u>	<u>238</u>
Net Income (Loss) Before Contributions and Transfers	1,686,866	(107,718)
Capital Contributions	215,212	-
Transfers In	118,784	-
	<u>333,996</u>	<u>-</u>
Change in Net Position	2,020,862	(107,718)
NET POSITION AT BEGINNING OF YEAR	62,197,942	718,157
Prior Period Adjustment	<u>(548,967)</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 63,669,837</u>	<u>\$ 610,439</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 40,366,113	\$ 2,131,383
Cash Paid for Employee Wages & Benefits	(4,985,779)	576,673
Cash Paid to Suppliers for Goods & Services	(24,416,455)	(2,626,275)
Cash Paid General Fund for Indirect Costs	(3,674,342)	-
Net Cash Provided (Used) by Operating Activities	7,289,537	81,781
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	118,784	-
Net Cash Provided (Used) by Noncapital Financing Activities	118,784	-
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(5,782,340)	-
Proceeds from Refunding Bonds	4,825,000	-
Payments to Refunding Escrow Agent	(4,774,381)	-
Principal Payments on Revenue Bonds	(948,090)	-
Interest and Fiscal Charges Paid	(782,524)	-
Bond Issue Costs	(50,619)	-
Principal Payments on Capital Leases	(20,958)	-
Advances (To) From Component Unit	67	-
Proceeds from Sale of Capital Assets	32,829	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,501,016)	-
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	291,127	14,832
Investment Interest Received	39,696	238
Lease Financing - Principal Payments Received	34,915	-
Net Cash Provided (Used) by Investing Activities	365,738	15,070
Net Increase (Decrease) in Cash and Cash Equivalents	273,043	96,851
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	303,095	7,315
Restricted Cash and Cash Equivalents	8,075	-
	311,170	7,315
Cash and Cash Equivalents at End of Year:		
Cash and Cash Equivalents	577,468	104,166
Restricted Cash and Cash Equivalents	6,745	-
	\$ 584,213	\$ 104,166

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, 2013

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 2,405,501	\$ (107,956)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	2,907,776	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(416,319)	(4,979)
Inventory/Prepaid Items	(114,243)	194,472
Net Pension Asset	(77,807)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	457,657	244
Accrued Expenses	2,161,184	-
Net Other Postemployment Benefit Obligation	10,614	-
Unearned Revenue	(31,403)	-
Customer Deposits	(13,423)	-
	4,884,036	189,737
	\$ 7,289,537	\$ 81,781
 Supplemental Schedule of Noncash Capital Activities		
Developer Contribution of Capital Assets	\$ 215,212	\$ -
 Total Noncash Activities	 \$ 215,212	 \$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	\$ 3,748	\$ 9,676
Investments	451,325	-
Receivables	7,108	-
Inventory	359,431	-
Total Assets	<u>821,612</u>	<u>9,676</u>
 LIABILITIES		
Accounts Payable/ Due to Others	<u>5,043</u>	<u>9,676</u>
Total Liabilities	<u>5,043</u>	<u>\$ 9,676</u>
 NET POSITION		
Held in Trust for Scholarship	99,618	
Held in Trust for Riverside Cemetery	89,854	
Held in Trust for Industrial Development	<u>627,097</u>	
Total Net Position	<u>\$ 816,569</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, 2013

ADDITIONS	<u>Private Purpose Trust Funds</u>
Interest	\$ 541
Private Source Donations	<u>-</u>
Total Additions	<u>541</u>
DEDUCTIONS	
Distributions to Participants	<u>18,340</u>
Total Deductions	<u>18,340</u>
Change in Net Position	(17,799)
Net Position, Beginning of Year	<u>834,368</u>
Net Position, End of Year	<u><u>\$ 816,569</u></u>

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2013

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 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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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".

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

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

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

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

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

The government reports the following major governmental funds:

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

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

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.

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, 2013

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, 2012 and past due after January 31, 2013. 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.

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.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

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).

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.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

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

11. CAPITAL ASSETS (Continued)

Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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:

<u>ASSETS</u>	<u>YEARS</u>
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.

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.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

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, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

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.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

16. FUND EQUITY (Continued)

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, 2013, 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.

Total assigned funds in the General Fund were \$157,464.

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

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

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

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

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, 2013, the City allocated \$3,674,342 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.

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 2012 financial statements to conform to the 2013 financial statement presentation. The reclassifications had no effect on the changes in financial position.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

22. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended September 30, 2013, the City implemented the following statements of financial accounting standards issued by the Governmental Accounting Standards Board:

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities

GASB Statements No. 63 and 65 established standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a financial statement position and related disclosures as well as reclassify certain items that were previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources.

As a result of recognizing certain items as outflows of resources that were previously recognized as assets, the City has recognized all remaining unamortized bond issue costs as of September 30, 2012 as a reduction of beginning net position in the government-wide statements and the Proprietary Fund statements. A prior period adjustment is reflected in the amounts of \$902,198 and \$548,967 in the Governmental Activities column and Business Type column/ Proprietary Fund statements respectively.

NOTE B -- DEPOSITS AND INVESTMENTS

As of September 30, 2013, 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	\$ 21,501,889	0.06
LOGIC	51,674,938	0.12
	\$ 73,176,827	
Portfolio Weighted Average Maturity		0.18
 <i>Component Unit</i>		
Local Government Investment Pools:		
TexPool	\$ 563,287	0.11
LOGIC	576,397	0.09
	\$ 1,139,684	
Portfolio Weighted Average Maturity		0.20

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

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, 2013, the investments in TexPool and LOGIC were rated AAAM by Standard & Poor's.

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, 2013, 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, 2013, 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, 2012, upon which the fiscal 2013 levy was based, was \$1,428,682,800 (i.e., market value less exemptions). The estimated market value was \$2,111,046,611 making the taxable value 68% 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, 2013, was \$0.5073 per \$100 of assessed value, which means that the City has a tax margin of \$1.9927 for each \$100 value and could increase its annual tax levy by approximately \$28,469,362 based upon the present assessed valuation of \$1,428,682,800 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.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

NOTE C -- PROPERTY TAX CALENDAR (Continued)

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.

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, 2013, balances of interfund amounts receivable or payable have been recorded as follows:

<i>Component Unit</i>	<u>Due From</u>	<u>Due To</u>
Primary Government		
General Fund	\$ -	\$ 185,082
Enterprise Fund	18,508	-
	<u>18,508</u>	<u>185,082</u>
Component Unit		
General Fund	185,082	-
Enterprise Fund	-	18,508
	<u>185,082</u>	<u>18,508</u>
Totals	<u>\$ 203,590</u>	<u>\$ 203,590</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, 2013 with interest rates ranging from 3.0% to 5.5% and mature from 2023 through 2026. Future payments on the notes are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 51,213	\$ 35,196	\$ 86,409
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
Thereafter	400,078	60,772	460,850
	<u>\$ 685,699</u>	<u>\$ 207,196</u>	<u>\$ 892,895</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE F -- NET PRESENT VALUE OF LEASE FINANCING

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

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

Future minimum lease payments under the lease are as follows:

September 30,	
2014	\$ 67,951
2015	67,951
2016	67,951
2017	67,951
2018	67,951
Thereafter	718,980
Total Payments	1,058,735
Less: Amount Representing Interest	(444,652)
Net Present Value of Lease Financing	\$ 614,083

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2012	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2013
Land	\$ 3,988,077	\$ 76,897	\$ -	\$ -	\$ 4,064,974
Construction in Progress	1,218,243	735,455	-	(531,128)	1,422,570
Total Assets Not Depreciated	5,206,320	812,352	-	(531,128)	5,487,544
Buildings and Improvements	20,681,283	107,145	-	-	20,788,428
Improvements Other Than Buildings	49,731,539	1,161,422	-	-	50,892,961
Transportation and Equipment	11,282,640	416,398	(303,902)	-	11,395,136
Totals at Historical Cost	86,901,782	2,497,317	(303,902)	(531,128)	88,564,069
Less Accumulated Depreciation:					
Buildings and Improvements	(6,130,947)	(375,979)	-	-	(6,506,926)
Improvement Other Than Buildings	(22,343,363)	(1,741,963)	-	-	(24,085,326)
Transportation and Equipment	(7,385,328)	(788,216)	303,902	-	(7,869,642)
	(35,859,638)	(2,901,158)	303,902	-	(38,456,894)
Governmental Capital Assets, Net	\$ 51,042,144	\$ (403,841)	\$ -	\$ (531,128)	\$ 50,107,175

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE G -- CAPITAL ASSETS

<u>Business-Type Activities</u>	Balance 10/1/2012	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2013
Land	\$ 727,026	\$ -	\$ -	\$ -	\$ 727,026
Construction in Progress	8,403,769	5,219,126	-	(2,332,573)	11,290,322
Total Assets Not Depreciated	9,130,795	5,219,126	-	(2,332,573)	12,017,348
Buildings and Improvements	22,453,122	18,642	-	-	22,471,764
Utility System	52,214,503	2,853,514	-	-	55,068,017
Transportation and Equipment	5,972,070	238,842	(10,576)	-	6,200,336
Totals at Historical Cost	89,770,490	8,330,124	(10,576)	(2,332,573)	95,757,465
Less Accumulated Depreciation:					
Buildings and Improvements	(16,824,944)	(586,243)	-	-	(17,411,187)
Improvement Other Than Buildings	(26,083,114)	(1,976,319)	-	-	(28,059,433)
Transportation and Equipment	(3,878,929)	(345,214)	-	-	(4,224,143)
	<u>(46,786,987)</u>	<u>(2,907,776)</u>	<u>10,576</u>	<u>-</u>	<u>(49,684,187)</u>
Business-Type Capital Assets, Net	<u>\$ 42,983,503</u>	<u>\$ 5,422,348</u>	<u>\$ -</u>	<u>\$ (2,332,573)</u>	<u>\$ 46,073,278</u>
 <u>Discretely Presented Component Unit</u>					
Land	\$ 802,299	\$ 77,026	\$ -	\$ -	\$ 879,325
Buildings and Improvements	691,800	89,547	-	-	781,347
Accumulated Depreciation	(30,792)	(1,354)	-	-	(32,146)
	<u>\$ 1,463,307</u>	<u>\$ 165,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,628,526</u>

Primary Government

Depreciation Expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 15,249
Public Safety	737,530
Public Service	1,751,357
Nondepartmental	397,022
<i>Total Governmental Activities</i>	<u>\$ 2,901,158</u>
 <i>Business-Type Activities:</i>	
Administration	\$ 7,174
Electric	541,412
Water Production	315,476
Water Distribution	1,334,510
Sewer Plant	636,945
Other	72,259
<i>Total Business-Type Activities</i>	<u>\$ 2,907,776</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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/inserter. 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	-
Wastewater Collection System	-	425,000
Less: Accumulated Depreciation	(53,834)	(170,604)
Total	<u>\$ 489,050</u>	<u>\$ 254,396</u>

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2013 were as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2014	\$ 162,552	\$ 25,000
2015	97,852	25,000
2016	64,614	30,000
2017	-	30,000
2018	-	35,000
2019	-	35,000
Total Payments	325,018	180,000
Less: Amount Representing Interest	(14,542)	(78,143)
Present Value of Minimum Lease Payments	<u>\$ 310,476</u>	<u>\$ 101,857</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE I -- LONG-TERM DEBT

Primary Government

Bonded debt and obligations payable at September 30, 2013, comprise the following individual issues:

General Obligation Bonds:

\$6,500,000 2004 General Obligation Bonds due in annual installments of \$195,000 to \$495,000 through September 1, 2024; interest at 3.0% to 5.0%	\$ 305,000
\$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%	3,755,000
\$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%	2,385,000
\$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%	5,375,000
\$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%	7,950,000
\$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%	2,467,427
\$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%	4,350,000
<i>Total General Obligation Bonds</i>	26,587,427

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%	10,620,000
\$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%	2,980,000
<i>Total Certificates of Obligation Bonds</i>	13,600,000

Tax Anticipation Notes :

\$1,000,000 2008 Tax Notes payable in annual installments of \$75,000 to \$205,000 through 2014; interest at 3.038%	205,000
\$1,000,000 2009 Tax Notes payable in annual installments of \$150,000 to \$185,000 through 2015; interest at 2% to 4%	360,000
<i>Total Tax Anticipation Notes</i>	565,000

Total Governmental Bonded Debt	\$ 40,752,427
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CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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%	\$ 4,095,000
\$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%	3,120,000
\$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%	7,690,000
<i>Total Utility Revenue Bonds</i>	14,905,000

General Obligation Bonds - Utility Portion

\$1,490,184 2011 General Obligation Refunding Bonds due in annual installments of \$265,000 to \$550,000 through September 1, 2021, Interest at 2.0% to 3.0%	1,092,573
\$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%	4,825,000
<i>Total GO Refunding Bonds</i>	5,917,573

Total Business-Type Bonded Debt \$ 20,822,573

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 \$1,629,074 in net position as of September 30, 2013 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, 2013, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 2,002,286	\$ 1,706,350	\$ 1,047,714	\$ 706,990
2015	2,047,881	1,467,935	1,077,119	678,826
2016	1,923,230	1,397,539	1,111,771	649,465
2017	1,978,742	1,343,646	1,136,259	618,942
2018	2,026,622	1,293,290	1,173,378	578,616
2019-2022	10,303,667	5,517,224	6,516,332	2,326,108
2023-2028	12,255,000	3,433,189	5,600,000	1,173,900
2029-2031	8,215,000	688,125	3,160,000	188,600
	\$ 40,752,428	\$ 16,847,298	\$ 20,822,573	\$ 6,921,447

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE I -- LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

	Balance 10/1/2012	Additions	Reductions	Balance 9/30/2013	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 27,469,337	\$ 4,350,000	\$ (5,231,910)	\$ 26,587,427	\$ 1,312,286
Bond Premiums	452,078	-	(35,328)	416,750	-
Certificates of Obligation	13,910,000	-	(310,000)	13,600,000	310,000
Tax Anticipation Notes	930,000	-	(365,000)	565,000	380,000
Capital Leases	211,860	199,100	(100,484)	310,476	153,439
Compensated Absences	888,585	566,706	(501,580)	953,711	511,714
Net Other Post Employment Benefit Obligations Payable	62,819	28,695	-	91,514	-
Total Governmental Activities	43,924,679	5,144,501	(6,544,302)	42,524,878	2,667,439
<u>Business-Type Activities</u>					
Revenue Bonds	20,340,000	-	(5,435,000)	14,905,000	510,000
General Obligation Refunding Bonds	1,300,663	4,825,000	(208,090)	5,917,573	537,714
Bond Premiums	175,442	-	(17,818)	157,624	-
Capital Leases	122,815	-	(20,958)	101,857	16,152
Compensated Absences	269,506	171,446	(145,609)	295,343	158,922
Net Other Post Employment Benefit Obligations Payable	23,234	10,614	-	33,848	-
Total Business-Type Activities	22,231,660	5,007,060	(5,827,475)	21,411,245	1,222,788
Total Primary Government	\$ 65,775,390	\$ 10,151,561	\$ (12,371,777)	\$ 63,936,123	\$ 3,890,227

Compensated absences for governmental activities are generally liquidated by the general fund.

General Obligation Refunding Bonds, Series 2013, were issued June 2013 in the amount of \$9,175,000 to advance refund 1) Utility System Revenue Bonds, Series 2003 in the amount of \$4,695,000; and 2) General Obligation Bonds, Series 2004, in the amount of \$4,030,000. The net proceeds of \$9,078,745 (after payment of underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2003 Utility System Revenue Bonds, and the 2004 General Obligation Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$316,522 (\$274,364 on the 2004 General Obligation Bonds and \$79,381 on the 2003 Utility System Revenue Bonds). This amount is amortized over the remaining life of the refunding debt. The City advance refunded the debt to reduce its total debt service payments over eleven years by \$1,537,594 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,376,795.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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, 2013, outstanding conduit debt from this issue was \$56,250.

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, 2013, the total outstanding debt from this issue was \$11,310,000.

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, 2013

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:

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
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 Projected Unit Credit actuarial 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 finances the portion of an active member's projected benefit allocated annually; 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. The annual pension cost and net pension obligation (asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 1,433,162
2. Interest on Net Pension Obligation	(168,145)
3. Adjustment to the ARC	168,637
4. Annual Pension Cost (APC)	<u>1,433,654</u>
5. Contributions Made	<u>(1,744,881)</u>
6. Increase (Decrease) in Net Pension Obligation	(311,227)
7. Net Pension Obligation (Asset), Beginning of Year	<u>(2,402,071)</u>
8. Net Pension Obligation (Asset), End of Year	<u><u>\$ (2,713,298)</u></u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Contributions (Continued)

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution Made</u>	<u>Percentage of ARC Contribution</u>
2013	\$ 1,433,162	\$ 1,744,881	122%
2012	1,274,532	1,748,920	137%
2011	1,584,926	3,070,222	194%

The required contribution rates for fiscal year 2013 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:

<u>Actuarial Valuation Date</u>	<u>December 31, 2010</u>	<u>December 31, 2011</u>	<u>December 31, 2012</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
GASB 25 Equivalent Single Amortization Period	15.8 years - Closed Period	19.2 years - Closed Period	18.0 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%

Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2012	\$ 51,434,791	\$ 59,200,690	86.9%	\$ 7,765,899	\$ 14,288,109	54.4%

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.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Statewide Emergency Services Personnel Retirement Fund

Plan Description

The Fire Fighters' Pension Commissioner is the administrator of the Texas Statewide Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2012, there were 188 member fire or emergency services departments actively participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

Financial information for the plan may be obtained by contacting the Texas Comptroller (P.O. Box 13528, Capitol Station, Austin, Texas 78711-3528).

The table below summarizes the pension system membership as of August 31, 2012:

(1) Retirees and beneficiaries currently receiving benefits	2,750
(2) Terminated participants entitled to benefits but not yet receiving them	2,252
(3) Current active participants (vested and nonvested)	4,446
(4) Total Members	9,448

TESRS was created by Senate Bill 411, 65th Legislature, Regular Session (1977), and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave TESRS 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.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Statewide Emergency Services Personnel Retirement Fund (Continued)

Funding Policy

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and amended by board rule in 2006. 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. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions up to a limited amount to make the TESRS actuarially sound.

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2012, total contributions (dues and prior service) of \$3,517,455 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state did not appropriate any maximum state contribution for the fiscal years ending August 31, 2012 and 2013. Total contributions made were less than the contributions required by the state statute and were less than the contributions required based on the revised August 31, 2010 actuarial valuation.

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, 2012 revealed the inadequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2013 (\$528,538 to pay for part of the System's administrative expenses) and with the assumed legislative appropriations of (1) the maximum state contribution amount in future years for up to 30 years as is necessary for the System to have a 30-year amortization period, and (2) approximately \$530,000 each year to pay for part of the System's administrative expenses.

Schedule of Employer Contributions				
Fiscal Year	(ARC)		Percentage of	City of
Ending	Annual	Actual	ARC	Seguin
<u>Ending</u>	<u>Required</u>	<u>Contributions*</u>	<u>Contributed</u>	<u>Contributions</u>
August 31, 2010	\$ 2,875,103	\$ 2,875,103	100%	\$ 5,005
August 31, 2011	3,125,329	3,125,329	100%	4,834
August 31, 2012	4,423,898	3,517,455	80%	3,924

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Statewide Volunteer Fire Fighters' Relief and Retirement Fund (Continued)

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, 2010	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, 2012, 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
8/31/2012	\$ 67,987,487	\$ 101,856,042	\$ 33,868,555	66.7%	9,448	\$ 3,585

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 THAN PENSIONS

Retiree Health Benefits

Plan Description

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

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

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, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	16
Active Plan Members	<u>45</u>
Total	<u><u>61</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, 2013

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)	\$	88,406
Interest on Net OPEB Obligation		3,442
Adjustment to Annual Required Contribution		<u>(3,442)</u>
Annual OPEB Cost (Expense)		88,406
Contributions Made		<u>(49,097)</u>
Increase in Net OPEB Obligation (Asset)		39,309
Net OPEB Obligation (Asset) - Beginning of Year		<u>86,053</u>
Net OPEB Obligation (Asset) - End of Year	\$	<u><u>125,362</u></u>

The City's percentage of annual OPEB cost contributed to the Plan is 59% for the year ended September 30, 2013. The total net OPEB obligation was \$62,819 for governmental activities and \$23,234 for business-type activities.

Funded Status and Funding Progress

As of April 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,405,548. The covered payroll (annual payroll of active employees covered by the Plan) was about \$7,036,484, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 20%.

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.

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.

CITY OF SEGUIN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

NOTE K -- POST EMPLOYMENT BENEFITS (Continued)

Retiree Health Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

In the April 30, 2012 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 10% initially, reduced by decrements to an ultimate rate of 5.0%. The Plan's unfunded actuarial accrued liability is being amortized over 26 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 2013, 2012, and 2011 were \$27,983; \$29,110; and \$32,780, respectively, which equaled the required contributions each year.

NOTE L -- INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2013, were as follows:

<u>Receiving Fund/Activity</u>	<u>Transferring Fund/Activity</u>	<u>Amount</u>	
General Fund Capital Projects:	NonMajor Special Revenue	\$ 36,522	Reimbursement for Payroll Costs
Debt Service	General Fund	271,075	Support Annual Debt Service
Nonmajor Capital Projects	General Fund	2,188,739	Support Various Capital Projects
Utility Fund	General Fund	18,004	Support Utility System Improvements
Utility Fund	NonMajor Capital Projects	100,780	Support Utility System Improvements
Total Transfers		<u>\$ 2,615,120</u>	

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

The City terminated its Wholesale Power Agreement with LCRA based on breaches of the contract by LCRA. LCRA has refused to allow the City (along with other customers who terminated the agreement) to purchase certain power off the LCRA system. This has resulted in higher and discriminatory rates being paid by the City. LCRA has demanded accelerated repayment of debt and sued for a judicial declaration that it was not in breach. The suit also seeks damages for the cost of power it claims Seguin was obligated to take. The City intends to contest LCRA's claims and seek dismissal. The City believes its claims are factually supported and there is reasonable likelihood of success. Should the case be decided adversely to the City, the amount of loss could be material to the financial statements.

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. Subsequent to year-end, 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 intends to assert a counterclaim for funds required to complete the contract. It is management's opinion that a favorable outcome is likely.

Grants

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

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as park improvements. 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, 2013 are as follows:

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments (Continued)

Primary Government	Total	Incurred Thru	Estimated
<u>General Government</u>	<u>Commitments</u>	<u>September 2013</u>	<u>Future</u>
			<u>Commitments</u>
Street & Drainage Improvements	\$ 358,223	\$ 158,847	\$ 199,376
Professional Services (Engineering)	2,107,339	1,459,143	648,196
Financial Incentive - MUD #3	1,250,000	-	1,250,000
	<u>3,715,562</u>	<u>1,617,990</u>	<u>2,097,572</u>
 <u>Utility System</u>			
Utility System Improvements	12,481,851	6,532,742	5,549,109
Professional Services (Engineering)	1,623,152	858,496	764,656
Various Other Contractual Commitments	-	-	-
	<u>14,105,003</u>	<u>7,391,238</u>	<u>6,313,765</u>
 Total Primary Government Commitments	 <u>\$ 17,820,565</u>	 <u>\$ 9,009,228</u>	 <u>\$ 8,411,337</u>
 Component Unit			
Professional Services	<u>\$ 151,610</u>	<u>\$ 133,444</u>	<u>\$ 18,166</u>
	<u>\$ 151,610</u>	<u>\$ 133,444</u>	<u>\$ 18,166</u>

The City, along with the Seguin Economic Development Corporation (component unit) have each committed to funding 50% of the estimated cost of IH10 improvements pursuant to a financial incentive agreement with the Guadalupe Municipal District #3 (MUD) not to exceed \$1,250,000 each. The total estimated cost of the project is \$5,490,000. The City intends to issue Certificates of Obligation to fund the projected costs in the amount of \$2,500,000. SEDC has pledged future sales tax revenue to reimburse the City for 50% of the debt service costs to fund the project. The costs funded by the City and SEDC will be reimbursed by the MUD through taxes received as development occurs within the MUD.

The project will be undertaken by TxDOT pursuant to a funding agreement with the City. The City advance funded \$1,968,000 of the project costs, which are reflected as a prepaid expenditure on the General Fund Balance Sheet and Governmental Activities Statement of Net Position.

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 at a cost not to exceed \$500,000.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Commitments under Noncapitalized Leases

Commitments under noncapitalized (operating) leases for copiers provide for future rental payments as of September 30, 2013 as follows:

<u>Year Ending September 30,</u>	<u>Rentals</u>
2014	\$ 36,099
2015	28,506
2016	13,804
2017	881
Total	<u>\$ 79,290</u>

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, 2013, 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, 2013:

Guadalupe Regional Medical Center (Continued)

Assets:	
Current Assets	\$ 36,984,554
Other Assets	17,021,978
Capital Assets (Net)	94,457,160
Total Assets	<u>148,463,692</u>
Liabilities & Net Assets:	
Current Liabilities	9,530,223
Other Liabilities	94,396,477
Total Liabilities	<u>103,926,700</u>
Net Position	<u>\$ 44,536,992</u>
Operating Revenues:	
Net Revenues from Patient Services	\$ 91,235,356
Other Operating Revenues	3,186,433
Total Operating Revenues	<u>94,421,789</u>
Operating Expenses:	
Total Net Operating Income	<u>79,160,001</u>
Total Net Operating Income	15,261,788
Nonoperating Revenues and (Expenses)	
Increase (Decrease) in Net Position	<u>(2,183,341)</u>
Increase (Decrease) in Net Position	<u>\$ 13,078,447</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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, 2012:

Assets:	
Current Assets	\$ 5,349,235
Restricted Cash and Cash Equivalents	35,496,599
Property, Plant & Equipment	63,425,232
Other Assets	2,271,147
Total Assets	<u>106,542,213</u>
Liabilities & Net Assets:	
Current Liabilities	3,174,832
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	98,800,023
Total Liabilities	<u>101,974,855</u>
Net Position:	
Net Investment in Capital Assets	(3,188,819)
Restricted	4,846,559
Unrestricted	2,904,618
Total Net Position	<u>\$ 4,562,358</u>

The Corporation had revenue bonds outstanding in the amount of \$92,220,000 (as of September 30, 2012) 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, 2013 were \$238,514 for property and casualty and \$198,679 for workers' compensation coverage.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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 P).

NOTE P – SUBSEQUENT EVENTS

The City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013 in October 2013 to fund a financial incentive agreement with the Guadalupe County Municipal District #3 (see Notes M and O). The certificates are payable over a 15-year period at 2.7% interest.

The City also issued General Obligation Bonds, Series, 2014, in the amount of \$19,800,000 to fund Public Library and Public Safety Improvements. The bonds were approved at an election held November 5, 2013, and are payable over a 20-year period at 3.91% interest.

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. 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, 2013
(With Comparative Actual Amounts for 2012)

REVENUES	Budgeted Amounts		2013 Actual	Variance With	2012 Actual
	Original	Final		Final Budget - Positive (Negative)	
Taxes	\$ 9,264,830	\$ 9,357,830	\$ 10,521,558	\$ 1,163,728	\$ 10,093,502
Licenses and Permits	288,000	288,000	356,212	68,212	404,953
Intergovernmental	934,180	897,086	902,410	5,324	826,974
Charges for Services	4,900,636	4,900,636	5,170,549	269,913	5,082,251
Fines and Forfeits	1,229,260	1,229,260	1,282,300	53,040	1,308,301
Interest	19,286	19,286	23,808	4,522	25,291
Miscellaneous	651,800	643,700	681,441	37,741	660,702
Total Revenues	17,287,992	17,335,798	18,938,278	1,602,480	18,401,974
EXPENDITURES					
GENERAL GOVERNMENT:					
<i>Administration:</i>					
Personnel Services	56,650	57,072	57,072	-	57,001
Contracted Services	950	950	871	79	1,194
Supplies	900	1,000	855	145	693
Other Services and Charges	25,010	24,488	22,863	1,625	13,879
<i>Total Administration</i>	83,510	83,510	81,661	1,849	72,767
<i>Financial Administration:</i>					
Personnel Services	288,375	288,375	286,022	2,353	267,364
Contracted Services	126,350	126,609	125,922	687	117,743
Supplies	10,900	10,900	9,869	1,031	9,684
Other Services and Charges	5,020	4,761	2,910	1,851	1,639
<i>Total Financial Administration</i>	430,645	430,645	424,723	5,922	396,430
<i>City Manager:</i>					
Personnel Services	183,000	183,199	183,199	-	177,908
Contracted Services	701	497	495	2	908
Supplies	1,800	1,438	1,438	-	1,474
Other Services and Charges	10,575	10,942	10,943	(1)	8,214
<i>Total City Manager</i>	196,076	196,076	196,075	1	188,504
<i>Human Resources:</i>					
Personnel Services	199,096	199,096	194,719	4,377	191,368
Contracted Services	40,525	40,525	38,770	1,755	39,323
Supplies	5,750	5,750	5,304	446	3,782
Other Services and Charges	47,340	55,840	46,231	9,609	29,306
<i>Total Human Resources</i>	\$ 292,711	\$ 301,211	\$ 285,024	\$ 16,187	\$ 263,779

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, 2013
 (With Comparative Actual Amounts for 2012)

	Budgeted Amounts		2013 Actual	Variance With Final Budget - Positive (Negative)	2012 Actual
	Original	Final			
General Government (Cont.):					
<i>Planning and Zoning Office:</i>					
Personnel Services	\$ 700,541	\$ 700,541	\$ 659,196	\$ 41,345	\$ 665,474
Contracted Services	66,850	88,236	50,830	37,406	59,012
Supplies	28,545	27,159	24,427	2,732	37,040
Other Services and Charges	21,682	21,682	17,804	3,878	6,083
<i>Total Planning and Zoning Office</i>	<u>817,618</u>	<u>837,618</u>	<u>752,257</u>	<u>85,361</u>	<u>767,609</u>
<i>City Secretary's Office:</i>					
Personnel Services	56,519	56,568	56,350	218	55,177
Contracted Services	3,100	3,051	1,694	1,357	2,716
Supplies	2,150	2,150	1,870	280	2,437
Other Services and Charges	37,150	48,389	43,378	5,011	15,443
<i>Total City Secretary's Office</i>	<u>98,919</u>	<u>110,158</u>	<u>103,292</u>	<u>6,866</u>	<u>75,773</u>
<i>Information Technology</i>					
Personnel Services	107,813	108,188	108,032	156	101,704
Contracted Services	137,100	137,100	126,539	10,561	115,923
Supplies	850	859	858	1	1,208
Other Services and Charges	3,415	3,031	2,535	496	1,850
<i>Total Information Technology</i>	<u>249,178</u>	<u>249,178</u>	<u>237,964</u>	<u>11,214</u>	<u>220,685</u>
<i>City Attorney:</i>					
Personal Services	68,809	68,809	68,484	325	64,985
Contracted Services	8,021	8,021	1,306	6,715	2,881
Supplies	400	275	115	160	277
Other Services and Charges	1,295	1,420	844	576	843
<i>Total City Attorney:</i>	<u>78,525</u>	<u>78,525</u>	<u>70,749</u>	<u>7,776</u>	<u>68,986</u>
<i>Facilities and Grounds:</i>					
Personnel Services	141,169	141,395	140,557	838	135,049
Contracted Services	55,650	57,924	50,494	7,430	64,909
Supplies	3,215	3,215	2,683	532	1,939
Other Services and Charges	5,000	2,500	383	2,117	1,705
<i>Total Facilities and Grounds</i>	<u>205,034</u>	<u>205,034</u>	<u>194,117</u>	<u>10,917</u>	<u>203,602</u>
Total General Government	<u>\$ 2,452,216</u>	<u>\$ 2,491,955</u>	<u>\$ 2,345,862</u>	<u>\$ 146,093</u>	<u>\$ 2,258,135</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, 2013
(With Comparative Actual Amounts for 2012)

	Budgeted Amounts		2013 Actual	Variance With Final Budget - Positive (Negative)	2012 Actual
	Original	Final			
Public Safety:					
<i>Police:</i>					
Personnel Services	\$ 5,232,329	\$ 5,232,329	\$ 5,128,750	\$ 103,579	\$ 4,862,396
Contracted Services	141,368	134,455	124,547	9,908	120,335
Supplies	263,090	85,325	79,087	6,238	71,748
Other Services and Charges	60,050	251,050	198,732	52,318	215,881
<i>Total Police</i>	5,696,837	5,703,159	5,531,116	172,043	5,270,360
<i>Fire/EMS:</i>					
Personnel Services	3,990,551	3,983,971	3,838,129	145,842	3,690,697
Contracted Services	249,995	275,575	270,723	4,852	275,958
Supplies	229,100	151,100	141,795	9,305	136,991
Other Services and Charges	44,042	103,042	91,494	11,548	92,380
<i>Total Fire/EMS</i>	4,513,688	4,513,688	4,342,141	171,547	4,196,026
<i>Municipal Court:</i>					
Personnel Services	231,012	231,012	224,102	6,910	216,710
Contracted Services	65,722	65,722	58,399	7,323	58,745
Supplies	9,350	9,350	8,651	699	7,861
Other Services and Charges	5,760	5,760	2,657	3,103	2,819
<i>Total Municipal Court</i>	311,844	311,844	293,809	18,035	286,135
<i>Animal Control:</i>					
Personnel Services	220,905	220,905	206,133	14,772	168,990
Contracted Services	12,700	12,741	9,079	3,662	8,392
Supplies	29,500	61,669	31,016	30,653	10,689
Other Services and Charges	3,700	10,100	7,750	2,350	6,260
<i>Total Animal Control</i>	266,805	305,415	253,978	51,437	194,331
Total Public Safety	10,789,174	10,834,106	10,421,044	413,062	9,946,852
Public Service:					
<i>Public Works:</i>					
Personnel Services	1,294,299	1,294,299	1,222,515	71,784	1,170,260
Contracted Services	1,676,735	1,672,635	1,478,705	193,930	1,400,251
Supplies	33,390	33,990	28,313	5,677	21,551
Other Services and Charges	83,400	86,900	82,062	4,838	81,889
<i>Total Public Works</i>	\$ 3,087,824	\$ 3,087,824	\$ 2,811,595	\$ 276,229	\$ 2,673,951

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, 2013
 (With Comparative Actual Amounts for 2012)

	Budgeted Amounts		2013 Actual	Variance With	2012 Actual
	Original	Final		Final Budget - Positive (Negative)	
Public Service: (Cont.)					
<i>Vehicle Maintenance:</i>					
Personnel Services	\$ 180,513	\$ 180,513	\$ 171,808	\$ 8,705	\$ 169,901
Contracted Services	25,550	25,001	21,651	3,350	21,760
Supplies	12,010	12,459	12,456	3	11,518
Other Services and Charges	5,350	5,450	3,640	1,810	4,220
<i>Total Vehicle Maintenance</i>	<u>223,423</u>	<u>223,423</u>	<u>209,555</u>	<u>13,868</u>	<u>207,399</u>
<i>Library:</i>					
Personnel Services	444,308	444,308	439,848	4,460	408,513
Contracted Services	57,563	53,324	40,567	12,757	43,215
Supplies	97,000	98,702	95,283	3,419	94,183
Other Services and Charges	3,025	6,937	6,243	694	5,596
<i>Total Library</i>	<u>601,896</u>	<u>603,271</u>	<u>581,941</u>	<u>21,330</u>	<u>551,507</u>
<i>Parks and Recreation:</i>					
Personnel Services	1,019,206	1,019,206	968,419	50,787	947,972
Contracted Services	118,254	112,463	107,824	4,639	106,109
Supplies	106,660	91,727	63,344	28,383	67,203
Other Services and Charges	2,780	24,799	23,482	1,317	20,960
<i>Total Parks and Recreation</i>	<u>1,246,900</u>	<u>1,248,195</u>	<u>1,163,069</u>	<u>85,126</u>	<u>1,142,244</u>
<i>Golf Course:</i>					
Personnel Services	448,563	448,563	446,771	1,792	417,519
Contracted Services	66,909	64,909	56,959	7,950	54,890
Supplies	45,350	36,150	29,136	7,014	28,242
Other Services and Charges	46,100	57,300	50,278	7,022	71,619
<i>Total Golf Course</i>	<u>606,922</u>	<u>606,922</u>	<u>583,144</u>	<u>23,778</u>	<u>572,270</u>
<i>Downtown & Main St. Programs:</i>					
Personnel Services	151,994	151,994	149,048	2,946	148,014
Contracted Services	6,821	6,132	5,819	313	6,294
Supplies	3,750	10,876	9,699	1,177	3,150
Other Services and Charges	43,385	44,074	40,045	4,029	38,584
<i>Total Downtown & Main St. Programs</i>	<u>205,950</u>	<u>213,076</u>	<u>204,611</u>	<u>8,465</u>	<u>196,042</u>
Total Public Service	<u>\$ 5,972,915</u>	<u>\$ 5,982,711</u>	<u>\$ 5,553,915</u>	<u>\$ 428,796</u>	<u>\$ 5,343,413</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, 2013
(With Comparative Actual Amounts for 2012)

	Budgeted Amounts		2013 Actual	Variance With Final Budget - Positive (Negative)	2012 Actual
	Original	Final			
Nondepartmental:					
Contracted Services	\$ 136,835	\$ 136,835	\$ 122,090	\$ 14,745	\$ 111,648
Building and Auto Insurance	130,000	127,953	109,888	18,065	137,202
Unemployment Insurance	15,000	15,000	3,242	11,758	8,134
Contributions - Civic Organizations	1,343,328	1,375,503	1,375,503	-	1,274,551
Other Services and Charges	32,700	34,547	34,747	(200)	62,859
Total Nondepartmental	1,657,863	1,689,838	1,645,470	44,368	1,594,394
Capital Outlay	154,720	154,720	10,381	144,339	45,195
Indirect Cost					
Recovery - Utility Fund	(3,200,000)	(3,200,000)	(3,674,342)	474,342	(3,430,197)
Total Expenditures	17,826,888	17,953,330	16,302,330	1,651,000	15,757,792
Excess (Deficiency) of Revenues Over (Under) Expenditures	(538,896)	(617,532)	2,635,948	3,253,480	2,644,182
OTHER FINANCING SOURCES (USES)					
Transfers In	43,176	43,176	36,522	(6,654)	39,414
Transfers (Out)	(1,578,602)	(2,439,652)	(2,477,818)	(38,166)	(1,385,810)
Total Other Financing Sources (Uses)	(1,535,426)	(2,396,476)	(2,441,296)	(44,820)	(1,346,396)
Special Items	-	-	-	-	9,585,200
Net Change in Fund Balance	(2,074,322)	(3,014,008)	194,652	3,208,660	10,882,986
Fund Balance at Beginning of Year	19,752,344	19,752,344	19,752,344	-	8,869,358
Fund Balance at End of Year	\$ 17,678,022	\$ 16,738,336	\$ 19,946,996	\$ 3,208,660	\$ 19,752,344

CITY OF SEGUIN, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2013

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
12/31/2010	\$ 44,201,707	\$ 52,818,204	83.7%	\$ 8,616,497	\$ 12,743,175	67.6%
12/31/2011	48,166,235	55,738,576	86.4%	7,572,341	13,595,533	55.7%
12/31/2012	51,434,791	59,200,690	86.9%	7,765,899	14,288,109	54.4%

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age (1)	Unfunded AAL (UAAL)	Funded Ratio	Total Members Covered	UAAL Per Member Covered
	[a]	[b]	[b]-[a]	[a/b]	[c]	[d]
8/31/2008 (2)	\$ 60,987,157	\$ 64,227,341	\$ 3,240,184	95.0%	8,254	393
8/31/2010 (3)	64,113,803	81,264,230	17,150,427	78.9%	8,644	1,984
8/31/2012 (2)	67,987,487	101,856,042	33,868,555	66.7%	9,448	3,585

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

- (1) The actuarial accrued liability is based upon the entry age actuarial cost method.
- (2) Changes in actuarial assumptions were reflected in this valuation.
- (3) Changes in actuarial assumption and method were reflected in this valuation.

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
4/30/2008	\$ -	\$ 846,797	\$ 846,797	0%	\$ 11,228,815	7.5%
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%



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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and Cash Equivalents	\$ 175,371	\$ 305,439
Investments	17,905,795	19,405,060
Receivables:		
Taxes	1,479,333	1,511,651
Accounts	836,621	922,160
Grants	62,328	27,135
Miscellaneous	87,788	59,329
Due from Other Funds	-	140,015
Inventory of Supplies	18,286	17,037
Prepaid Items	2,019,061	49,067
Total Assets	<u><u>\$ 22,584,583</u></u>	<u><u>\$ 22,436,893</u></u>
LIABILITIES		
Accounts Payable	\$ 583,216	\$ 645,173
Accrued Expenditures	625,349	543,241
Due to Component Unit	185,082	183,109
Unearned Revenue	225,879	192,911
Due to Others	33,238	28,963
Total Liabilities	<u>1,652,764</u>	<u>1,593,397</u>
Deferred Inflows of Resources		
Unavailable Revenue	984,823	1,091,152
Total Deferred Inflows of Resources	<u>984,823</u>	<u>1,091,152</u>
<i>Fund Balance:</i>		
Nonspendable	2,037,347	66,104
Restricted - Tree Mitigation Fees	20,100	22,800
Committed - Stabilization Arrangement	2,163,385	2,208,762
Assigned	157,464	-
Unassigned	15,568,700	17,454,678
Total Fund Balance	<u>19,946,996</u>	<u>19,752,344</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u><u>\$ 22,584,583</u></u>	<u><u>\$ 22,436,893</u></u>

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

REVENUES	<u>2013</u>	<u>2012</u>
Taxes	\$ 10,521,558	\$ 10,093,502
Licenses and Permits	356,212	404,953
Intergovernmental	902,410	826,974
Charges for Services	5,170,549	5,082,251
Fines and Forfeits	1,282,300	1,308,301
Interest	23,808	25,291
Miscellaneous	681,441	660,702
Total Revenues	<u>18,938,278</u>	<u>18,401,974</u>
 EXPENDITURES		
<i>Current:</i>		
General Government	2,345,862	2,258,135
Public Safety	10,421,044	9,946,852
Public Service	5,553,915	5,343,413
Nondepartmental	1,645,470	1,594,394
Indirect Cost Allocation (Recovery)	(3,674,342)	(3,430,197)
<i>Capital Outlay</i>	10,381	45,195
Total Expenditures	<u>16,302,330</u>	<u>15,757,792</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,635,948</u>	<u>2,644,182</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In	36,522	39,414
Transfers (Out)	(2,477,818)	(1,385,810)
Total Other Financing Sources (Uses)	<u>(2,441,296)</u>	<u>(1,346,396)</u>
Special Items	<u>-</u>	<u>9,585,200</u>
Net Change in Fund Balance	194,652	10,882,986
Fund Balance at Beginning of Year	<u>19,752,344</u>	<u>8,869,358</u>
Fund Balance at End of Year	<u><u>\$ 19,946,996</u></u>	<u><u>\$ 19,752,344</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, 2013
(with Comparative Actual Amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Taxes	\$ 2,899,002	\$ 3,361,582	\$ 462,580	\$ 3,277,983
Intergovernmental	37,000	28,509	(8,491)	324,792
Charges for Services	2,000	2,219	219	48,162
Interest	331,675	331,675	-	2,971
Total Revenues	<u>3,269,677</u>	<u>3,723,985</u>	<u>454,308</u>	<u>3,653,908</u>
EXPENDITURES				
Debt Service:				
Principal	1,882,764	1,882,764	-	1,890,056
Interest and Fiscal Charges	1,705,816	1,622,057	83,759	1,678,374
Bond Issue Costs	-	45,636	(45,636)	17,393
Total Expenditures	<u>3,588,580</u>	<u>3,550,457</u>	<u>38,123</u>	<u>3,585,823</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(318,903)</u>	<u>173,528</u>	<u>492,431</u>	<u>68,085</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	350,000	271,075	(78,925)	-
Refunding Bonds Issued	-	4,350,000	4,350,000	2,884,816
Premiums on Refunding Bonds	-	-	-	97,564
Payment to Refunded Bond Escrow Agent	-	(4,304,364)	(4,304,364)	(2,975,988)
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>316,711</u>	<u>(33,289)</u>	<u>6,392</u>
Net Change in Fund Balance	31,097	490,239	459,142	74,477
FUND BALANCE, OCTOBER 1	<u>1,019,857</u>	<u>1,019,857</u>	<u>-</u>	<u>945,380</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,050,954</u>	<u>\$ 1,510,096</u>	<u>\$ 459,142</u>	<u>\$ 1,019,857</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, 2013

	Combined Special Revenue	Combined Capital Projects	Total
ASSETS			
Cash and Cash Equivalents	\$ 29,256	\$ 5,501	\$ 34,757
Investments	1,677,345	2,993,361	4,670,706
Receivables (net of allowances for uncollectibles):			
Taxes	157,607	-	157,607
Accounts	10,757	141,584	152,341
Prepaid Items	12,803	-	12,803
Restricted Assets:			
Cash and Cash Equivalents	-	472	472
Investments	-	3,464,150	3,464,150
Total Assets	\$ 1,887,768	\$ 6,605,068	\$ 8,492,836
 LIABILITES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts Payable	\$ 74,811	\$ 148,314	\$ 223,125
Accrued Expenditures	10,017	-	10,017
Unearned Revenues	4,350	21,615	25,965
Due to Others	26,571	-	26,571
Total Liabilities	115,749	169,929	285,678
 <i>Fund Balance:</i>			
Nonspendable:			
Prepays	12,803	-	12,803
Restricted			
Tourism & Economic Development	1,106,968	-	1,106,968
Public Safety	434,427	-	434,427
Public Service	207,095	-	207,095
Capital Projects	-	3,574,657	3,574,657
Committed	10,726	-	10,726
Assigned	-	2,860,482	2,860,482
Total Fund Balance	1,772,019	6,435,139	8,207,158
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 1,887,768	 \$ 6,605,068	 \$ 8,492,836



CITY OF SEGUIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2013

REVENUES	Combined Special Revenue	Combined Capital Projects	Total
Taxes	\$ 770,768	\$ -	\$ 770,768
Licenses and Permits	-	27,941	27,941
Intergovernmental	46,575	84,532	131,107
Charges for Services	163,493	28,057	191,550
Fines and Forfeits	164,073	-	164,073
Interest	1,136	8,967	10,103
Miscellaneous	11,620	85,113	96,733
Total Revenues	<u>1,157,665</u>	<u>234,610</u>	<u>1,392,275</u>
EXPENDITURES			
Current:			
General Government	649,427	-	649,427
Public Service	-	442,303	442,303
Nondepartmental	303,541	-	303,541
Capital Outlay	24,867	2,002,934	2,027,801
Debt Service:			
Principal	-	94,630	94,630
Interest & Fiscal Charges	-	6,211	6,211
Total Expenditures	<u>977,835</u>	<u>2,546,078</u>	<u>3,523,913</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>179,830</u>	<u>(2,311,468)</u>	<u>(2,131,638)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	2,188,739	2,188,739
Transfers Out	(137,302)	-	(137,302)
Proceeds of Debt Issued	-	199,100	199,100
Total Other Financing Sources (Uses)	<u>(137,302)</u>	<u>2,387,839</u>	<u>2,250,537</u>
Net Change in Fund Balances	42,528	76,371	118,899
FUND BALANCE, OCTOBER 1	<u>1,729,491</u>	<u>6,358,768</u>	<u>8,088,259</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,772,019</u>	<u>\$ 6,435,139</u>	<u>\$ 8,207,158</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013

	Occupancy Tax Fund	Coliseum Fund	Acquatic Center Fund	Municipal Court Security Fund
ASSETS				
Cash and Cash Equivalents	\$ 18,102	\$ 1,042	\$ 652	\$ 927
Investments	664,714	204,697	10,903	74,568
Receivables (net of allowances for uncollectibles):				
Accounts	-	9,907	-	-
Taxes	147,573	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 830,389</u>	<u>\$ 215,646</u>	<u>\$ 11,555</u>	<u>\$ 75,495</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 48,263	\$ 829	\$ -
Accrued Expenditures/Expenses	-	1,747	-	989
Due to Others	-	26,571	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>76,581</u>	<u>829</u>	<u>989</u>
<i>Fund Balance:</i>				
Nonspendable:				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	830,389	139,065	-	-
Public Safety	-	-	-	74,506
Public Service	-	-	-	-
Committed	-	-	10,726	-
Total Fund Balance	<u>830,389</u>	<u>139,065</u>	<u>10,726</u>	<u>74,506</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 830,389</u>	<u>\$ 215,646</u>	<u>\$ 11,555</u>	<u>\$ 75,495</u>

<u>Municipal Court Technology</u>	<u>Civil Forfeiture Seizure Fund</u>	<u>Federal Forfeiture Seizure Fund</u>	<u>State Forfeiture Seizure Fund</u>	<u>DARE Program Fund</u>
\$ 993 47,068	\$ 23 9,507	\$ 585 72,308	\$ 58 46,807	\$ 2,792 127,785
- -	- -	- -	- -	- -
12,803	-	-	-	-
<u>\$ 60,864</u>	<u>\$ 9,530</u>	<u>\$ 72,893</u>	<u>\$ 46,865</u>	<u>\$ 130,577</u>
\$ - - - -	\$ - - - -	\$ - - - -	\$ - - - -	\$ 41 - - -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>
12,803	-	-	-	-
- 48,061 - -	- 9,530 - -	- 72,893 - -	- 46,865 - -	- 130,536 - -
<u>60,864</u>	<u>9,530</u>	<u>72,893</u>	<u>46,865</u>	<u>130,536</u>
<u>\$ 60,864</u>	<u>\$ 9,530</u>	<u>\$ 72,893</u>	<u>\$ 46,865</u>	<u>\$ 130,577</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2013

	Juvenile Case Manager	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 556	\$ -	\$ 2,817
Investments	-	150,902	11,723	1,055
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	-	850
Taxes	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 151,458</u>	<u>\$ 11,723</u>	<u>\$ 4,722</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 20,012	\$ -	\$ 2,041
Accrued Expenditures/Expenses	-	5,655	-	1,626
Due to Others	-	-	-	-
Unearned Revenue	-	-	-	1,055
Total Liabilities	<u>-</u>	<u>25,667</u>	<u>-</u>	<u>4,722</u>
<i>Fund Balance:</i>				
Nonspendable:				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	-	125,791	11,723	-
Public Safety	-	-	-	-
Public Service	-	-	-	-
Committed	-	-	-	-
Total Fund Balance	<u>-</u>	<u>125,791</u>	<u>11,723</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 151,458</u>	<u>\$ 11,723</u>	<u>\$ 4,722</u>

<u>Police Department Donations</u>	<u>Seguin Arts Commission</u>	<u>PEG Capital Fees</u>	<u>Library Development Fund</u>	<u>Totals</u>
\$ 21	\$ -	\$ 623	\$ 65	\$ 29,256
58,935	-	68,943	127,430	1,677,345
-	-	-	-	10,757
-	-	10,034	-	157,607
-	-	-	-	12,803
<u>\$ 58,956</u>	<u>\$ -</u>	<u>\$ 79,600</u>	<u>\$ 127,495</u>	<u>\$ 1,887,768</u>
\$ 3,625	\$ -	\$ -	\$ -	\$ 74,811
-	-	-	-	10,017
-	-	-	-	26,571
3,295	-	-	-	4,350
<u>6,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,749</u>
-	-	-	-	12,803
-	-	-	-	1,106,968
52,036	-	-	-	434,427
-	-	79,600	127,495	207,095
-	-	-	-	10,726
<u>52,036</u>	<u>-</u>	<u>79,600</u>	<u>127,495</u>	<u>1,772,019</u>
<u>\$ 58,956</u>	<u>\$ -</u>	<u>\$ 79,600</u>	<u>\$ 127,495</u>	<u>\$ 1,887,768</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, 2013

REVENUES	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
Taxes	\$ 110,350	\$ 261,250	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	73,192	90,301	-
Fines and Forfeits	-	-	-	22,894
Interest	599	141	(4)	69
Miscellaneous	-	-	30	-
Total Revenues	<u>110,949</u>	<u>334,583</u>	<u>90,327</u>	<u>22,963</u>
 EXPENDITURES				
Current:				
General Government	126,470	262,755	79,600	-
Economic Development	-	-	-	-
Nondepartmental	-	-	-	27,237
Capital Outlay	-	-	11,114	-
Total Expenditures	<u>126,470</u>	<u>262,755</u>	<u>90,714</u>	<u>27,237</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,521)	71,828	(387)	(4,274)
 OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(30,780)	(70,000)	-	-
Total Other Financing Sources (Uses)	<u>(30,780)</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(46,301)	1,828	(387)	(4,274)
FUND BALANCE, OCTOBER 1	<u>876,690</u>	<u>137,237</u>	<u>11,113</u>	<u>78,780</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 830,389</u></u>	<u><u>\$ 139,065</u></u>	<u><u>\$ 10,726</u></u>	<u><u>\$ 74,506</u></u>

<u>Municipal Court Technology</u>	<u>Civil Forfeiture Seizure Fund</u>	<u>Federal Forfeiture Seizure Fund</u>	<u>State Forfeiture Seizure Fund</u>	<u>DARE Program Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	46,575
-	-	-	-	-
30,590	9,527	59,044	5,496	-
(22)	3	7	5	46
-	-	-	-	-
<u>30,568</u>	<u>9,530</u>	<u>59,051</u>	<u>5,501</u>	<u>46,621</u>
15,889	-	-	-	26,931
-	-	-	-	-
-	-	-	-	-
-	-	7,945	3,008	-
<u>15,889</u>	<u>-</u>	<u>7,945</u>	<u>3,008</u>	<u>26,931</u>
14,679	9,530	51,106	2,493	19,690
-	-	-	-	-
-	-	-	-	-
14,679	9,530	51,106	2,493	19,690
46,185	-	21,787	44,372	110,846
<u>\$ 60,864</u>	<u>\$ 9,530</u>	<u>\$ 72,893</u>	<u>\$ 46,865</u>	<u>\$ 130,536</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, 2013

REVENUES	Juvenile Case Manager	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House
Taxes	\$ -	\$ 307,028	\$ 11,722	\$ 39,962
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	36,522	-	-	-
Interest	-	60	1	-
Miscellaneous	-	180	-	11,410
Total Revenues	<u>36,522</u>	<u>307,268</u>	<u>11,723</u>	<u>51,372</u>
EXPENDITURES				
Current:				
General Government	-	-	-	51,372
Economic Development	-	276,304	-	-
Nondepartmental	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>276,304</u>	<u>-</u>	<u>51,372</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,522	30,964	11,723	-
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(36,522)	-	-	-
Total Other Financing Sources (Uses)	<u>(36,522)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	30,964	11,723	-
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>94,827</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ 125,791</u>	<u>\$ 11,723</u>	<u>\$ -</u>

<u>Police Department Donations</u>	<u>Seguin Arts Commission</u>	<u>PEG Capital Fees</u>	<u>Library Development Fund</u>	<u>Totals</u>
\$ -	\$ -	\$ 40,456	\$ -	\$ 770,768
-	-	-	-	46,575
-	-	-	-	163,493
-	-	-	-	164,073
46	-	9	176	1,136
-	-	-	-	11,620
<u>46</u>	<u>-</u>	<u>40,465</u>	<u>176</u>	<u>1,157,665</u>
328	2,512	1,199	82,371	649,427
-	-	-	-	276,304
-	-	-	-	27,237
2,800	-	-	-	24,867
<u>3,128</u>	<u>2,512</u>	<u>1,199</u>	<u>82,371</u>	<u>977,835</u>
(3,082)	(2,512)	39,266	(82,195)	179,830
-	-	-	-	(137,302)
-	-	-	-	(137,302)
(3,082)	(2,512)	39,266	(82,195)	42,528
55,118	2,512	40,334	209,690	1,729,491
<u>\$ 52,036</u>	<u>\$ -</u>	<u>\$ 79,600</u>	<u>\$ 127,495</u>	<u>\$ 1,772,019</u>

CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013

	General Fund Capital Projects	2008 GO Bonds	Golf Course Capital Projects	2007 Bond Fund
ASSETS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and Cash Equivalents	\$ 164	\$ -	\$ 3,551	\$ 10
Investments	2,558,645	-	230,480	44,645
Receivables, Net	141,584	-	-	-
Restricted Cash and Investments	-	652,723	-	-
Total Assets	<u>\$ 2,700,393</u>	<u>\$ 652,723</u>	<u>\$ 234,031</u>	<u>\$ 44,655</u>
 LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 114,253	\$ 24,547	\$ 6,314	\$ 3,200
Unearned Revenue	-	-	-	-
Total Liabilities	<u>114,253</u>	<u>24,547</u>	<u>6,314</u>	<u>3,200</u>
 <i>Fund Balances:</i>				
Restricted for Capital Projects	-	628,176	-	-
Assigned to Capital Projects	2,586,140	-	227,717	41,455
Total Fund Balance	<u>2,586,140</u>	<u>628,176</u>	<u>227,717</u>	<u>41,455</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,700,393</u>	<u>\$ 652,723</u>	<u>\$ 234,031</u>	<u>\$ 44,655</u>

2011 Bond Fund	Miscellaneous Project Funds	Total
\$ -	\$ 1,776	\$ 5,501
-	159,591	2,993,361
-	-	141,584
2,811,899	-	3,464,622
<u>\$ 2,811,899</u>	<u>\$ 161,367</u>	<u>\$ 6,605,068</u>

\$ -	\$ -	\$ 148,314
-	21,615	21,615
<u>-</u>	<u>21,615</u>	<u>169,929</u>

2,811,899	134,582	3,574,657
-	5,170	2,860,482
<u>2,811,899</u>	<u>139,752</u>	<u>6,435,139</u>

<u>\$ 2,811,899</u>	<u>\$ 161,367</u>	<u>\$ 6,605,068</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, 2013

REVENUES	General Fund Capital Projects	2008 GO Bonds	Golf Course Capital Projects	2007 Bond Fund
Intergovernmental	\$ 84,532	\$ -	\$ -	\$ -
Licenses and Permits	-	-	27,941	-
Charges for Services	-	-	-	-
Interest	3,259	1,324	105	42
Miscellaneous	22,408	-	62,705	-
Total Revenues	<u>110,199</u>	<u>1,324</u>	<u>90,751</u>	<u>42</u>
 EXPENDITURES				
<i>Current:</i>				
General Government	238,188	-	204,115	-
Capital Outlay	1,374,303	542,971	77,353	3,390
Debt Service:				
Principal	78,661	-	15,969	-
Interest & Fiscal Charges	4,706	-	1,505	-
Total Expenditures	<u>1,695,858</u>	<u>542,971</u>	<u>298,942</u>	<u>3,390</u>
Excess (Deficiency) of Revenues Over (Under Expenditures)	<u>(1,585,659)</u>	<u>(541,647)</u>	<u>(208,191)</u>	<u>(3,348)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	2,190,432	-	78,925	-
Proceeds of Capital Lease	-	-	199,100	-
Total Other Financing Sources (Uses)	<u>2,190,432</u>	<u>-</u>	<u>278,025</u>	<u>-</u>
Net Change in Fund Balance	604,773	(541,647)	69,834	(3,348)
FUND BALANCE, OCTOBER 1	<u>1,981,367</u>	<u>1,169,823</u>	<u>157,883</u>	<u>44,803</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 2,586,140</u>	<u>\$ 628,176</u>	<u>\$ 227,717</u>	<u>\$ 41,455</u>

2011 Bond Fund	Miscellaneous Project Funds	Total
\$ -	\$ -	\$ 84,532
-	-	27,941
-	28,057	28,057
4,151	86	8,967
-	-	85,113
<u>4,151</u>	<u>28,143</u>	<u>234,610</u>
-	-	442,303
277	4,640	2,002,934
-	-	94,630
-	-	6,211
<u>277</u>	<u>4,640</u>	<u>2,546,078</u>
<u>3,874</u>	<u>23,503</u>	<u>(2,311,468)</u>
(80,618)	-	2,188,739
<u>-</u>	<u>-</u>	<u>199,100</u>
<u>(80,618)</u>	<u>-</u>	<u>2,387,839</u>
(76,744)	23,503	76,371
<u>2,888,643</u>	<u>116,249</u>	<u>6,358,768</u>
<u>\$ 2,811,899</u>	<u>\$ 139,752</u>	<u>\$ 6,435,139</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
OCCUPANCY TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Actual amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Occupancy Tax	\$ (1,940)	\$ 110,350	\$ 112,290	\$ 371,146
Interest	40	599	559	206
Total Revenues	<u>(1,900)</u>	<u>110,949</u>	<u>112,849</u>	<u>371,352</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contributions to Local Organizations	126,470	126,470	-	101,750
Total Expenditures	<u>126,470</u>	<u>126,470</u>	<u>-</u>	<u>101,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(128,370)</u>	<u>(15,521)</u>	<u>112,849</u>	<u>269,602</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(30,780)	(30,780)	-	-
Total Other Financing Sources (Uses)	<u>(30,780)</u>	<u>(30,780)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(159,150)	(46,301)	112,849	269,602
FUND BALANCE, OCTOBER 1	<u>876,690</u>	<u>876,690</u>	<u>-</u>	<u>607,088</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 717,540</u>	<u>\$ 830,389</u>	<u>\$ 112,849</u>	<u>\$ 876,690</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, 2013
(With Comparative Actual amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Occupancy Tax	\$ 261,250	\$ 261,250	\$ -	\$ 159,500
Charges for Services	79,500	73,192	(6,308)	78,308
Interest	50	141	91	116
Miscellaneous	-	-	-	5
Total Revenues	<u>340,800</u>	<u>334,583</u>	<u>(6,217)</u>	<u>237,929</u>
EXPENDITURES				
<i>General Government/Facilities & Grounds:</i>				
Personnel Services	49,628	47,921	1,707	49,416
Contracted Services	175,383	162,474	12,909	165,209
Supplies	12,200	10,705	1,495	7,363
Other Services and Charges	47,842	41,655	6,187	9,436
Total Expenditures	<u>285,053</u>	<u>262,755</u>	<u>22,298</u>	<u>231,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>55,747</u>	<u>71,828</u>	<u>16,081</u>	<u>6,505</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(70,000)	(70,000)	-	-
Total Other Financing Sources (Uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(14,253)	1,828	16,081	6,505
FUND BALANCE, OCTOBER 1	<u>137,237</u>	<u>137,237</u>	<u>-</u>	<u>130,732</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 122,984</u>	<u>\$ 139,065</u>	<u>\$ 16,081</u>	<u>\$ 137,237</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, 2013
(With Comparative Actual amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Charges for Services	\$ 91,000	\$ 90,301	\$ (699)	\$ 91,766
Interest	20	26	6	-
Total Revenues	<u>91,020</u>	<u>90,327</u>	<u>(693)</u>	<u>91,766</u>
EXPENDITURES				
Current:				
<i>General Government/ Parks & Recreation</i>				
Personnel Services	44,872	44,872	-	44,743
Contracted Services	24,391	20,946	3,445	20,718
Supplies	18,750	13,782	4,968	17,608
Capital Outlay	11,114	11,114	-	28,915
Total Expenditures	<u>99,127</u>	<u>90,714</u>	<u>8,413</u>	<u>111,984</u>
Net Change in Fund Balance	(8,107)	(387)	7,720	(20,218)
FUND BALANCE, OCTOBER 1	<u>11,113</u>	<u>11,113</u>	<u>-</u>	<u>31,331</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 3,006</u>	<u>\$ 10,726</u>	<u>\$ 7,720</u>	<u>\$ 11,113</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, 2013
(With Comparative Actual Amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Occupancy Tax	\$ 307,028	\$ 307,028	\$ -	\$ 280,500
Interest	50	60	10	82
Miscellaneous	-	180	180	15,564
Total Revenues	<u>307,078</u>	<u>307,268</u>	<u>190</u>	<u>296,146</u>
EXPENDITURES				
Current:				
General Government	307,028	276,304	30,724	219,581
Total Expenditures	<u>307,028</u>	<u>276,304</u>	<u>30,724</u>	<u>219,581</u>
Net Change in Fund Balance	50	30,964	30,914	76,565
FUND BALANCE, OCTOBER 1	<u>94,827</u>	<u>94,827</u>	<u>-</u>	<u>18,262</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 94,877</u>	<u>\$ 125,791</u>	<u>\$ 30,914</u>	<u>\$ 94,827</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, 2013
(With Comparative Actual Amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Occupancy Tax	\$ 46,940	\$ 39,962	\$ (6,978)	\$ 27,360
Miscellaneous	9,637	11,410	1,773	1,643
Total Revenues	<u>56,577</u>	<u>51,372</u>	<u>(5,205)</u>	<u>29,003</u>
EXPENDITURES				
Current:				
General Government	56,577	51,372	5,205	31,305
Total Expenditures	<u>56,577</u>	<u>51,372</u>	<u>5,205</u>	<u>31,305</u>
Net Change in Fund Balance	-	-	-	(2,302)
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,302</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2013
(With Comparative Actual amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Interest	\$ -	\$ 46	\$ 46	\$ 64
Total Revenues	<u>-</u>	<u>46</u>	<u>46</u>	<u>64</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Supplies	-	328	(328)	-
Capital Outlay	55,000	2,800	52,200	-
Total Expenditures	<u>55,000</u>	<u>3,128</u>	<u>51,872</u>	<u>-</u>
Net Change in Fund Balance	(55,000)	(3,082)	51,918	64
FUND BALANCE, OCTOBER 1	<u>55,118</u>	<u>55,118</u>	<u>-</u>	<u>55,054</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 118</u>	<u>\$ 52,036</u>	<u>\$ 51,918</u>	<u>\$ 55,118</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, 2013
(With Comparative Actual amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Franchise Tax	\$ 40,000	\$ 40,456	\$ 456	\$ 40,334
Interest	50	9	(41)	-
Total Revenues	<u>40,050</u>	<u>40,465</u>	<u>415</u>	<u>40,334</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	1,200	1,199	1	-
Total Expenditures	<u>1,200</u>	<u>1,199</u>	<u>1</u>	<u>-</u>
Net Change in Fund Balance	38,850	39,266	416	40,334
FUND BALANCE, OCTOBER 1	<u>40,334</u>	<u>40,334</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 79,184</u>	<u>\$ 79,600</u>	<u>\$ 416</u>	<u>\$ 40,334</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, 2013
(With Comparative Actual amounts for 2012)

	Final Budgeted Amounts	2013	Variance Favorable (Unfavorable)	2012
REVENUES				
Interest	\$ 100	\$ 176	\$ 76	\$ 239
Total Revenues	<u>100</u>	<u>176</u>	<u>76</u>	<u>239</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	82,382	82,371	11	-
Total Expenditures	<u>82,382</u>	<u>82,371</u>	<u>11</u>	<u>-</u>
Net Change in Fund Balance	(82,282)	(82,195)	87	239
FUND BALANCE, OCTOBER 1	<u>209,690</u>	<u>209,690</u>	<u>-</u>	<u>209,451</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 127,408</u></u>	<u><u>\$ 127,495</u></u>	<u><u>\$ 87</u></u>	<u><u>\$ 209,690</u></u>

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2013 AND 2012

ASSETS	2013	2012*
<i>Current Assets:</i>		
Cash and Cash Equivalents		
Restricted Cash	\$ 6,745	\$ 8,075
Unrestricted Cash	577,468	303,095
Investments		
Restricted Investments	8,516,386	10,224,252
Unrestricted Investments	26,581,783	25,165,044
Accounts Receivable (Net)	4,550,988	4,467,641
Miscellaneous Receivables	1,601,250	1,268,278
Due from Component Unit	18,508	18,575
Inventories	1,691,134	1,569,302
Prepaid Items	57,682	65,271
<i>Total Current Assets</i>	<u>43,601,944</u>	<u>43,089,533</u>
Net Pension Asset	678,325	600,518
Net Present Value of Lease Financing	614,083	648,998
Capital Assets	95,757,465	89,770,490
Accumulated Depreciation	<u>(49,684,186)</u>	<u>(46,786,987)</u>
Total Assets	<u>90,967,631</u>	<u>87,322,552</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refundings	89,963	14,660
Total Deferred Outflows of Resources	<u>89,963</u>	<u>14,660</u>
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	2,464,518	2,006,861
Accrued Expenses	2,973,228	827,567
Unearned Revenue	38,076	69,479
Customer Deposits	542,490	555,913
Capital Leases Payable-Current Portion	16,152	20,958
<i>Payable from Restricted Assets:</i>		
Accrued Interest Payable	117,123	145,368
Revenue Bonds Due Within One Year	1,317,714	948,090
<i>Total Current Liabilities</i>	<u>7,469,301</u>	<u>4,574,236</u>
Capital Leases Payable (Net of Current Maturities)	85,704	101,856
Compensated Absences	136,421	120,898
Net Other Post Employment Benefit Obligation	33,848	23,234
Revenue Bonds Payable (Net of Current Maturities)	<u>19,662,483</u>	<u>20,868,013</u>
<i>Total Noncurrent Liabilities</i>	<u>19,918,456</u>	<u>21,114,001</u>
Total Liabilities	<u>27,387,757</u>	<u>25,688,237</u>
NET POSITION		
Net Investment in Capital Assets	29,869,105	27,668,999
Restricted for:		
Debt Service	2,365,494	2,236,280
Impact Fees	1,229,448	1,003,278
Unrestricted	<u>30,205,790</u>	<u>30,740,418</u>
Total Net Position	<u>\$ 63,669,837</u>	<u>\$ 61,648,975</u>

* 2012 has been restated to reflect a change in accounting principle. See Note A22.

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

OPERATING REVENUES	2013	2012*
Charges for Services:		
Electric	\$ 25,502,138	\$ 25,975,472
Water	8,120,986	8,484,403
Sewer	5,321,788	5,374,217
Miscellaneous Revenues	1,882,346	1,629,761
Total Operating Revenues	40,827,258	41,463,853
 OPERATING EXPENSES		
Administration	1,501,728	1,588,167
Operation and Maintenance:		
Electric Distribution	20,789,403	21,092,786
Utility Services	685,111	698,410
Water Production	4,709,201	4,917,659
Water/Sewer Maintenance	3,465,562	3,458,880
Sewer Plant	1,860,287	1,901,363
Economic Development	271,286	292,650
Facilities Maintenance	527,414	463,326
Information Technology	172,743	157,592
City Attorney	271,897	117,222
Nondepartmental	492,783	478,796
Indirect Cost Allocation	3,674,342	3,430,197
Total Operating Expenses	38,421,757	38,597,048
 Operating Income (Loss)	2,405,501	2,866,805
 NONOPERATING REVENUES (EXPENSES)		
Interest Income	39,696	67,211
Gain (Loss) on Sale of Assets	32,829	(6,483)
Interest and Fiscal Charges	(791,160)	(1,001,999)
Total Nonoperating Revenues (Expenses)	(718,635)	(941,271)
 Net Income (Loss) before Contributions and Transfers	1,686,866	1,925,534
 Capital Contributions	215,212	40,454
Transfers In (Out)	118,784	83,258
	333,996	123,712
 Change in Net Position	2,020,862	2,049,246
Net Position at Beginning of Year	61,648,975	60,091,555
Prior Period Adjustment	-	(491,826)
Net Position at End of Year	\$ 63,669,837	\$ 61,648,975

* 2012 has been restated to reflect a change in accounting principle. See Note A22.

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 40,366,113	\$ 43,068,134
Cash Paid for Employee Wages and Benefits	(4,985,779)	(5,306,133)
Cash Paid to Suppliers for Goods and Services	(24,416,455)	(27,673,865)
Cash Paid General Fund for Indirect Costs	(3,674,342)	(3,430,197)
Net Cash Provided (Used) by Operating Activities	7,289,537	6,657,939
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	118,784	125,486
Transfers (To) Other Funds	-	(42,228)
Net Cash Provided (Used) by Noncapital Financing Activities	118,784	83,258
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(5,782,340)	(4,034,312)
Proceeds from Refunding Bonds	4,825,000	1,540,582
Payments to Refunding Escrow Agent	(4,774,381)	(1,537,280)
Principal Payments on Long-Term Debt	(948,090)	(904,521)
Interest and Fiscal Charges Paid	(782,524)	(930,583)
Bond Issue Costs	(50,619)	(8,984)
Principal Payments on Capital Leases	(20,958)	(21,506)
Advances To (From) Component Unit	67	(3,491)
Proceeds from Sale of Capital Assets	32,829	800
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,501,016)	(5,899,295)
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	291,127	(770,676)
Investment Interest Received	39,696	67,211
Lease Financing - Principal Payments Received	34,915	33,148
Net Cash Provided (Used) by Investing Activities	365,738	(670,317)
Net Increase (Decrease) in Cash and Cash Equivalents	273,043	171,585
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	303,095	109,058
Restricted Cash and Cash Equivalents	8,075	30,527
	311,170	139,585
Cash and Equivalents at End of Year:		
Cash and Cash Equivalents	577,468	303,095
Restricted Cash and Cash Equivalents	6,745	8,075
	\$ 584,213	\$ 311,170

CITY OF SEGUIN, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 2,405,501	\$ 2,866,805
Adjustments to reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	2,907,776	2,868,144
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(416,319)	1,788,736
Inventory/Prepaid Items	(114,243)	(113,019)
Net Pension Asset	(77,807)	(111,307)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	457,657	(948,902)
Accrued Expenses	2,161,184	482,057
Net Other Postemployment Benefit Obligation	10,614	9,880
Unearned Revenue	(31,403)	(154,253)
Customer Deposits	(13,423)	(30,202)
	\$ 7,289,537	\$ 6,657,939
Net Cash Provided (Used) by Operating Activities		
Transactions Not Affecting Cash and Cash Equivalents:		
Developer Contributions - Capital Assets	\$ 215,212	\$ 40,454
Total Noncash Activities	\$ 215,212	\$ 40,454

CITY OF SEGUIN, TEXAS
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<i>Administration:</i>		
Personnel Services	\$ 1,355,854	\$ 1,378,620
Contracted Services	25,331	84,550
Supplies and Materials	75,622	79,331
Other Charges	37,747	37,895
Depreciation	7,174	7,771
<i>Total Administration</i>	<u>1,501,728</u>	<u>1,588,167</u>
<i>Electric Production and Distribution:</i>		
Personnel Services	619,323	512,565
Contracted Services	1,083,548	1,253,104
Supplies and Materials	18,526,887	18,700,439
Other Charges	18,233	106,701
Depreciation	541,412	519,977
<i>Total Electric Production and Distribution</i>	<u>20,789,403</u>	<u>21,092,786</u>
<i>Utility Services</i>		
Personnel Services	511,348	541,492
Contracted Services	144,491	138,155
Supplies and Materials	23,234	17,819
Other Charges	6,038	944
<i>Total Utility Services</i>	<u>685,111</u>	<u>698,410</u>
<i>Water Production:</i>		
Personnel Services	593,871	567,506
Contracted Services	3,695,591	3,899,446
Supplies and Materials	93,817	92,006
Other Charges	10,446	8,969
Depreciation	315,476	349,732
<i>Total Water Production</i>	<u>4,709,201</u>	<u>4,917,659</u>
<i>Water/Sewer Maintenance:</i>		
Personnel Services	579,119	541,181
Contracted Services	1,150,579	1,028,349
Supplies and Materials	54,894	48,423
Other Charges	346,460	563,628
Depreciation	1,334,510	1,277,299
<i>Total Water/Sewer Maintenance</i>	<u>3,465,562</u>	<u>3,458,880</u>
<i>Sewer Plant:</i>		
Personnel Services	412,120	404,758
Contracted Services	741,696	746,447
Supplies and Materials	64,727	83,727
Other Charges	4,799	3,307
Depreciation	636,945	663,124
<i>Total Sewer Plant</i>	<u>\$ 1,860,287</u>	<u>\$ 1,901,363</u>

CITY OF SEGUIN, TEXAS
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
 UTILITY FUND
 YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
<i>Economic Development:</i>		
Personnel Services	\$ 257,841	\$ 270,113
Contracted Services	1,342	9,092
Supplies and Materials	834	1,159
Other Charges	11,269	12,286
<i>Total Economic Development</i>	271,286	292,650
 <i>Facilities Maintenance:</i>		
Personnel Services	456,241	431,159
Contracted Services	45,306	7,453
Supplies and Materials	24,686	22,368
Other Charges	139	262
Depreciation	1,042	2,084
<i>Total Facilities Maintenance</i>	527,414	463,326
 <i>Information Technology:</i>		
Personnel Services	108,435	102,445
Contracted Services	60,939	52,117
Supplies and Materials	833	1,180
Other Charges	2,536	1,850
<i>Total Information Technology</i>	172,743	157,592
 <i>City Attorney:</i>		
Personnel Services	68,571	64,980
Contracted Services	202,410	51,170
Supplies and Materials	97	229
Other Charges	819	843
<i>Total City Attorney</i>	271,897	117,222
 <i>Nondepartmental:</i>		
Contracted Services	206,454	178,710
Supplies and Materials	57,863	45,952
Other Charges	157,249	205,977
Depreciation	71,217	48,157
<i>Total Nondepartmental</i>	492,783	478,796
Indirect Cost Allocation	3,674,342	3,430,197
Total Operating Expenses	\$ 38,421,757	\$ 38,597,048

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2013
 (With Comparative Amounts for 2012)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2013	2012
ASSETS					
Cash and Cash Equivalents	\$ 55,934	\$ 47,946	\$ 286	\$ 104,166	\$ 7,315
Investments	138,018	268,521	101,466	508,005	522,837
Miscellaneous Receivables	-	11,061	-	11,061	6,082
Prepaid Items	-	-	-	-	194,472
Total Assets	193,952	327,528	101,752	623,232	730,706
LIABILITIES					
Accounts Payable	1,692	11,101	-	12,793	12,549
Total Liabilities	1,692	11,101	-	12,793	12,549
NET POSITION					
Unrestricted	192,260	316,427	101,752	610,439	718,157
Total Net Position	\$ 193,952	\$ 327,528	\$ 101,752	\$ 623,232	\$ 730,706

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION – INTERNAL SERVICE FUNDS
 YEAR ENDED SEPTEMBER 30, 2013
 (With Comparative Amounts for 2012)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2013	2012
OPERATING REVENUES					
Charges for Premiums	\$ 2,395,855	\$ 50,667	\$ 266,513	\$ 2,713,035	\$ 2,573,873
Miscellaneous Revenues	-	-	-	-	361
Total Operating Revenues	<u>2,395,855</u>	<u>50,667</u>	<u>266,513</u>	<u>2,713,035</u>	<u>2,574,234</u>
OPERATING EXPENSES					
Premiums	2,505,333	99,765	184,748	2,789,846	2,692,952
Administration	31,145	-	-	31,145	44,200
Total Operating Expenses	<u>2,536,478</u>	<u>99,765</u>	<u>184,748</u>	<u>2,820,991</u>	<u>2,737,152</u>
OPERATING INCOME (LOSS)	<u>(140,623)</u>	<u>(49,098)</u>	<u>81,765</u>	<u>(107,956)</u>	<u>(162,918)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	45	157	36	238	555
Total Nonoperating Revenues (Expenses)	<u>45</u>	<u>157</u>	<u>36</u>	<u>238</u>	<u>555</u>
Net Income (Loss) Before Contributions and Transfers	(140,578)	(48,941)	81,801	(107,718)	(162,363)
Transfers In (Out)	<u>125,000</u>	<u>181,676</u>	<u>(306,676)</u>	<u>-</u>	<u>87,791</u>
Change in Net Position	(15,578)	132,735	(224,875)	(107,718)	(74,572)
Net Position At Beginning of Year	<u>207,838</u>	<u>183,692</u>	<u>326,627</u>	<u>718,157</u>	<u>792,729</u>
Net Position at End of Year	<u>\$ 192,260</u>	<u>\$ 316,427</u>	<u>\$ 101,752</u>	<u>\$ 610,439</u>	<u>\$ 718,157</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 YEAR ENDED SEPTEMBER 30, 2013
 (With Comparative Amounts for 2012)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2013	2012
Cash Flows From Operating Activities:					
Cash Received from Interfund Services	\$ 1,830,283	\$ 34,587	\$ 266,513	\$ 2,131,383	\$ 2,004,529
Cash Paid from Users	565,572	11,101	-	576,673	569,913
Cash Paid for Employee Benefits	(2,354,187)	(87,340)	(184,748)	(2,626,275)	(2,926,510)
Net Cash Provided (Used) by Operating Activities	<u>41,668</u>	<u>(41,652)</u>	<u>81,765</u>	<u>81,781</u>	<u>(352,068)</u>
Cash Flows From Noncapital Financing Activities:					
Operating Transfers from/to Other Funds	125,000	181,676	(306,676)	-	87,791
Net Cash Provided (Used) by Noncapital Financing Activities	<u>125,000</u>	<u>181,676</u>	<u>(306,676)</u>	<u>-</u>	<u>87,791</u>
Cash Flows From Investing Activities:					
Sale/(Purchase) of Investments	(116,760)	(92,907)	224,499	14,832	255,259
Investment Interest Received	45	157	36	238	555
Net Cash Provided (Used) by Investing Activities	<u>(116,715)</u>	<u>(92,750)</u>	<u>224,535</u>	<u>15,070</u>	<u>255,814</u>
Net Increase (Decrease) in Cash and Cash Equivalents	49,953	47,274	(376)	96,851	(8,463)
Cash and Equivalents at Beginning of Year:	<u>5,981</u>	<u>672</u>	<u>662</u>	<u>7,315</u>	<u>15,778</u>
Cash and Equivalents at End of Year	<u>\$ 55,934</u>	<u>\$ 47,946</u>	<u>\$ 286</u>	<u>\$ 104,166</u>	<u>\$ 7,315</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (140,623)	\$ (49,098)	\$ 81,765	\$ (107,956)	\$ (162,918)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in					
Miscellaneous Receivables	-	(4,979)	-	(4,979)	208
Prepaid Items	187,026	7,446	-	194,472	(194,472)
Increase (Decrease) in					
Accounts Payable	(4,735)	4,979	-	244	5,114
Net Cash Provided (Used) by Operating Activities	<u>\$ 41,668</u>	<u>\$ (41,652)</u>	<u>\$ 81,765</u>	<u>\$ 81,781</u>	<u>\$ (352,068)</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 SEPTEMBER 30, 2013

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ASSETS					
Cash and Cash Equivalents	\$ 15	\$ -	\$ 3,722	\$ 11	\$ 3,748
Investments	80,184	89,854	261,879	19,408	451,325
Notes Receivable	-	-	7,108	-	7,108
Inventory	-	-	359,431	-	359,431
Total Assets	80,199	89,854	632,140	19,419	821,612
LIABILITIES					
Due to Others	-	-	5,043	-	5,043
Total Liabilities	-	-	5,043	-	5,043
Net Position Held in Trust	\$ 80,199	\$ 89,854	\$ 627,097	\$ 19,419	\$ 816,569

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ADDITIONS					
Interest	\$ 82	\$ 86	\$ 353	\$ 20	\$ 541
Total Additions	<u>82</u>	<u>86</u>	<u>353</u>	<u>20</u>	<u>541</u>
DEDUCTIONS					
Distribution to Participants	7,600	86	5,043	5,611	18,340
Total Deductions	<u>7,600</u>	<u>86</u>	<u>5,043</u>	<u>5,611</u>	<u>18,340</u>
Change in Net Position	(7,518)	-	(4,690)	(5,591)	(17,799)
Net Position, Beginning of Year	<u>87,717</u>	<u>89,854</u>	<u>631,787</u>	<u>25,010</u>	<u>834,368</u>
Net Position, End of Year	<u>\$ 80,199</u>	<u>\$ 89,854</u>	<u>\$ 627,097</u>	<u>\$ 19,419</u>	<u>\$ 816,569</u>

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Evidence/Abandoned Funds	Balance September 30, 2012	Additions	Deductions	Balance September 30, 2013
<i>Assets:</i>				
Cash and Equivalents	\$ 9,520	\$ 156	\$ -	\$ 9,676
<i>Liabilities</i>				
Due to Others	\$ 9,520	\$ 156	\$ -	\$ 9,676



CITY OF SEGUIN, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2013

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			
	2004	2005*	2006	2007
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 9,946,886	\$ 18,218,707	\$ 18,715,795	\$ 21,202,151
Restricted	485,625	531,129	609,630	791,109
Unrestricted	10,992,104	11,092,861	11,477,486	9,789,390
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 21,424,615</u>	<u>\$ 29,842,697</u>	<u>\$ 30,802,911</u>	<u>\$ 31,782,650</u>
<i>Business-Type Activities:</i>				
Net Investment in Capital Assets	\$ 25,155,359	\$ 24,780,987	\$ 24,719,893	\$ 24,767,252
Restricted	3,511,096	942,452	839,601	1,110,889
Unrestricted	4,632,692	7,667,641	10,786,592	13,997,400
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 33,299,147</u>	<u>\$ 33,391,080</u>	<u>\$ 36,346,086</u>	<u>\$ 39,875,541</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 35,102,245	\$ 42,999,694	\$ 43,435,688	\$ 45,969,403
Restricted	3,996,721	1,473,581	1,449,231	1,901,998
Unrestricted	15,624,796	18,760,502	22,264,078	23,786,790
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 54,723,762</u>	<u>\$ 63,233,777</u>	<u>\$ 67,148,997</u>	<u>\$ 71,658,191</u>

*Includes retroactive reporting of infrastructure assets.

Prior year amounts have been restated for the implementation of GASB 65. See Note A22.

TABLE 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 18,958,130	\$ 18,647,949	\$ 19,035,061	\$ 22,058,500	\$ 21,979,540	\$ 21,518,984
970,062	1,091,155	1,243,295	2,399,602	2,793,614	3,323,527
11,362,829	11,832,570	12,804,348	13,476,007	24,998,610	26,172,941
<u>\$ 31,291,021</u>	<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>
\$ 24,502,485	\$ 25,817,049	\$ 26,030,163	\$ 26,908,429	\$ 27,668,999	\$ 29,869,105
1,122,407	1,088,411	1,884,617	2,916,398	3,239,558	3,594,942
15,241,512	17,796,040	19,735,076	29,660,618	30,740,418	30,205,790
<u>\$ 40,866,404</u>	<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>
\$ 43,460,615	\$ 44,464,998	\$ 45,065,224	\$ 48,966,929	\$ 49,648,539	\$ 51,388,089
2,092,469	2,179,566	3,127,912	5,316,000	6,033,172	6,918,469
26,604,341	29,628,610	32,539,424	43,136,625	55,739,028	56,378,731
<u>\$ 72,157,425</u>	<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>

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

Expenses	Fiscal Year			
	2004	2005	2006	2007
<i>Governmental Activities:</i>				
General Government	\$ 2,066,233	\$ 1,491,421	\$ 2,144,300	\$ 1,878,372
Public Safety	6,668,990	7,030,748	7,560,114	8,898,829
Public Service	3,280,188	4,440,736	4,736,797	5,418,440
Capital Outlay	704,256	571,970	-	-
Interest on Long-Term Debt	441,944	578,868	954,460	1,160,419
<i>Total Governmental Activities</i>	13,161,611	14,113,743	15,395,671	17,356,060
<i>Business-Type Activities:</i>				
Utility	26,549,001	28,730,735	33,427,405	32,180,148
<i>Total Business-Type Activities</i>	26,549,001	28,730,735	33,427,405	32,180,148
Total Primary Government Expenses	\$ 39,710,612	\$ 42,844,478	\$ 48,823,076	\$ 49,536,208
Program Revenues				
<i>Governmental Activities:</i>				
<i>Charges for Services:</i>				
General Government	\$ 1,752,033	\$ 1,937,646	\$ 1,924,059	\$ 1,964,123
Public Safety	2,089,289	2,043,277	2,316,451	2,482,048
Public Service	1,417,030	1,535,572	1,722,142	2,355,714
Operating Grants and Contributions	260,124	203,241	156,943	396,114
Capital Grants and Contributions	998,753	614,296	891,532	599,544
<i>Total Governmental Activities</i>	6,517,229	6,334,032	7,011,127	7,797,543
<i>Business-Type Activities:</i>				
Charges for Services	25,806,102	28,442,576	35,133,606	34,079,849
Operating Grants and Contributions	127,500	122,000	116,500	111,000
Capital Grants and Contributions	463,424	336,870	891,707	274,110
<i>Total Business-Type Activities</i>	26,397,026	28,901,446	36,141,813	34,464,959
Total Primary Government Program Revenues	\$ 32,914,255	\$ 35,235,478	\$ 43,152,940	\$ 42,262,502

TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,794,323	\$ 1,859,944	\$ 1,859,525	\$ 2,077,927	\$ 1,482,333	\$ 1,617,167
8,891,772	9,068,057	9,494,381	10,057,294	10,617,994	11,147,424
5,946,254	6,471,090	6,636,986	6,912,623	7,849,643	8,269,202
-	-	-	-	-	-
<u>1,585,143</u>	<u>1,465,134</u>	<u>1,403,201</u>	<u>2,017,079</u>	<u>1,778,567</u>	<u>1,685,881</u>
<u>18,217,492</u>	<u>18,864,225</u>	<u>19,394,093</u>	<u>21,064,923</u>	<u>21,728,537</u>	<u>22,719,674</u>
<u>38,124,954</u>	<u>38,051,066</u>	<u>36,430,136</u>	<u>37,928,870</u>	<u>39,484,763</u>	<u>39,212,917</u>
<u>38,124,954</u>	<u>38,051,066</u>	<u>36,430,136</u>	<u>37,928,870</u>	<u>39,484,763</u>	<u>39,212,917</u>
<u>\$ 56,342,446</u>	<u>\$ 56,915,291</u>	<u>\$ 55,824,229</u>	<u>\$ 58,993,793</u>	<u>\$ 61,213,300</u>	<u>\$ 61,932,591</u>
\$ 2,396,731	\$ 2,438,156	\$ 2,419,222	\$ 2,423,729	\$ 2,617,386	\$ 2,616,261
2,178,103	2,312,047	2,957,157	3,337,034	2,940,217	3,053,799
1,948,256	2,412,189	2,228,708	2,393,691	2,464,152	2,435,778
566,929	156,418	965,782	719,700	985,512	658,404
144,622	598,398	567,658	222,703	221,193	140,973
<u>7,234,641</u>	<u>7,917,208</u>	<u>9,138,527</u>	<u>9,096,857</u>	<u>9,228,460</u>	<u>8,905,215</u>
38,334,793	41,231,252	39,290,331	43,211,099	41,463,853	40,827,258
105,500	-	-	-	-	-
674,119	490,976	87,917	257,571	40,454	215,212
<u>39,114,412</u>	<u>41,722,228</u>	<u>39,378,248</u>	<u>43,468,670</u>	<u>41,504,307</u>	<u>41,042,470</u>
<u>\$ 46,349,053</u>	<u>\$ 49,639,436</u>	<u>\$ 48,516,775</u>	<u>\$ 52,565,527</u>	<u>\$ 50,732,767</u>	<u>\$ 49,947,685</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Net (Expense)/Revenue				
Governmental Activities	\$ (6,644,382)	\$ (7,779,711)	\$ (8,384,544)	\$ (9,558,517)
Business-Type Activities	(151,975)	170,711	2,714,408	2,284,811
Total Primary Government				
Net (Expense)	<u>\$ (6,796,357)</u>	<u>\$ (7,609,000)</u>	<u>\$ (5,670,136)</u>	<u>\$ (7,273,706)</u>
General Revenues and Other				
Changes in Net Assets				
<i>Governmental Activities:</i>				
General Property Taxes	\$ 3,497,038	\$ 3,693,120	\$ 4,046,240	\$ 4,582,576
Franchise Taxes	830,076	862,023	554,974	620,386
Sales Taxes	3,265,288	3,563,124	3,776,429	4,096,755
Occupancy Taxes	-	-	386,595	457,310
Interest and Investment Earnings	205,057	482,666	1,004,432	1,056,068
Miscellaneous	44,083	243,970	-	-
Gain (Loss) on Sale of Capital Assets	-	-	2,264	(45,385)
Special Items	-	-	-	-
Transfers	150,000	194,846	44,681	(229,454)
<i>Total Governmental Activities</i>	<u>7,991,542</u>	<u>9,039,749</u>	<u>9,815,615</u>	<u>10,538,256</u>
<i>Business-Type Activities Charges for Services:</i>				
Interest and Investment Earnings	167,130	292,971	537,526	771,998
Gain (Loss) on Sale of Capital Assets	-	40,092	2,510	243,192
Special Items	-	-	-	-
Transfers	(150,000)	(194,846)	(44,681)	229,454
<i>Total Business-Type Activities</i>	<u>17,130</u>	<u>138,217</u>	<u>495,355</u>	<u>1,244,644</u>
Total Primary Government	<u>\$ 8,008,672</u>	<u>\$ 9,177,966</u>	<u>\$ 10,310,970</u>	<u>\$ 11,782,900</u>
Change in Net Position				
Governmental Activities	\$ 1,347,160	\$ 1,260,038	\$ 1,431,071	\$ 979,739
Business-Type Activities	(134,845)	308,928	3,209,763	3,529,455
Total Primary Government	<u>\$ 1,212,315</u>	<u>\$ 1,568,966</u>	<u>\$ 4,640,834</u>	<u>\$ 4,509,194</u>

Prior year amounts have been restated for the implementation of GASB 65. See Note A22.

TABLE 2 (CONT.)

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$(10,982,851)	\$ (10,947,017)	\$(10,255,566)	\$(11,968,066)	\$(12,500,077)	\$(13,814,459)
989,458	3,671,162	2,977,659	5,539,800	2,019,544	1,829,553
<u>\$ (9,993,393)</u>	<u>\$ (7,275,855)</u>	<u>\$ (7,277,907)</u>	<u>\$ (6,428,266)</u>	<u>\$ (10,480,533)</u>	<u>\$ (11,984,906)</u>
\$ 5,049,451	\$ 5,620,048	\$ 5,694,180	\$ 6,363,981	\$ 7,032,068	\$ 7,123,720
625,509	691,665	920,524	833,019	853,330	897,556
4,355,410	4,256,246	4,473,399	4,472,305	5,512,435	5,833,464
523,108	458,343	550,999	809,377	869,409	762,465
684,611	201,373	55,460	35,855	63,548	49,726
-	-	-	500,000	505,000	510,000
-	-	-	-	-	-
(1,330,867)	-	-	3,000,000	9,585,200	-
584,000	-	72,034	804,934	(83,258)	(118,784)
<u>10,491,222</u>	<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>
565,238	160,396	42,731	37,921	67,211	39,696
20,167	3,538	-	62,802	(6,483)	32,829
-	-	-	7,000,000	-	-
(584,000)	-	(72,034)	(804,934)	83,258	118,784
<u>1,405</u>	<u>163,934</u>	<u>(29,303)</u>	<u>6,295,789</u>	<u>143,986</u>	<u>191,309</u>
<u>\$ 10,492,627</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>
\$ (491,629)	\$ 280,658	\$ 1,511,030	\$ 4,851,405	\$ 11,837,655	\$ 1,243,688
990,863	3,835,096	2,948,356	11,835,589	2,163,530	2,020,862
<u>\$ 499,234</u>	<u>\$ 4,115,754</u>	<u>\$ 4,459,386</u>	<u>\$ 16,686,994</u>	<u>\$ 14,001,185</u>	<u>\$ 3,264,550</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<i>General Fund:</i>				
Nonspendable	\$ 57,090	\$ 55,380	\$ 49,326	\$ 59,612
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>7,695,296</u>	<u>7,110,870</u>	<u>6,748,938</u>	<u>6,543,410</u>
<i>Total General Fund</i>	<u>\$ 7,752,386</u>	<u>\$ 7,166,250</u>	<u>\$ 6,798,264</u>	<u>\$ 6,603,022</u>
<i>All other Governmental Funds:</i>				
Nonspendable	\$ -	\$ 393	\$ -	\$ -
Restricted - Special Revenue	360,578	457,875	454,137	880,981
Restricted - Capital Projects	8,571,564	6,000,724	8,282,350	4,923,857
Restricted - Debt Service	485,625	519,072	464,988	652,652
Committed - Special Revenue	-	3	9,373	17,843
Assigned - Capital Projects	<u>2,571,922</u>	<u>3,466,009</u>	<u>2,954,110</u>	<u>2,278,642</u>
<i>Total Other Governmental Funds</i>	<u>\$ 11,989,689</u>	<u>\$ 10,444,076</u>	<u>\$ 12,164,958</u>	<u>\$ 8,753,975</u>

TABLE 3

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 66,379	\$ 61,015	\$ 56,899	\$ 73,101	\$ 66,104	\$ 2,037,347
-	-	-	22,800	22,800	20,100
-	-	-	-	2,208,762	2,163,385
-	-	-	-	-	157,464
<u>7,372,266</u>	<u>7,697,782</u>	<u>8,655,304</u>	<u>8,773,457</u>	<u>17,454,678</u>	<u>15,568,700</u>
<u>\$ 7,438,645</u>	<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>
\$ 2,160	\$ 5,520	\$ 4,295	\$ -	\$ 22,852	\$ 12,803
982,294	1,002,698	1,065,039	1,389,762	1,701,526	1,748,490
9,788,858	7,435,646	3,749,080	11,920,110	14,004,274	13,155,149
851,815	945,507	1,068,598	945,380	1,019,857	1,510,096
11,529	23,137	23,413	31,331	11,113	10,726
<u>2,196,305</u>	<u>2,259,074</u>	<u>1,940,052</u>	<u>2,059,875</u>	<u>2,183,206</u>	<u>2,860,482</u>
<u>\$ 13,832,961</u>	<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>

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 7,556,687	\$ 8,126,084	\$ 8,981,094	\$ 9,823,009
Licenses and Permits	318,832	244,411	233,974	313,206
Intergovernmental	1,919,841	1,364,244	845,670	1,007,956
Charges for Services	3,567,468	3,768,684	3,908,322	3,770,273
Fines and Forfeits	711,088	681,638	676,168	719,521
Interest	199,082	476,020	987,113	1,041,605
Miscellaneous	143,685	273,960	352,559	975,127
Total Revenues	<u>14,416,683</u>	<u>14,935,041</u>	<u>15,984,900</u>	<u>17,650,697</u>
Expenditures				
General Government	2,060,908	2,142,238	2,443,736	2,550,851
Public Safety	6,298,063	6,459,052	7,129,917	8,164,911
Public Service	2,973,870	3,220,304	3,419,339	4,300,974
Nondepartmental	1,604,448	1,315,515	1,834,751	1,221,472
Indirect Cost Allocation (Recovery)	(2,047,327)	(2,332,859)	(2,333,433)	(2,437,684)
Capital Projects/ Outlay	4,607,113	5,235,737	8,712,503	12,469,055
Debt Service:				
Principal	890,000	1,130,000	946,411	961,856
Interest and Fiscal Charges	391,375	560,085	740,680	1,037,116
Bond Issue Costs	70,374	-	192,351	143,930
Total Expenditures	<u>16,848,824</u>	<u>17,730,072</u>	<u>23,086,255</u>	<u>28,412,481</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,432,141)</u>	<u>(2,795,031)</u>	<u>(7,101,355)</u>	<u>(10,761,784)</u>
Other Financing Sources (Uses)				
Transfers In	1,617,403	2,945,540	1,084,933	1,537,142
Transfers Out	(1,494,403)	(2,444,660)	(1,208,609)	(1,793,596)
Issuance of Long-Term Financing	7,100,000	162,502	8,805,242	6,645,271
Payments to Refunding Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>7,223,000</u>	<u>663,382</u>	<u>8,681,566</u>	<u>6,388,817</u>
Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 4,790,859</u>	<u>\$ (2,131,649)</u>	<u>\$ 1,580,211</u>	<u>\$ (4,372,967)</u>
Debt Service as a percentage of Noncapital Expenditures	11.0%	13.5%	13.1%	13.4%

TABLE 4

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 10,578,794	\$ 11,000,334	\$ 11,586,011	\$ 12,413,070	\$ 14,250,325	\$ 14,653,908
542,193	273,991	329,009	325,496	404,953	384,153
999,436	1,467,479	2,253,478	1,462,440	1,842,006	1,062,026
4,260,013	4,942,725	5,127,519	5,071,986	5,375,293	5,364,318
964,752	818,794	1,366,173	1,534,392	1,422,147	1,446,373
674,264	201,149	54,851	35,283	63,074	378,958
455,465	329,079	129,349	741,762	721,692	778,174
<u>18,474,917</u>	<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>
2,930,937	3,047,345	3,043,817	3,271,912	2,970,433	2,995,289
8,277,544	8,532,673	8,862,366	9,919,756	9,946,852	10,421,044
3,907,102	4,087,284	4,541,940	4,562,336	5,877,185	5,996,218
1,416,615	1,310,186	1,491,764	1,809,481	1,620,181	1,949,011
(2,798,522)	(2,869,702)	(2,952,855)	(3,288,861)	(3,430,197)	(3,674,342)
5,705,912	4,970,168	5,751,957	3,792,747	2,702,978	2,305,774
1,189,174	1,414,361	1,466,258	1,584,205	1,973,707	1,977,394
1,307,381	1,465,362	1,428,424	1,678,851	1,686,787	1,628,268
249,427	22,500	-	328,000	146,006	45,636
<u>22,185,570</u>	<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>(3,710,653)</u>	<u>(2,946,626)</u>	<u>(2,787,281)</u>	<u>(2,073,998)</u>	<u>585,558</u>	<u>423,618</u>
1,747,357	811,222	631,000	1,386,102	1,264,924	2,496,336
(1,194,357)	(811,222)	(711,428)	(1,763,058)	(1,435,973)	(2,615,120)
9,380,927	1,105,409	-	11,104,090	6,455,635	4,549,100
-	-	-	-	(2,975,988)	(4,304,364)
<u>9,933,927</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>230,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,585,200</u>	<u>-</u>
<u>\$ 6,453,936</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>
16.1%	16.5%	15.7%	16.4%	17.5%	17.4%

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>
2004	\$ 3,461,323	\$ 3,265,288	\$ 304,981	\$ 525,095	\$ 7,556,687
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

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
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
2004	431,398,362	222,509,407	403,661,349	134,405,275	310,352,245	881,622,148	0.3976

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 2012 tax roll was \$1,233,930,277.

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
2004	\$ 0.2767	\$ 0.1209	\$ 0.3976	\$ 1.6850	\$ 0.3531
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

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

TABLE 8

Taxpayer	Fiscal Year 2013 (2012 Tax Levy)			Fiscal Year 2004 (2003 Tax Levy)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Rio Nogales Power Project LP	\$ 75,251,008	1	5.34%	\$ 10,911,956	3	1.25%
Temic Automotive	55,329,953	2	3.93%	102,823,980	1	11.77%
Hexcel Corporation	16,456,463	3	1.17%	13,315,740	2	1.52%
Tyson Foods, Inc.	11,373,324	4	0.81%	10,506,890	4	1.20%
Ranch @ SH123 Loop	11,216,728	5	0.80%	-		
Ameritex Pipe & Products LLC	8,711,787	6	0.62%	-		
Wal-Mart Store	8,013,474	7	0.57%	7,349,911	5	0.84%
ITW MiniGrip Inc.	7,924,101	8	0.56%	7,327,488	6	0.84%
Wal-Mart Real Estate Business Brust	7,168,593	9	0.51%	6,761,786	8	0.77%
PDF 2011 LLC & Anny LLC	6,621,105	10	0.47%	-		
Motorola, Inc.	-			5,525,545	10	0.63%
Southwestern Bell Telephone	-			7,204,200	7	0.82%
Frontier Land Limited	-			6,400,000	9	0.73%
Total	\$ 208,066,536		14.78%	\$ 178,127,496		20.37%

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
2004	\$ 3,461,322	\$ 3,314,635	95.8%	\$ 139,190	\$ 3,453,825	99.8%
2005	3,670,226	3,560,194	97.0%	100,264	3,660,458	99.7%
2006	4,043,713	3,854,709	95.3%	177,044	4,031,753	99.7%
2007	4,527,973	4,325,674	95.5%	185,754	4,511,428	99.6%
2008	5,061,063	4,855,402	95.9%	185,401	5,040,803	99.6%
2009	5,618,105	5,443,556	96.9%	137,670	5,581,226	99.3%
2010	5,987,710	5,829,714	97.4%	115,403	5,945,117	99.3%
2011	6,243,006	6,056,865	97.0%	112,461	6,169,326	98.8%
2012	6,766,524	6,577,230	97.2%	59,734	6,636,964	98.1%
2013	6,971,685	6,842,125	98.1%	-	-	98.1%

Amount collected includes discounts

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

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita	Percentage of Personal Income
	Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases					
2004	\$ 11,570,000	\$ 1,205,000	\$ -	\$ 9,315,000	\$ -	\$ 22,090,000	\$ 881,622,148	2.5%	\$ 968	7.0%
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	41,379,337	930,000	211,860	21,640,663	122,815	64,284,675	1,388,352,916	4.6%	2,478	16.3%
2013	40,187,427	565,000	310,476	20,822,573	101,857	61,987,333	1,428,682,800	4.3%	2,386	15.2%

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					
2004	\$ 11,570,000	\$ 1,205,000	\$ (485,625)	\$ 12,289,375	\$ 881,622,148	1.4%	538
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	41,379,337	930,000	(1,019,857)	41,289,480	1,388,352,916	3.0%	1,592
2013	40,187,427	565,000	(1,510,096)	39,242,331	1,428,682,800	2.7%	1,510

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, 2013
(Unaudited)

TABLE 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Guadalupe County	\$ 14,440,000	15.94%	\$ 2,301,736
Seguin Independent School District	69,936,090	57.11%	<u>39,940,501</u>
Subtotal, Overlapping Debt			42,242,237
Seguin Direct Debt (Net)			<u>39,242,331</u>
Total Direct and Overlapping Debt			<u><u>\$ 81,484,568</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)

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	<u>\$ 1,428,682,800</u>
* Debt limit (10% of assessed value)	142,868,280
Outstanding Debt ^[1]	40,752,427
Less amount set aside for repayment of general obligation debt	<u>(1,510,096)</u>
Total net debt applicable to limit	<u>39,242,331</u>
Economic Debt Margin	<u>\$ 103,625,949</u>

	Fiscal Year			
	2004	2005	2006	2007
Debt Limit	<u>\$ 87,055,382</u>	<u>\$ 91,831,882</u>	<u>\$ 94,769,620</u>	<u>\$ 97,233,367</u>
Total net debt applicable to limit	<u>(12,289,375)</u>	<u>(11,125,928)</u>	<u>(19,025,012)</u>	<u>(24,472,348)</u>
Economic Debt Margin	<u>\$ 74,766,007</u>	<u>\$ 80,705,954</u>	<u>\$ 75,744,608</u>	<u>\$ 72,761,019</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.

TABLE 13

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 111,553,781 (32,522,934)	\$ 121,476,868 (31,798,781)	\$ 127,905,951 (30,243,922)	\$ 132,808,087 (39,725,590)	\$ 138,835,292 (41,289,480)	\$ 142,868,280 (39,242,331)
<u>\$ 79,030,847</u>	<u>\$ 89,678,087</u>	<u>\$ 97,662,029</u>	<u>\$ 93,082,497</u>	<u>\$ 97,545,812</u>	<u>\$ 103,625,949</u>



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

TABLE 14

Fiscal Year	Utility Service Charges	Less: Operating Expenses*	Net Available Revenue	Debt Service Principal	Interest	Coverage
2004	\$ 25,303,119	\$(23,359,392)	\$ 1,943,727	\$ 795,000	\$ 376,103	1.66
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

* 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
2004	22,011	22,832	\$ 36,931	\$ 13,740	32.6	7,397	4.7
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

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 SIX YEARS AGO
 (Unaudited)

TABLE 16

<u>Employer</u>	<u>2012</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Texas Power Systems/CAT SISD	1,206	1	10.72%	---	---	---
Seguin Independent School District	1,085	2	9.64%	1,220	2	11.47%
Continental AG (Motorola)	1,002	3	8.91%	1,395	1	13.11%
Tyson Foods	850	4	7.55%	472	6	4.44%
CMC Steel	847	5	7.53%	838	3	7.88%
Guadalupe Regional Medical Center	667	6	5.93%	697	4	6.55%
Guadalupe County	573	7	5.09%	514	5	4.83%
Wal-Mart Super Center	400	8	3.55%	400	7	3.76%
City of Seguin	338	9	3.00%	279	9	2.62%
Texas Lutheran University	314	10	2.79%	308	8	2.89%
HEB	250	11	2.22%	250	10	2.35%
Total	7,532		66.93%	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				
	2013	2012	2011	2010	2009
Police					
Physical arrests	1,138	1,509	1,548	1,444	1,200
Traffic citations	8,911	12,349	15,040	13,027	14,456
Parking citations	291	176	44	517	615
Fire/EMS					
Emergency responses	3,903	3,162	3,692	3,578	3,738
Non-emergency response/Service Calls	588	1837	1435	74	604
Inspections	482	831	289	654	728
Refuse collection (by private contractor)					
# of customers	7,945	7,850	7,739	7,609	7,486
Parks and Recreation					
Park and sport facility rentals	622	624	734	721	690
Sport league participants	2,251	2,815	2,670	2,611	2,073
Program participants	3,509	5,172	4,822	4,782	5,875
Wave Pool admissions	13,126	13,126	14,015	10,504	13,693
Library					
Volumes in collection	62,220	69,563	76,126	76,440	76,805
Total volumes borrowed	205,281	210,820	229,389	233,609	226,206
Electric					
# of customers	8,293	8,191	8,210	8,011	8,014
Sales (millions of \$)	25.3	25.8	26.5	26.4	28.2
Water					
# of customers	7,116	7,088	7,060	7,019	7,044
Average daily production (millions of gal.)					
Surface water	2.861	2.769	2.875	2.139	2.005
Well water	3.232	3.169	3.402	3.163	4.122
Total	6.093	5.938	6.277	5.302	6.127
Water main repairs (main sizes from 3/4" to 16")	68	74	56	97	76
Wastewater					
Average daily sewage treatment (millions of gal.)	4.190	4.130	3.960	3.326	3.220

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				
2008	2007	2006	2005	2004
1,210	1,019	1,062	1,347	1,396
17,612	7,922	9,314	9,518	8,434
850	1,485	828	292	878
3,578	3,661	3,429	3,235	3,288
609	813	580	606	592
670	564	556	299	235
7,450	7,346	7,200	7,126	7,122
709	689	778	686	740
2,008	2,117	2,005	1,994	1,765
6,214	5,800	5,220	4,775	4,391
14,015	13,453	12,525	13,356	11,683
75,202	72,755	69,864	70,638	67,820
218,206	192,701	199,148	198,528	191,885
8,069	8,075	8,053	7,903	7,824
25.6	23.2	23.6	18.8	17.1
7,036	7,036	6,998	6,924	6,834
2,317	2,586	3,148	3,069	1,812
3,789	3,228	3,145	2,986	2,596
6,106	5,814	6,293	6,055	4,408
70	102	86	70	51
3,020	3,456	3,420	3,259	3,645

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

Function	Fiscal Year				
	2013	2012	2011	2010	2009
Police					
Stations	1	1	1	1	1
Police vehicles	66	62	62	62	61
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	178.48	178.48	178.48	174.91	174.63
Parks and Recreation					
Number of parks	11	11	10	10	10
Acreage	299.91	299.91	289.41	289.41	289.41
Water					
Water mains (miles)	161.00	117.00	118.90	118.63	118.28
Fire hydrants	1,085	1,081	978	978	978
Storage capacity (millions of gallons)	7.79	7.79	7.79	7.79	7.79
Wastewater					
Sanitary sewers (miles)	152.00	118.00	129.00	124.27	123.84

TABLE 18

Fiscal Year				
2008	2007	2006	2005	2004
1	1	1	1	1
60	61	60	56	55
3	3	3	3	3
174.52	173.81	172.10	162.62	161.92
10	10	10	10	10
289.41	289.41	289.41	289.41	273.94
117.64	117.14	117.14	116.50	115.39
976	973	967	955	934
7.79	7.79	7.79	7.79	7.79
119.25	118.70	118.52	111.79	109.72

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

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

Source: City Human Resources Department

TABLE 19

Fiscal Year				
2008	2007	2006	2005	2004
8	8	8	8	8
5	4	4	4	5
6	5	6	5	5
9	10	10	10	10
1	1	1	1	1
0	-	-	-	-
10	12	11	12	11
63	64	64	63	61
50	48	48	46	46
4	3	4	4	4
3	3	3	3	3
17	19	19	18	18
3	3	3	3	3
8	8	6	8	8
8	8	8	8	13
8	9	9	8	3
2	2	2	2	1
1	1	1	1	1
4	6	3	3	3
19	19	18	19	19
0	0	0	0	0
17	11	17	17	16
9	11	9	10	8
8	8	8	8	8
2	2	2	2	2
14	13	10	11	11
6	6	5	6	6
0	0	0	0	0
<u>285</u>	<u>284</u>	<u>279</u>	<u>280</u>	<u>274</u>



COMPLIANCE SECTION



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

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

We have audited the 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, 2013, which collectively comprise the City of Seguin, Texas, basic financial statements and have issued our report thereon dated February 15, 2014. We conducted our audit in accordance with audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Seguin, Texas' internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Seguin, Texas' internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 affect 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*.

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 14, 2014

