CITY OF SEGUIN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2011

Prepared by: Finance Department
Susan Caddell
Director of Finance

FOUNDED 1838

CITY OF SEGUIN

CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS

INTRODUCTORY SECTION

PAGE

TITLE PAGE i
TABLE OF CONTENTS ii
LETTER OF TRANSMITTAL v
GFOA CERTIFICATE OF ACHIEVEMENT ix
PRINCIPAL OFFICERS x
ORGANIZATIONAL CHART xi

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 3

BASIC FINANCIAL STATEMENTS 13

- STATEMENT OF NET ASSETS 14
- STATEMENT OF ACTIVITIES 16

FUND FINANCIAL STATEMENTS:

- BALANCE SHEET - GOVERNMENTAL FUNDS 18
- RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET TO THE STATEMENT OF NET ASSETS 20
- STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS 21
- RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES 23
- STATEMENT OF NET ASSETS – PROPRIETARY FUNDS 24
- STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS 26
- STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS 27
- STATEMENT OF FIDUCIARY NET ASSETS 29
- STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS 30
- NOTES TO BASIC FINANCIAL STATEMENTS 31

REQUIRED SUPPLEMENTARY INFORMATION 63

- REQUIRED SUPPLEMENTARY INFORMATION - GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL 64
- NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL 69

CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

REQUIRED SUPPLEMENTARY INFORMATION - TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF FUNDING PROGRESS - LAST THREE FISCAL YEARS 70
TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND SCHEDULE OF FUNDING PROGRESS * - LAST THREE ACTUARIAL VALUATIONS 70
REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS - LAST TWO ACTUARIAL VALUATIONS 71

OTHER SUPPLEMENTARY INFORMATION 72

COMPARATIVE BALANCE SHEETS - GENERAL FUND 73
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND 74
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - DEBT SERVICE FUND 75
COMBINING FINANCIAL STATEMENTS - NON-MAJOR GOVERNMENTAL FUNDS 76
NONMAJOR GOVERNMENTAL FUNDS - COMBINING BALANCE SHEET 78
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE 79
NONMAJOR SPECIAL REVENUE FUNDS - COMBINING BALANCE SHEET 80
NONMAJOR SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE 84
NONMAJOR CAPITAL PROJECTS FUNDS - COMBINING BALANCE SHEET 88
NONMAJOR CAPITAL PROJECTS FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE 90
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - OCCUPANCY TAX FUND 92
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - COLISEUM FUND 93
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - AQUATIC CENTER FUND 94
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - CONVENTION & VISITOR'S BUREAU 95
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - SEBASTOPOL HOUSE 96
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - POLICE DONATIONS FUND 97
COMPARATIVE STATEMENTS OF NET ASSETS - UTILITY FUND 98
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - UTILITY FUND 99
COMPARATIVE STATEMENTS OF CASH FLOWS - UTILITY FUND 100
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT - UTILITY FUND 102
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS 104

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS 105
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS 106
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS 107
COMBINING STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS 108
STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES - AGENCY FUND 109

STATISTICAL SECTION

NET ASSETS BY COMPONENT 111
CHANGES IN NET ASSETS 113
FUND BALANCES, GOVERNMENTAL FUNDS 117
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS 119
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS 121
ASSESSED VALUE AND ACTUAL VALUE OF PROPERTY 122
DIRECT AND OVERLAPPING PROPERTY TAX RATES 123
PRINCIPAL PROPERTY TAX PAYERS 124
PROPERTY TAX LEVIES AND COLLECTIONS 125
RATIOS OF OUTSTANDING DEBT BY TYPE 126
RATIOS OF GENERAL BONDED DEBT OUTSTANDING 127
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT 128
COMPUTATION OF LEGAL DEBT MARGIN 129
PLEDGED REVENUE COVERAGE 131
DEMOGRAPHIC AND ECONOMIC STATISTICS 132
PRINCIPAL EMPLOYERS 133
OPERATING INDICATORS BY FUNCTION 134
CAPITAL ASSET STATISTICS BY FUNCTION 136
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION 138

COMPLIANCE SECTION 139

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* 140

FOUNDED 1838

CITY OF SEGUIN

CITY OF SEGUIN

February 28, 2012

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, 2011. 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 and account groups 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, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2011. 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., Texas Power Systems, ITW/Minigrip, 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 (50-50 male/female) come from 22 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).

Guadalupe Regional Medical Center (GRMC), located in Seguin, contributes $36 million per year to the local economy in salaries and benefits and with 700 employees is one of the largest employers in Guadalupe County. More than 65 local physicians, practicing in 25 specialties, are actively affiliated with the Medical Center. Each year, the hospital admits approximately 5,300 patients, serves 111,000 outpatients, treats 30,000 Emergency Department visits, delivers more than 750 babies, and performs 3,000 surgeries. Jointly owned by the City of Seguin and Guadalupe County, GRMC is a not-for-profit community hospital.

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 September 2011 was 8.4%. The unemployment rate for Guadalupe County as of September 2011 was 7.5%. The unemployment rate for the City of Seguin as of September 2011 was 8.0%.

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 late 2010, Continental Automotive Systems announced that it would be consolidating its Huntsville, AL plant into its Seguin facility. The consolidation brought more than 600 jobs and over $15 million of capital investment.

In June 2011, Rave Gear announced that it would build a precise gear manufacturing plant in Seguin. The plant will employ 60 people with a $3 million capital investment and bring in a new industry to the community.

Long-term financial planning. The City issued $3,400,000 in certificates of obligation bonds in November of 2011. These bonds are to fund street and drainage projects, the purchase of a new fire truck and a grant match towards the construction of a new water storage tank. In addition, the City issued $4,375,000 in general obligation refunding bonds in November 2011.

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 is responsibility for sound financial management.

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

	Fitch Ratings	Standard & Poor's
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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Seguin
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY OF SEGUIN, TEXAS

PRINCIPAL OFFICERS

BETTY ANN MATTHIES ..... Mayor

TOMAS V. CASTELLON, JR. ..... Mayor Pro-Tem

NICK CARRILLO ..... Councilman

MANUEL E. CEVALLOS ..... Councilman

MARY LOUISE GONZALES ..... Councilwoman

DON KEIL ..... Councilman

CARLOS MEDRANO ..... Councilman

BOB PEES ..... Councilman

STEPHEN TSCHOEPE ..... Councilman

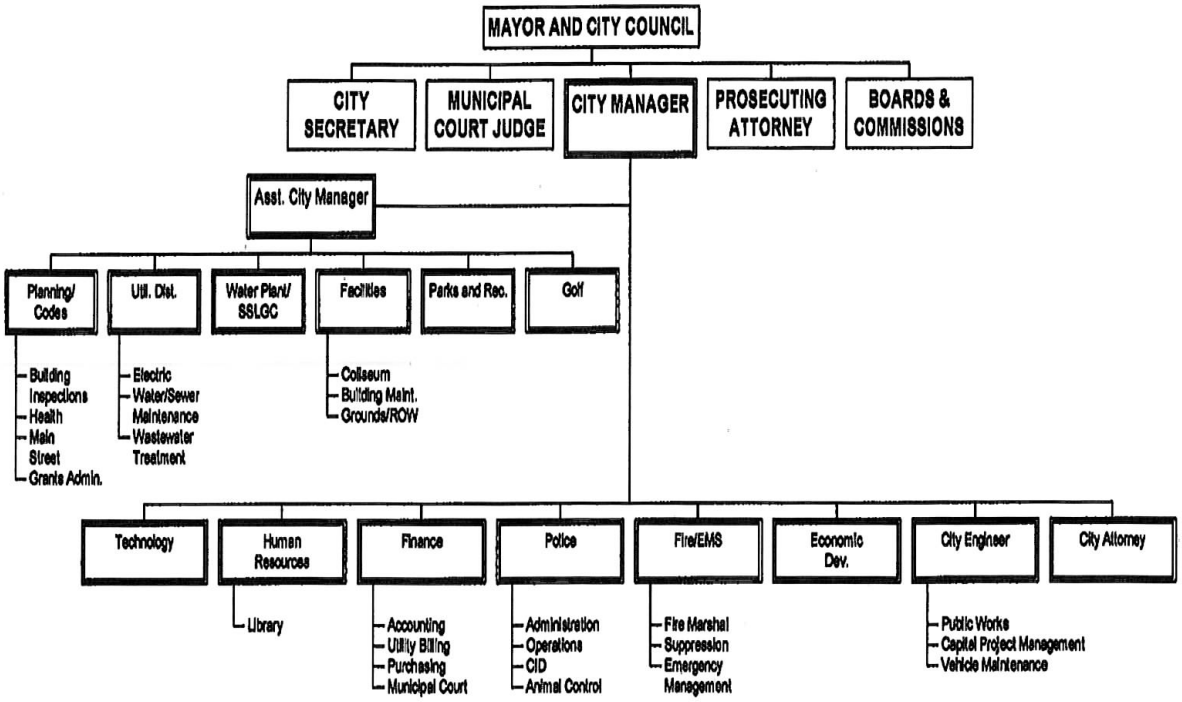
DOUG FASELER
City Manager

THALIA STAUTZENBERGER ..... City Secretary

SUSAN CADDELL ..... Director of Finance

ANDREW QUITTNER ..... City Attorney

CITY OF SEGUIN



10/09

FOUNDED 1838

CITY OF SEGUIN

SHAREHOLDERS:
Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Seguin, Texas', management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 14, 2012 on our consideration of the City of Seguin, Texas', internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 3 through 12 and pages 63 through 71 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

941 West Byrd Blvd., Suite 101 • Universal City, Texas 78148
Phone: 210-658-6229 • Fax: 210-659-7611 • Email: vaughan@avacpa.com • www.avacpa.com

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 the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seguin, Texas', financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 them.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

February 14, 2012

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, 2011. 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 of the City of Seguin exceeded its liabilities at the close of the fiscal year ending September 30, 2011, by $98,880,038 (net assets). Of this amount, $44,597,109 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net assets increased by $17,160,841 or 21% compared to the prior fiscal year. This is in part due to special items totaling $10,000,000 (more fully described in Note P to the basic financial statements). In addition, extreme drought conditions in south Texas produced increases in utility consumption for business-type activities.

- As of September 30, 2011, the City of Seguin's governmental funds reported combined ending fund balances of $25,215,816, an increase of $8,653,136. This is attributable largely in part due to the issuance of the Certificate of Obligation bonds as mentioned previously.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $8,773,457, or 57.6% of total General Fund expenses.

- The City's total debt increased by $16,529,659 during the current fiscal year. The City issued Certificate of Obligation Bonds in the amount of $10,760,000 and Utility Revenue Bonds in the amount of $7,835,000.

- During the year, the City's expenses were $4,316,475 less than the $22,111,394 generated in taxes and other revenues for governmental activities.

- The total cost of the City's governmental activity programs increased by $1,359,199 from last year, and no new programs were added this year. Salaries and benefits increased from fiscal year 2011. In addition, depreciation increased due to several street and drainage projects being completed in fiscal year 2010 and 2011.

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 assets* presents information on all of the City of Seguin's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 assets* 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 13 - 17 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 assets* 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 21 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 18 - 23.

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 assets* 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 24 - 28 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 29 - 30 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 31 - 62 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 63 - 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 72-109 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of September 30, 2011, the City of Seguin's assets exceeded liabilities by $98,880,038. Table A-1 is a

condensed version of the City's statement of net assets for the years ended September 30, 2011 and 2010, respectively.

The largest portion of the City's total net assets (49.5%) 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 Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current assets	$ 17,149,024	$ 15,755,455	$ 32,545,614	$ 22,026,365	$ 49,694,638	$ 37,781,820
Capital assets	51,286,779	47,193,041	41,784,165	39,768,846	93,070,944	86,961,887
Other non current assets	14,602,385	5,494,463	13,051,351	6,061,896	27,653,736	11,556,359
Total assets	$ 83,038,188	$ 68,442,959	$ 87,381,130	$ 67,857,107	$170,419,318	$136,300,066
Liabilities						
Current liabilities	$ 2,182,746	$ 2,257,609	$ 5,046,874	$ 4,485,818	$ 7,229,620	$ 6,743,427
Noncurrent liabilities	42,066,959	32,518,276	22,242,701	15,319,166	64,309,660	47,837,442
Total liabilities	44,249,705	34,775,885	27,289,575	19,804,984	71,539,280	54,580,869
Net Assets						
Invested in Capital Assets	22,058,500	19,035,061	26,908,429	26,030,163	48,966,929	45,065,224
Restricted	2,399,602	1,243,295	2,916,398	1,884,617	5,316,000	3,127,912
Unrestricted	14,330,381	13,388,718	30,266,728	20,137,343	44,597,109	33,526,061
Total Net Assets	38,788,483	33,667,074	60,091,555	48,052,123	98,880,038	81,719,197
Total liabilities and net assets	$ 83,038,188	$ 68,442,959	$ 87,381,130	$ 67,857,107	$170,419,318	$136,300,066

An additional portion of the city of Seguin's net assets (5.4%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net assets of $44,597,109 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 assets, 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.

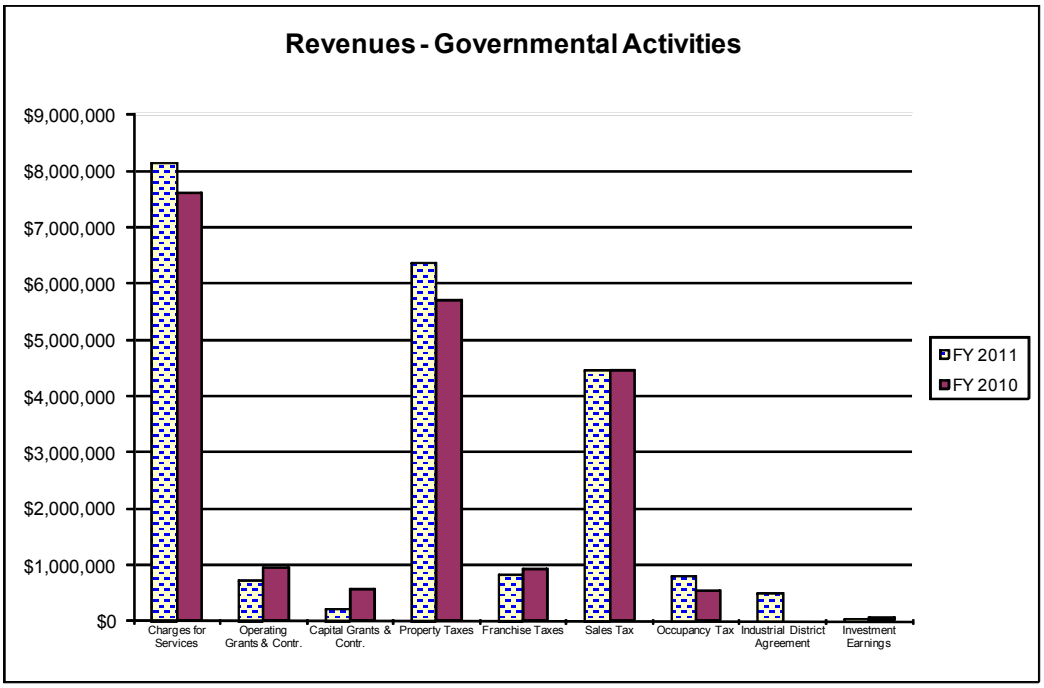
Changes in Net Assets. The City's total government-wide revenues increased by $5,426,719 or 9%. This was largely due to increase in electric, water and sewer consumption due to the drought. In addition, the City received a reimbursement from a developer on a sewer line the City had installed in the amount of $1,104,359. The City's total government-wide expenses increased by $2,654,090 or 4.8%. This was largely attributable to the increase in salaries and benefits and the increase in wholesale power and water costs and other operating expenditures related to the increased consumption. In addition an increase in interest on long-term debt was due to the issuance of Certificates of Obligation Bonds.

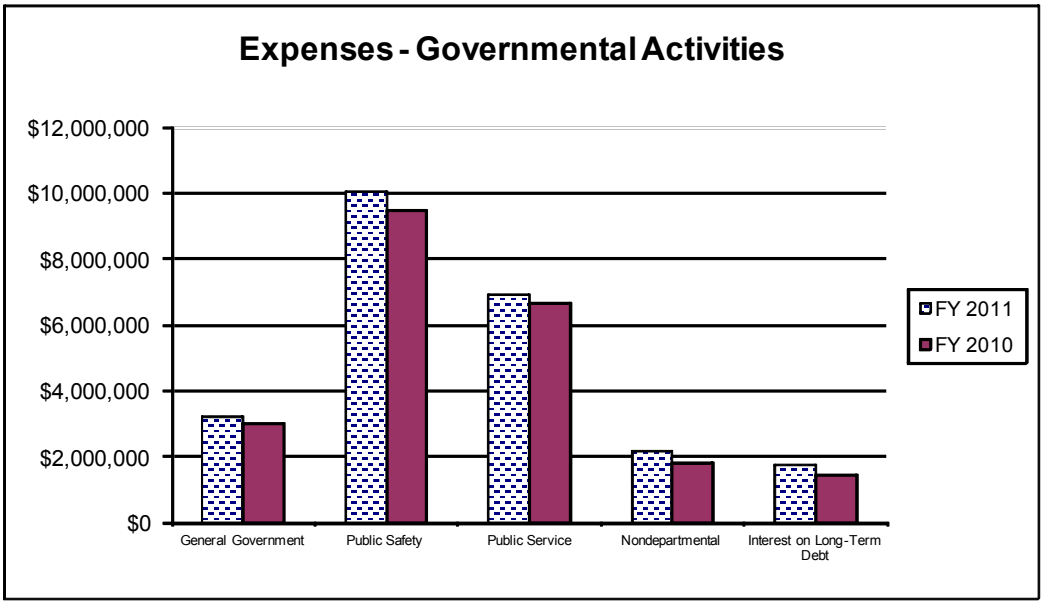
Table A-2
Changes in City of Seguin's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for Services	$ 8,154,454	$ 7,605,087	$ 43,211,099	$ 39,290,331	$ 51,365,553	$ 46,895,418
Operating Grants and Contributions	719,700	965,782	-	-	719,700	965,782
Capital Grants and Contributions	222,703	567,658	257,571	87,917	480,274	655,575
General Revenues						
Property Taxes	6,363,981	5,694,180	-	-	6,363,981	5,694,180
Franchise Taxes	833,019	920,524	-	-	833,019	920,524
Sales Tax	4,472,305	4,473,399	-	-	4,472,305	4,473,399
Occupancy Tax	809,377	550,999	-	-	809,377	550,999
Industrial District Agreement	500,000	-	-	-	500,000	-
Investment Earnings	35,855	55,460	37,921	42,731	73,776	98,191
Gain (Loss) on Sale of Assets	-	-	62,802	-	62,802	-
Total Revenues:	22,111,394	20,833,089	43,569,393	39,420,979	65,680,787	60,254,068
Expenses:						
General Government	3,188,051	2,998,970	-	-	3,188,051	2,998,970
Public Safety	10,057,294	9,494,381	-	-	10,057,294	9,494,381
Public Service	6,912,623	6,636,986	-	-	6,912,623	6,636,986
Nondepartmental	2,178,737	1,813,410	-	-	2,178,737	1,813,410
Indirect Cost Allocation	(3,288,861)	(2,952,855)	-	-	(3,288,861)	(2,952,855)
Capital Outlay	-	-	-	-	-	-
Interest on Long-Term Debt	1,747,075	1,444,828	-	-	1,747,075	1,444,828
Utility	-	-	37,725,027	36,430,136	37,725,027	36,430,136
Total Expenses	20,794,919	19,435,720	37,725,027	36,430,136	58,519,946	55,865,856
Excess (Deficiency) Before	1,316,475	1,397,369	5,844,366	2,990,843	7,160,841	4,388,212
Transfers In (Out)	804,934	-	(804,934)	-	-	-
Special Items and Transfers	3,000,000	72,034	7,000,000	(72,034)	10,000,000	-
Increase (Decrease) in Net Assets	$ 5,121,409	$ 1,469,403	$ 12,039,432	$ 2,918,809	$ 17,160,841	$ 4,388,212

Governmental activities. The City's total governmental revenues increased by $1,278,305 or 5.2% above last year. The City's total governmental expenses increased by $1,359,199 or 7% above last year.

- An increase in property tax values, addition of annexed properties and new improvements, and an increase in general obligation bond payments, enabled an increase of property tax revenue of $669,801. Taxable values increased $92.2 million or 7.3% above last year. General obligation bond payments increased by $208,328 or 7.9%.
- An Industrial District Agreement was recently negotiated with a local corporation. Under this agreement, this corporation will be making an annual payment to the City of $500,000, to be increased each year by approximately 1% for the next ten years. Fiscal year 2011 was the initial year of the agreement.
- Miscellaneous Violations increased by $131,786 or 10.4%. This was due to an increase in the number of citations issued and increased collection efforts through warrants.
- Building Permits increased by $34,193 or 15.5%. This was due to increased construction activity and the housing incentive, which included waiving permit fees, was discontinued.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of $10,057,294. These expenses are offset by revenues collected from a variety of sources, with the largest being from fines and penalties in the amount of $1,403,730. Additional funding also included EMS revenue in the amount of $999,638. The major components of public safety are police and fire. Police accounted for $5.01 million in public safety expense while Fire accounted for $4.05 million in public safety expense.

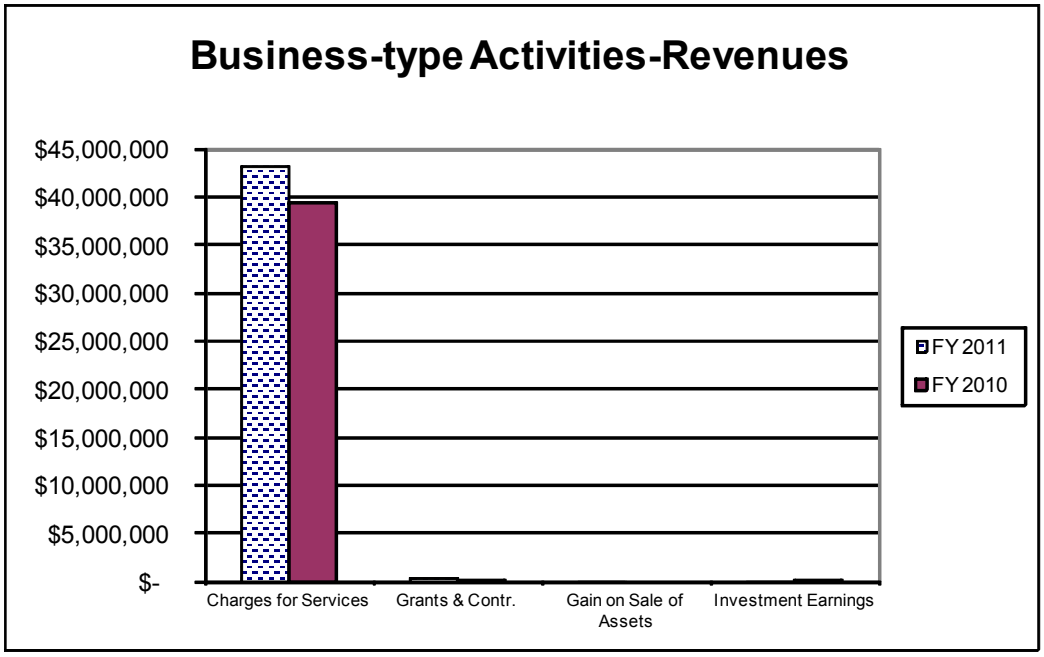


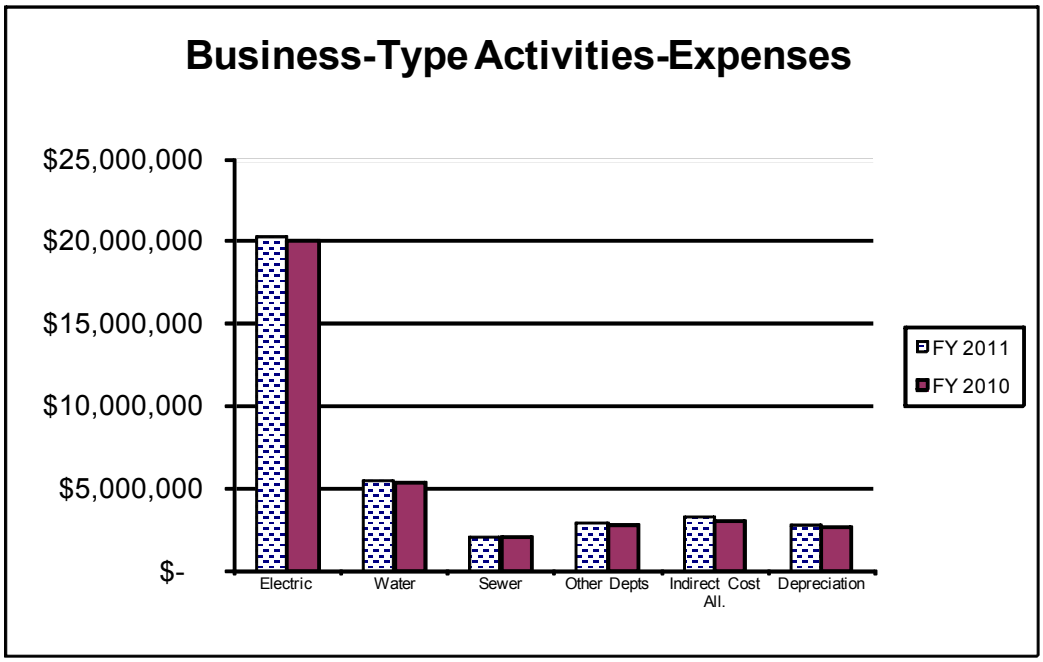


Business-type activities. The City's total business-type revenues increased by $4,148,414 or 10.5%. The City's total business-type expenses also increased by $1,294,891 or 3.6%.

- Electric revenues make up $26.9 million of the charges for services. This year electric revenues increased by $508,168. The increase was due to increase in consumption. Wholesale power costs increased by $137,249 or .78%.
- Water revenues make up $8.2 million of the charges for services. This year water revenues increased by $1,535,934 or 23%. This was a result of both an increase in consumption and an increase in water rates. Consumption was up by over 258,000,000 gallons. This resulted in an increase in wholesale water costs by $119,435.
- Sewer revenues make up $5.1 million of the charges for services. This year sewer revenues increased by $682,844 or 15.5%. Sewer rates are based upon water consumption. As mentioned earlier, consumption was up considerably.

- Miscellaneous Revenue increased by $1,193,822 or 64.6%. This was due to the reimbursement from a developer on a sewer line the City had installed in the amount of $1,104,359.





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, unreserved 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 $25,215,816. This is an increase of $8,653,136. This increase is attributable largely in part due to the issuance of Certificates of Obligation Bonds in the amount of $10,760,000. Of this total amount, $8,773,457 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 $73,101 which are prepaids and inventory, 2) restricted fund balance in the amount of $14,278,052, 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 $31,331, which is committed to aquatic fees, and 4) assigned fund balance in the amount of $2,059,875, 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 $8,773,457, while total fund balance reached $8,869,358. 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. Unassigned fund balance represents 57.6% of general fund expenditures, while total fund balance represents 58.2% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of $1,854,108, an increase of $104,650. This increase can be attributable to the fact more funds were transferred in FY11 from General Fund than was transferred in FY10.

At the end of FY11, four bond funds had a total fund balance of $12,006,744. This was an increase of $8,151,213. As mentioned earlier, Certificates of Obligation Bonds in the amount of $10,760,000 were issued this fiscal year.

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 assets of the Utility Fund at the end of the year amounted to $30,266,728. The restricted net assets amounted to $2,916,398, while net assets invested in capital assets amounted to $26,908,429.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2010-11, actual revenues on a budgetary basis were $16,953,671 compared to the final budget of $16,061,836, which is $891,835 above budget. Fines and forfeits exceeded budget by $489,165. This was due to an increase in Miscellaneous Violations as a result of increased collection efforts and larger number of citations being issued. Taxes exceeded budget by $226,191. This was due to higher property tax rates and franchise tax revenue than what was anticipated.

For FY 2010-11, actual expenditures on a budgetary basis were $15,231,465 compared to the final budget of $16,146,098, which was $914,633 below final budget amounts. Some departments had employee turnover resulting in their personnel services being under budget and savings on other operating expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2011, the City had invested $93,070,944, 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 $6,109,057 or 7%. The increase was due in part to large bond projects being completed during fiscal year 2011 and additional bond projects started due

to the issuance of the 2010 Certificates of Obligation. More detailed information about the City's capital assets can be found in Note G, page 44.

Table A-3
City of Seguin's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 3,946,860	$ 2,168,774	$ 657,789	$ 532,789	$ 4,604,649	$ 2,701,563
Buildings and Improvements	20,216,015	16,966,159	22,414,304	22,413,593	42,630,319	39,379,752
Improvements Other than Buildings	46,662,072	42,406,850	51,426,291	49,469,546	98,088,363	91,876,396
Transportation and Equipment	10,313,049	10,377,598	5,421,470	5,558,799	15,734,519	15,936,397
Construction in Progess	3,253,984	6,605,216	5,796,903	3,383,484	9,050,887	9,988,700
Totals at Historical Cost	84,391,980	78,524,597	85,716,757	81,358,211	170,108,737	159,882,808
Total Accumulated Depreciation	(33,105,201)	(31,331,556)	(43,932,592)	(41,589,365)	(77,037,793)	(72,920,921)
Net Capital Assets	$ 51,286,779	$ 47,193,041	$ 41,784,165	$ 39,768,846	$ 93,070,944	$ 86,961,887

Long-term debt. At year-end, the City had $63,654,409 in bonds, loans and capital leases outstanding as shown in Table A-4. This was an increase of $16,529,659 or 35.1% from 2010. This fiscal year, the City issued $10,760,000 in Certificates of Obligation and $7,835,000 in Utility Revenue Bonds. More detailed information about the City's debt is presented in Notes H and I, pages 46 – 49.

The City had its bond ratings upgraded this year. The tax supported debt ratings were upgraded by Fitch to AA with a stable outlook while Standard and Poor upgraded the rating to A+ with a positive outlook. The City's utility system revenue bonds' ratings were also upgraded by Fitch to A+ with a stable outlook while Standard and Poor upgraded the rating to A- with a positive outlook. The current ratio of net tax-supported debt to assessed value of all taxable property is 3%. The pledged revenue coverage for the utility system revenue bonds is 5.21.

Table A-4
City of Seguin's Bonds, Loans & Capital Leases

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Bonds Payable	$ 28,475,000	$ 29,540,000	$ 22,600,000	$ 15,570,000	$ 51,075,000	$ 45,110,000
Certificates of Obligation	10,760,000	-	-	-	10,760,000	-
Tax Anticipation Notes	1,280,000	1,615,000	-	-	1,280,000	1,615,000
State Infrastructure Loans	65,970	157,520	-	-	65,970	157,520
Capital Leases	329,118	77,683	144,321	164,547	473,439	242,230
Total Bonds & Notes Payable	$ 40,910,088	$ 31,390,203	$ 22,744,321	$ 15,734,547	$ 63,654,409	$ 47,124,750

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2011-12, 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 $995,432 or 5.1% above the FY11 budget.

- Taxable values increased for 2012 by $14,772,868, or 1.1%.
- Property tax revenue is budgeted to increase by $670,401 or 11.1%. This is attributed to the increased interest and sinking rate due to the issuance of certificates of obligation in fiscal year 2011.
- The property tax rate increased from $.4893 to $.5073. This is up from the effective tax rate of $.4866.
- Miscellaneous violations are budgeted to increase by $200,000.
- Refuse Collection Fees are budgeted to increase by $50,000 due to the increase in the rates by the contractor.
- A new gaming device license is being implemented on gaming machines within the City limits. It is estimated to bring in revenue of $25,000 annually.
- Salaries and benefits, including health insurance and workers' compensation insurance increased by $607,950.
- Gasoline increased by $121,850.
- Streets Maintenance increased by $100,000.
- Elections expenses increased by $25,000.

The projected revenues and expenditures for the Utility Fund are budgeted to increase by $1,957,393 or 5.2%.

- Water revenue is budgeted to increase by $327,000 due to an increase in water rates and capacity charges.
- Sewer revenue is budgeted to increase by $153,000 due to an increase in sewer rates and capacity charges.
- Electric revenue is budgeted to increase by $1,117,216 due to an increase in electric rates as a result of the increase in wholesale power costs. Wholesale power costs are expected to increase by $1,400,000.
- Water Purchased is expected to increase by $220,000.
- Salaries and Benefits are expected to increase by $148,585.

Personnel expenses are increasing due to a 2% cost of living and merit increases. Only three new positions were added to the budget in FY2012, while some positions were upgraded.

The City issued $3,400,000 in certificates of obligation bonds in November of 2011. These bonds are to fund street and drainage projects, the purchase of a new fire truck, and a grant match towards the construction of a new water storage tank. In addition, the City issued $4,375,000 in general obligation refunding bonds in November 2011.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF SEGUIN, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Cash and Cash Equivalents	$ 298,061	$ 109,058	$ 407,119	$ 18,804
Investments	13,623,280	23,375,263	36,998,543	1,366,027
Receivables (net of allowances for uncollectibles)				
Taxes	1,693,714	-	1,693,714	-
Accounts	1,066,099	4,913,443	5,979,542	-
Grants	315,858	-	315,858	-
Miscellaneous	78,911	2,611,212	2,690,123	-
Due From Component Unit/ Primary Government	-	15,084	15,084	150,841
Inventories	18,963	1,478,352	1,497,315	-
Prepaids	54,138	43,202	97,340	119
Restricted Assets:				
Cash and Cash Equivalents	1,882	30,527	32,409	-
Investments	12,227,496	11,243,357	23,470,853	-
Net Pension Asset	1,518,633	489,211	2,007,844	-
Deferred Charges	854,374	606,110	1,460,484	-
Notes Receivable	-	-	-	779,768
Net Present Value of Lease Financing	-	682,146	682,146	-
Capital Assets:				
Land	3,946,860	657,789	4,604,649	1,530,002
Buildings & Improvements	20,216,015	22,414,304	42,630,319	-
Improvements Other than Buildings/Infrastructure	46,662,072	51,426,291	98,088,363	-
Transportation & Equipment	10,313,049	5,421,470	15,734,519	-
Construction in Progress	3,253,984	5,796,903	9,050,887	-
Accumulated Depreciation	(33,105,201)	(43,932,592)	(77,037,793)	-
TOTAL ASSETS	$ 83,038,188	$ 87,381,130	$ 170,419,318	$ 3,845,561

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2011

	Primary Government			Component Unit
LIABILITIES AND NET ASSETS	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Liabilities:				
Accounts Payable and Other Current Liabilities	$ 1,621,421	$ 3,157,275	$ 4,778,696	$ 65,721
Deferred/Unearned Revenue	215,754	223,732	439,486	-
Net Other Post Employment Benefit	36,105	13,354	49,459	-
Accrued Interest Payable	158,625	-	158,625	-
Due to Component Unit/ Primary Government	150,841	-	150,841	15,084
Customer Deposits	-	586,115	586,115	800
Payable from Restricted Assets:				
Accrued Interest Payable	-	156,398	156,398	-
Current Portion of Long-Term Debt	-	910,000	910,000	-
Noncurrent Liabilities:				
Due within One Year	2,175,228	165,504	2,340,732	-
Due in more than One Year	39,891,731	22,077,197	61,968,928	-
TOTAL LIABILITIES	44,249,705	27,289,575	71,539,280	81,605
Net Assets:				
Invested in Capital Assets, net of related debt	22,058,500	26,908,429	48,966,929	1,530,002
Restricted for:				
Tourism & Economic Development	758,384	-	758,384	-
Public Safety	332,474	-	332,474	-
Public Service	321,704	-	321,704	-
Debt Service	987,040	2,210,790	3,197,830	-
Impact Fees	-	705,608	705,608	-
Unrestricted	14,330,381	30,266,728	44,597,109	2,233,954
TOTAL NET ASSETS	38,788,483	60,091,555	98,880,038	3,763,956
TOTAL LIABILITIES & NET ASSETS	$ 83,038,188	$ 87,381,130	$ 170,419,318	$ 3,845,561

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

		Program Revenues		
Functions and Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 3,188,051	$ 2,423,729	$ 450,550	$ -
Public Safety	10,057,294	3,337,034	258,462	4,588
Public Service	6,912,623	2,393,691	10,688	218,115
Nondepartmental	2,178,737	-	-	-
Indirect Cost Allocation	(3,288,861)	-	-	-
Interest on Long-term Debt	1,747,075	-	-	-
Total Governmental Activities	20,794,919	8,154,454	719,700	222,703
Business-Type Activities				
Utility	37,725,027	43,211,099	-	257,571
Total Business-Type Activities	37,725,027	43,211,099	-	257,571
Total Primary Government	$ 58,519,946	$ 51,365,553	$ 719,700	$ 480,274
Component Unit:				
Seguin Economic Development Corporation	$ 1,241,705	$ 31,146	$ -	$ -
Total Component Unit	$ 1,241,705	$ 31,146	$ -	$ -
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				
Special Items				
Transfers				
Change in Net Assets				
Net Assets at Beginning of Year				
Net Assets 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
$ (313,772)	$ -	$ (313,772)	$ -
(6,457,210)	-	(6,457,210)	-
(4,290,129)	-	(4,290,129)	-
(2,178,737)	-	(2,178,737)	-
3,288,861	-	3,288,861	-
(1,747,075)	-	(1,747,075)	-
(11,698,062)	-	(11,698,062)	-
-	5,743,643	5,743,643	-
-	5,743,643	5,743,643	-
(11,698,062)	5,743,643	(5,954,419)	-
-	-	-	(1,210,559)
-	-	-	(1,210,559)
6,363,981	-	6,363,981	-
833,019	-	833,019	-
4,472,305	-	4,472,305	880,222
809,377	-	809,377	-
500,000	-	500,000	-
-	62,802	62,802	-
35,855	37,921	73,776	46,520
13,014,537	100,723	13,115,260	926,742
3,000,000	7,000,000	10,000,000	-
804,934	(804,934)	-	-
5,121,409	12,039,432	17,160,841	(283,817)
33,667,074	48,052,123	81,719,197	4,047,773
$ 38,788,483	$ 60,091,555	$ 98,880,038	$ 3,763,956

CITY OF SEGUIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

ASSETS	General Fund	2010 Certificates of Obligation	Debt Service Fund
Cash and Cash Equivalents	$ 210,623	$ -	$ 5,498
Investments	8,847,088	-	933,222
Receivables (net of allowances for uncollectibles):			
Taxes	1,299,143	-	209,897
Accounts	1,015,962	-	-
Grants	16,486	-	-
Miscellaneous	72,620	-	-
Due from Other Funds	1,540	-	-
Inventories	18,963	-	-
Prepaid Items	54,138	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	1,776	-
Investments	-	10,137,062	-
TOTAL ASSETS	$ 11,536,563	$ 10,138,838	$ 1,148,617
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 442,441	$ 47,734	$ 2,952
Accrued Expenditures	683,523	-	-
Due to Component Unit	150,841	-	-
Deferred/Unearned Revenues	1,383,349	-	200,285
Due to Other Funds	-	-	-
Due to Others	7,051	-	-
TOTAL LIABILITIES	2,667,205	47,734	203,237
Nonspendable:			
Prepaids and Inventory	73,101	-	-
Restricted:			
Tourism& Economic Development	-	-	-
Public Safety	-	-	-
Public Service	22,800	-	-
Capital Projects	-	10,091,104	-
Debt Service	-	-	945,380
Committed:			
Aquatic Fees	-	-	-
Assigned:			
Capital Projects	-	-	-
Unassigned	8,773,457	-	-
Total Fund Balances	8,869,358	10,091,104	945,380
TOTAL LIABILITIES & FUND BALANCES	$ 11,536,563	$ 10,138,838	$ 1,148,617

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
$ 66,162	$ 282,283
3,064,874	12,845,184
50,137	1,559,177
484,046	1,500,008
-	16,486
-	72,620
-	1,540
-	18,963
-	54,138
106	1,882
2,090,435	12,227,497
$ 5,755,760	$ 28,579,778
$ 401,130	$ 894,257
5,231	688,754
-	150,841
13,963	1,597,597
1,540	1,540
23,922	30,973
445,786	3,363,962
-	73,101
758,384	758,384
332,474	332,474
298,904	321,704
1,829,006	11,920,110
-	945,380
31,331	31,331
2,059,875	2,059,875
-	8,773,457
5,309,974	25,215,816
$ 5,755,760	$ 28,579,778

FOUNDED 1838

CITY OF SEGUIN

CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ 25,215,816
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		51,286,779
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 Assets.		792,729
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Net Pension Asset	1,518,633	
Deferred Revenues	1,381,841	2,900,474
Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		854,374
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 Long-term Debt	40,580,970	
Unamortized Bond Premiums	314,283	
Capital Leases	329,118	
Net Other Post Employment Benefit Obligation	36,105	
Compensated Absences	842,588	(42,103,064)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		(158,625)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		$ 38,788,483

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	2010 Certificates of Obligation	Debt Service Fund
REVENUES			
Taxes	$ 8,793,486	$ -	$ 2,832,999
Licenses and Permits	315,296	-	-
Intergovernmental	951,119	-	181,238
Charges for Services	4,795,723	-	45,843
Fines and Forfeits	1,424,265	-	-
Interest	12,310	11,746	3,776
Miscellaneous	661,472	-	-
TOTAL REVENUES	16,953,671	11,746	3,063,856
EXPENDITURES			
Current:			
General Government	2,591,881	-	-
Public Safety	9,509,696	-	-
Public Service	4,562,336	-	-
Nondepartmental	1,802,537	-	-
Indirect Cost Allocation (Recovery)	(3,288,861)	-	-
Capital Projects/Outlay	53,876	352,642	-
Debt Service:			
Principal	-	-	1,522,995
Interest and Fiscal Charges	-	-	1,670,818
Bond Issue Costs	-	328,000	-
TOTAL EXPENDITURES	15,231,465	680,642	3,193,813
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,722,206	(668,896)	(129,957)
OTHER FINANCING SOURCES (USES)			
Transfers In	41,663	-	6,739
Transfers Out	(1,606,714)	-	-
Proceeds from Certificates of Obligation	-	10,760,000	
Proceeds from Capital Leases	-	-	
TOTAL OTHER FINANCING SOURCES (USES)	(1,565,051)	10,760,000	6,739
Net Change in Fund Balance	157,155	10,091,104	(123,218)
Fund Balances at Beginning of Year	8,712,203	-	1,068,598
Fund Balances at End of Year	$ 8,869,358	$ 10,091,104	$ 945,380

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
$ 786,585	$ 12,413,070
10,200	325,496
330,083	1,462,440
230,420	5,071,986
110,127	1,534,392
7,451	35,283
80,290	741,762
1,555,156	21,584,429
680,031	3,271,912
410,060	9,919,756
-	4,562,336
6,944	1,809,481
-	(3,288,861)
3,386,229	3,792,747
61,210	1,584,205
8,033	1,678,851
-	328,000
4,552,507	23,658,427
(2,997,351)	(2,073,998)
1,337,700	1,386,102
(156,344)	(1,763,058)
-	10,760,000
344,090	344,090
1,525,446	10,727,134
(1,471,905)	8,653,136
6,781,879	16,562,680
$ 5,309,974	$ 25,215,816

FOUNDED 1838

CITY OF SEGUIN

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, 2011

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 8,653,136
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current Year Additions	12,690,593	
Transfers from Business Activities	30,604	
Additions previously recorded as Construction in Progress	(5,952,802)	
Current Period Depreciation	(2,628,224)	4,140,171
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed.		(46,433)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net decrease in those revenues over the year.		326,395
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	(11,104,090)	
Bond Issue Costs	328,000	
Principal Payments	1,584,205	
Amortization of Bond Costs & Premiums	(38,391)	(9,230,276)
The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities, differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation.		1,163,173
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.		(78,234)
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.		193,477
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES		$ 5,121,409

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business-Type Activities	Governmental Activities
ASSETS	Utility Fund	Internal Service Funds
Cash and Cash Equivalents:		
Restricted Cash	$ 30,527	$ -
Unrestricted Cash	109,058	15,778
Investments:		
Restricted Investments	11,243,357	-
Unrestricted Invesements	23,375,263	778,096
Accounts Receivable (Net)	4,913,443	-
Miscellaneous Receivables	2,611,212	6,290
Due from Component Unit	15,084	-
Inventories	1,478,352	-
Prepaid Items	43,202	-
Total Current Assets	43,819,498	800,164
Net Pension Asset	489,211	-
Bond Issuance Costs (Net)	606,110	-
Net Present Value of Lease Financing	682,146	-
	1,777,467	-
Capital Assets:		
Land	657,789	-
Buildings and Improvements	22,414,304	-
Improvements Other than Buildings	51,426,291	-
Transportation & Equipment	5,421,470	-
Construction in Progress	5,796,903	-
Accumulated Depreciation	(43,932,592)	-
Capital Assets, net	41,784,165	-
Total Noncurrent Assets	43,561,632	-
TOTAL ASSETS	$ 87,381,130	$ 800,164

Continued

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2011

	Business-Type Activities	Governmental Activities
LIABILITIES AND NET ASSETS	Utility Fund	Internal Service Funds
Current Liabilities:		
Accounts Payable	$ 2,955,763	$ 7,435
Accrued Wages & Benefits	345,510	-
Net Other Post Employment Benefit Obligation	13,354	-
Unearned Revenue	223,732	-
Customer Deposits	586,115	-
Capital Lease Payable - Current Portion	21,506	-
Current Liabilities	4,145,980	7,435
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	156,398	-
Current Portion of Long-term Bonds	910,000	-
Current Liabilities Payable from Restricted Assets	1,066,398	-
Total Current Liabilities	5,212,378	7,435
Noncurrent Liabilities:		
Capital Lease Payable	122,814	-
Compensated Absences	121,521	-
Revenue Bonds Payable	21,832,862	-
Total Noncurrent Liabilities	22,077,197	-
TOTAL LIABILITIES	27,289,575	7,435
Net Assets:		
Invested in Capital Assets, net of related debt	26,908,429	-
Restricted for:		
Debt Service	2,210,790	-
Impact Fees	705,608	
Unrestricted	30,266,728	792,729
TOTAL NET ASSETS	60,091,555	792,729
TOTAL LIABILITIES & NET ASSETS	$ 87,381,130	$ 800,164

See accompanying notes to basic financial statements.

FOUNDED 1838

CITY OF SEGUIN

CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Utility Service	$ 40,168,854	$ -
Charges for Premiums	-	2,351,868
Miscellaneous Revenues	3,042,245	17,215
TOTAL OPERATING REVENUES	43,211,099	2,369,083
OPERATING EXPENSES		
Administration	1,498,702	2,553,220
Operation and Maintenance:		
Electric	20,772,630	-
Water Production	4,857,815	-
Water/Sewer Maintenance	3,131,732	-
Sewer	1,766,349	-
Economic Development	258,299	-
Facilities Maintenance	548,814	-
Information Technology	146,537	-
City Attorney	84,127	-
Nondepartmental	409,990	-
Indirect Cost Allocation	3,288,861	-
TOTAL OPERATING EXPENSES	36,763,856	2,553,220
OPERATING INCOME (LOSS)	6,447,243	(184,137)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	37,921	637
Gain (Loss) on Sale of Assets	62,802	
Interest and Fiscal Charges	(961,171)	-
TOTAL NONOPERATING REVENUES (EXPENSES)		
REVENUES (EXPENSES)	(860,448)	637
Net Income (Loss) Before Contributions and Transfers	5,586,795	(183,500)
Capital Contributions	257,571	-
Transfers In	118,949	376,977
Transfers Out	(923,883)	-
	(547,363)	376,977
Special Items	7,000,000	-
CHANGE IN NET ASSETS	12,039,432	193,477
NET ASSETS AT BEGINNING OF YEAR	48,052,123	599,252
NET ASSETS AT END OF YEAR	$ 60,091,555	$ 792,729

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	$ 48,583,308	$ 2,369,321
Cash Paid for Employee Wages & Benefits	(5,111,431)	-
Cash Paid to Suppliers for Goods & Services	(25,684,282)	(2,555,231)
Cash Paid General Fund for Indirect Costs	(3,288,861)	-
Net Cash Provided (Used) by Operating Activities	14,498,734	(185,910)
Cash Flows From Noncapital Financing Activities:		
Transfers (To) From Other Funds	(774,329)	376,977
Net Cash Provided (Used) by Noncapital Financing Activities	(774,329)	376,977
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(4,564,621)	-
Proceeds from Revenue Bonds	7,848,271	-
Principal Payments on Revenue Bonds	(805,000)	-
Interest and Fiscal Charges Paid	(882,576)	-
Bond Issue Costs	(248,271)	-
Principal Payments on Capital Leases	(20,226)	-
Advances (To) From Component Unit	(1,832)	-
Proceeds from Sale of Capital Assets	77,851	-
Net Cash Provided (Used) by Capital and Related Financing Activities	1,403,596	-
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	(15,471,632)	(323,182)
Investment Interest Received	37,921	636
Lease Financing - Principal Payments Received	32,421	-
Net Cash Provided (Used) by Investing Activities	(15,401,290)	(322,546)
Net Increase (Decrease) in Cash and Cash Equivalents	(273,289)	(131,479)
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	403,585	147,257
Restricted Cash and Cash Equivalents	9,289	-
	412,874	147,257
Cash and Cash Equivalents at End of Year:		
Cash and Cash Equivalents	109,058	15,778
Restricted Cash and Cash Equivalents	30,527	-
	$ 139,585	$ 15,778

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, 2011

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	$ 6,447,243	$ (184,137)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	2,761,220	-
Special Item - Contract Buy Out	7,000,000	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(1,627,791)	238
Inventory/Prepaid Items	(134,455)	-
Net Pension Asset	(374,861)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	661,130	(2,011)
Accrued Wages & Benefits	5,054	-
Net Other Postemployment Benefit Obligation	4,618	-
Unearned Revenue	(178,241)	-
Customer Deposits	(65,183)	-
	8,051,491	(1,773)
	$ 14,498,734	$ (185,910)
Supplemental Schedule of Noncash Capital Activities		
Developer Contribution of Capital Assets	$ 257,571	$ -
Net Book Value of Capital Assets Transferred to Governmental Activities	(30,605)	-
Total Noncash Activities	$ 226,966	$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2011

ASSETS	Private Purpose Trust Funds	Agency Fund
Cash and Cash Equivalents	$ 3,285	$ 9,520
Investments	473,014	-
Receivables	12,125	-
Inventory	359,431	-
TOTAL ASSETS	$ 847,855	$ 9,520
LIABILITIES & NET ASSETS		
Liabilities:		
Accounts Payable/ Due to Others	$ -	$ 9,520
Total Liabilities	-	9,520
Net Assets:		
Held in Trust for Scholarship	126,791	-
Held in Trust for Riverside Cemetery	89,861	-
Held in Trust for Industrial Development	631,203	-
Total Net Assets	847,855	-
TOTAL LIABILITIES & NET ASSETS	$ 847,855	$ 9,520

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Private Purpose Trust Funds
ADDITIONS	
Interest	$ 617
Total Additions	617
DEDUCTIONS	
Distributions to Participants	11,824
Total Deductions	11,824
Change in Net Assets	(11,207)
Net Assets Held in Trust, Beginning of Year	859,062
Net Assets Held in Trust, End of Year	$ 847,855

See accompanying notes to basic financial statements.

FOUNDED 1838

CITY OF SEGUIN

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. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. 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.

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.

Cibolo Valley Local Government Corporation (CVLGC) is a public, nonprofit corporation organized July 28, 2011 to aid, assist, and act on behalf of the cities of Cibolo, Converse, Schertz, Seguin and Selma 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. Financial statements have not been issued for the Corporation.

Summarized financial data for joint ventures has been provided in Note M. No financial information is provided for CVLGC because operations did not commence prior to September 30, 2011.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net assets 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

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 "Other 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.

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 Funds are 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 assets. 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.

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, 2010 and past due after January 31, 2011. 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.

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.

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:

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

12. COMPENSATED ABSENCES

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

13. DEFERRED/UNEARNED REVENUE

Property tax revenues and municipal court fines on-time payments are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues and municipal court on-time payments not expected to be available for the current period are reflected as deferred 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.

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

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net 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.

15. 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. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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 not granted authority to management 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.

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

15. FUND EQUITY (Continued)

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.

16. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets 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.

17. 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, 2011, the City allocated $3,288,861 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.

18. 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.

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

19. 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.

20. 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 2010 financial statements to conform to the 2011 financial statement presentation. The reclassifications had no effect on the changes in financial position.

21. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended September 30, 2011, the City implemented the following statement of financial accounting standards issued by the Governmental Accounting Standards Board:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund type Definitions

GASB Statement No. 54 established standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resource reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in the Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition was also clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

As a result of the special revenue fund type clarification, the City no longer reports the Emergency Fund as a special revenue fund. It is now combined and reported as part of the General Fund. The beginning fund balance for the General Fund included previously reported fund balance for the Emergency Fund.

NOTE B -- DEPOSITS AND INVESTMENTS

As of September 30, 2011, the City of Seguin had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Primary Government		
Local Government Investment Pools:		
TexPool	$ 18,077,504	0.04
LOGIC	42,864,906	0.10
	$ 60,942,410	
Portfolio Weighted Average Maturity		0.14
Component Unit		
Local Government Investment Pools:		
TexPool	$ 706,639	0.06
LOGIC	659,388	0.07
	$ 1,366,027	
Portfolio Weighted Average Maturity		0.13

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, 2011, 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, 2011, the government's deposits were fully 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, 2011, 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, 2010, upon which the fiscal 2011 levy was based, was $1,328,080,868 (i.e., market value less exemptions). The estimated market value was $1,664,243,488 making the taxable value 80% 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, 2011, was $0.4893 per $100 of assessed value, which means that the City has a tax margin of $2.0107 for each $100 value and could increase its annual tax levy by approximately $26,703,722 based upon the present assessed valuation of $1,328,080,868 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and deferred 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, 2011, balances of interfund amounts receivable or payable have been recorded as follows:

NOTE D -- INTERFUND RECEIVABLE/PAYABLE (Continued)

	Due From	Due To
Primary Government		
General Fund		
Nonmajor Capital Projects Fund	$ 1,540	$ -
	1,540	-
Nonmajor Capital Projects Fund		
General Fund	-	1,540
	-	1,540
Totals	$ 1,540	$ 1,540
Component Unit		
Primary Government		
General Fund	-	$ 150,841
Enterprise Fund	15,084	-
	15,084	150,841
Component Unit		
General Fund	150,841	-
Enterprise Fund	-	15,084
	150,841	15,084
Totals	$ 165,925	$ 165,925

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, 2010 with interest rates ranging from 3.0% to 5.5% and mature from 2023 through 2026. Future payments on the notes are as follows:

Fiscal Year	2011 Principal	Interest	Total
2012	$ 45,507	$ 40,363	$ 85,870
2013	48,562	37,847	86,409
2014	51,213	35,196	86,409
2015	54,011	32,398	86,409
2016	56,961	29,448	86,409
Thereafter	523,514	110,154	633,668
	$ 779,768	$ 285,406	$ 1,065,174

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,	
2012	$ 67,951
2013	67,951
2014	67,951
2015	67,951
2016	67,951
Thereafter	854,882
Total Payments	1,194,637
Less: Amount Representing Interest	(512,491)
Net Present Value of Lease Financing	$ 682,146

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011, was as follows:

Governmental Activities	Balance 10/1/2010	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2011
Land	$ 2,168,774	$ 1,778,086	$ -	$ -	$ 3,946,860
Construction in Progress	6,605,216	2,601,570	-	(5,952,802)	3,253,984
Total Assets Not Depreciated	8,773,990	4,379,656	-	(5,952,802)	7,200,844
Buildings and Improvements	16,966,159	3,249,465	(15,000)	15,391	20,216,015
Improvements Other Than Buildings	42,406,850	4,255,222	-	-	46,662,072
Transportation and Equipment	10,377,598	806,250	(1,041,142)	170,343	10,313,049
Totals at Historical Cost	69,750,607	12,690,593	(1,056,142)	(5,767,068)	84,391,980
Less Accumulated Depreciation:					
Buildings and Improvements	(5,399,776)	(362,498)	15,000	(8,098)	(5,755,372)
Improvement Other Than Buildings	(19,088,666)	(1,575,318)	-	-	(20,663,984)
Transportation and Equipment	(6,843,114)	(690,408)	994,709	(147,032)	(6,685,845)
	(31,331,556)	(2,628,224)	1,009,709	(155,130)	(33,105,201)
Governmental Capital Assets, Net	$ 47,193,042	$ 10,062,369	$ (46,433)	$ (5,922,198)	$ 51,286,779

NOTE G -- CAPITAL ASSETS

Business-Type Activities	Balance 10/1/2010	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2011
Land	$ 532,789	$ 125,000	$ -	$ -	$ 657,789
Construction in Progress	3,383,484	3,447,650	-	(1,034,231)	5,796,903
Total Assets Not Depreciated	3,916,273	3,572,650	-	(1,034,231)	6,454,692
Buildings and Improvements	22,413,593	16,102	-	(15,391)	22,414,304
Utility System	49,469,546	1,956,745	-	-	51,426,291
Transportation and Equipment	5,558,799	310,926	(277,912)	(170,343)	5,421,470
Totals at Historical Cost	81,358,211	5,856,423	(277,912)	(1,219,965)	85,716,757
Less Accumulated Depreciation:					
Buildings and Improvements	(15,574,362)	(625,251)	-	8,098	(16,191,515)
Improvement Other Than Buildings	(22,290,877)	(1,867,280)	-	-	(24,158,157)
Transportation and Equipment	(3,724,126)	(268,689)	262,863	147,032	(3,582,920)
	(41,589,365)	(2,761,220)	262,863	155,130	(43,932,592)
Business-Type Capital Assets, Net	$ 39,768,846	$ 3,095,203	$ (15,049)	$ (1,064,835)	$ 41,784,165
Discretely Presented Component Unit					
Land	$ 865,494	$ -	$ -	$ -	$ 865,494
Buildings and Improvements	691,800	-	-	-	691,800
Accumulated Depreciation	(23,792)	(3,500)	-	-	(27,292)
	$ 1,533,502	$ (3,500)	$ -	$ -	$ 1,530,002

Primary Government

Depreciation Expense was charged to the governmental functions as follows:

Governmental Activities:	
General Government	$ 9,615
Public Safety	682,985
Public Service	1,683,358
Nondepartmental	252,266
Total Governmental Activities	$ 2,628,224
Business-Type Activities:	
Administration	$ 7,771
Electric	488,838
Water	324,310
Sewer	1,242,321
Other	697,982
Total Business-Type Activities	$ 2,761,222

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 though capital leases are as follows:

Assets:	Governmental Activities	Business-Type Activities
Mowers	$ 31,477	$ -
Sweeper & Patching Truck	312,307	-
Wastewater Collection System	-	425,000
Office Equipment	3,526	17,467
Less: Accumulated Depreciation	(18,952)	(146,858)
Total	$ 328,358	$ 295,609

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2011 were as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2012	$ 127,482	$ 28,309
2013	100,919	28,309
2014	92,064	25,000
2015	27,365	25,000
2016	-	30,000
Thereafter	-	100,000
Total Payments	347,830	236,618
Less: Amount Representing Interest	(18,712)	(92,297)
Present Value of Minimum Lease Payments	$ 329,118	$ 144,321

NOTE I -- LONG-TERM DEBT

Primary Government

Bonded debt and obligations payable at September 30, 2011, comprise the following individual issues:

General Obligation Bonds:		
$5,600,000 2002 General Obligation Bonds due in annual installments of $85,000 to $550,000 through September 1, 2021; interest at 3.85% to 5.35%	$	3,000,000
$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%		4,900,000
$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%		4,230,000
$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%		2,650,000
$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% - 5.0%		5,660,000
$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% - 5.0%		8,035,000
Total General Obligation Bonds		28,475,000
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%		10,760,000
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%		585,000
$1,000,000 2009 Tax Notes payable in annual installments of $150,000 to $185,000 through 2015; interest at 2% - 4%		695,000
Total Tax Anticipation Notes		1,280,000
State Infrastructure Loans:		
$550,000 Loan from Texas Department of Transportation due in annual installments of $90,656, including interest at 3.71%, maturing July 11, 2014.		65,970
Total Governmental Long-Term Obligations	$	40,580,970

NOTE I -- LONG-TERM DEBT (Continued)

Primary Government (Continued)

Utility Fund Revenue Bonds:	
$1,300,000 Utility System Revenue Bonds, Series 1997, due in annual installments of $5,000 to $120,000 through February 1, 2017; interest at 2.9% to 4.15%	$ 645,000
$2,000,000 Utility System Revenue Refunding Bonds, Series 2000, due in annual installments of $100,000 through August 1, 2020; interest at 4.75% to 6.25%	900,000
$6,500,000 Utility System Revenue, Series 2003, due in annual installments of $160,000 to $715,000 through February 2023; interest at 3.0% to 4.85%	5,190,000
$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%	4,555,000
$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%	3,475,000
$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%	7,835,000
Total Utility Fund Revenue Bonds	$ 22,600,000

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 $1,614,955. The Reserve Fund had $1,623,046 in net assets as of September 30, 2011 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, 2011, including interest payments, are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest
2012	$ 1,600,970	$ 1,746,769	$ 910,000	$ 936,496
2013	1,595,000	1,679,589	940,000	900,858
2014	1,660,000	1,619,205	985,000	863,168
2015	1,660,000	1,555,337	1,025,000	823,145
2016	1,595,000	1,489,302	1,070,000	781,161
2017-2021	9,005,000	6,414,900	6,065,000	3,175,333
2022-2026	11,105,000	4,315,924	6,425,000	1,695,933
2027-2031	12,360,000	1,633,325	5,180,000	523,000
	$ 40,580,970	$ 20,454,351	$ 22,600,000	$ 9,699,094

NOTE I -- LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

Governmental Activities	Balance 10/1/2010	Additions	Reductions	Balance 9/30/2011	Due Within One Year
General Obligation Bonds	$ 29,540,000	$ -	$ (1,065,000)	$ 28,475,000	$ 1,115,000
Bond Premiums	333,888	-	(19,605)	314,283	-
Certificates of Obligation	-	10,760,000	-	10,760,000	70,000
Tax Anticipation Notes	1,615,000	-	(335,000)	1,280,000	350,000
State Infrastructure Loans	157,520	-	(91,550)	65,970	65,970
Capital Leases	77,683	344,090	(92,655)	329,118	117,259
Compensated Absences	794,185	478,727	(430,324)	842,588	456,999
Total Governmental Activities	32,518,276	11,582,817	(2,034,134)	42,066,959	2,175,228
Business-Type Activities					
Revenue Bonds	15,570,000	7,835,000	(805,000)	22,600,000	910,000
Bond Premiums	141,109	13,271	(11,518)	142,862	-
Capital Leases	164,547	-	(20,226)	144,321	21,506
Compensated Absences	248,510	155,638	(138,630)	265,518	143,998
Total Business-Type Activities	16,124,166	8,003,909	(975,374)	23,152,701	1,075,504
Total Primary Government	$ 48,642,442	$ 19,586,726	$ (3,009,508)	$ 65,219,660	$ 3,250,732

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

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, 2011, outstanding conduit debt from this issue was $94,250.

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, 2011, the total outstanding debt from this issue was $11,970,000.

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 statues 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.

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

	Plan Year 2010	Plan Year 2011
Employee deposit rate	6.0%	6.0%
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.

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Texas Municipal Retirement System (Continued)

Contributions (Continued)

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)	$ 1,584,926
2. Interest on Net Pension Obligation	(34,299)
3. Adjustment to the ARC	(30,925)
4. Annual Pension Cost (APC)	1,519,702
5. Contributions Made	(3,070,222)
6. Increase (Decrease) in Net Pension Obligation	(1,550,520)
7. Net Pension Obligation (Asset), Beginning of Year	(457,324)
8. Net Pension Obligation (Asset), End of Year	$ (2,007,844)

Fiscal Year	Annual Pension Cost	Actual Contribution Made	Percentage of APC Contribution
2011	$ 1,584,926	$ 3,070,222	194%
2010	1,446,866	1,757,776	121%
2009	1,504,779	1,651,193	110%

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Acturial Valuation Date	December 31, 2008	December 31, 2009	*Prior to Restructuring* December 31, 2010	*Resturctured* December 31, 2010
Acturial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Period	24 years - Closed Period	23 years - Closed Period	20.4 years - Closed Period	18.7 years - Closed Period
Asset Valuation Method	Amortized Cost	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%	2.1%

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Funded Status and Funding Progress

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010*	$ 23,888,557	$ 33,407,527	71.5%	$ 9,518,970	$ 12,743,175	74.7%
12/31/2010**	44,201,707	48,653,305	90.9%	4,451,598	12,743,175	34.9%

* Actuarial valuation performed under the original fund structure
**Actuarial valuation performed under the new fund structure

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

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

Texas 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, 2011, there were 199 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).

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Statewide Emergency Services Personnel Retirement Fund (Continued)

Plan Description (continued)

The table below summarizes the pension system membership as of August 31, 2010:

(1) Retirees and beneficiaries currently receiving benefits	2,167
(2) Terminated participants entitled to benefits but not yet receiving them	2,106
(3) Current active participants (vested and nonvested)	4,371
(4) Total Members	8,644

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.

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.

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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

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, 2010, total contributions (dues and prior service) of $2,875,103 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, 2010 and 2011. Total contributions made were equal to the contributions required by the state statute and were equal to the contributions required based on the revised August 31, 2008 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, 2010 revealed the adequacy 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, 2010 ($502,941 to pay for part of the System's administrative expenses) and with the assumed continuation of 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 $500,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2011 are less than the contributions required because of the lag in time between an actuarial valuation that shows the need for maximum state contribution amounts and the appropriations process.

Schedule of Employer Contributions

Fiscal Year Ending	(ARC) Annual Required Contributions	Actual Contributions*	Percentage of ARC Contributed	City of Seguin Contributions
August 31, 2008	$ 3,160,764	$ 11,239,339	356%	$ 4,908
August 31, 2009	2,698,271	2,698,271	100%	4,331
August 31, 2010	2,875,103	2,875,103	100%	5,005

** Includes a state contribution of $8,800,000*

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, 2008
Actuarial Cost Method	Entry Age	Entry Age
Amortizaton 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 90%/110% corridor on market value
Actuarial Assumptions:		
Investment Rate of Return*	7.75% per year, net of investment expenses	8.00% 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, 2010, the most recent valuation date, is as follows:

Acturial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Rates	Total Members Covered	UAAL Per Member Covered
8/31/2010	$ 64,113,803	$ 81,264,230	$ 17,150,427	78.9%	8644	$ 1,984

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

NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS

Retiree Health Benefits

Plan Description

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

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:

Minimum Years Continuous Service	Minimum Age	% Premium Paid by City
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 April 30, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	11
Active Plan Members	164
Total	175

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:

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)	$ 70,040
Interest on Net OPEB Obligation	1,294
Adjustment to Annual Required Contribution	(1,156)
Annual OPEB Cost (Expense)	70,178
Contributions Made	(53,074)
Increase in Net OPEB Obligation (Asset)	17,104
Net OPEB Obligation (Asset) - Beginning of Year	32,355
Net OPEB Obligation (Asset) - End of Year	$ 49,459

The City's percentage of annual OPEB cost contributed to the Plan is 75.6% for the year ended September 30, 2011. The total net OPEB obligation was $36,105 for governmental activities and $13,354 for business-type activities.

Funded Status and Funding Progress

As of April 30, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $1,161,466. The covered payroll (annual payroll of active employees covered by the Plan) was about $13,172,581, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 8.8%.

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.

NOTE K -- POST EMPLOYMENT BENEFITS (Continued)

Retiree Health Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

In the April 30, 2010 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 28 years in level dollar amounts on a closed basis. 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 2011, 2010, and 2009 were $32,780, $29,917, and $32,152, respectively, which equaled the required contributions each year.

NOTE L -- INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2011, were as follows:

Receiving Fund/Activity	Transferring Fund/Activity	Amount	
General Fund Capital Projects:	NonMajor Special Revenue	$ 41,663	Reimbursement for Payroll Costs
NonMajor Capital Project	General Fund	1,328,700	Support Infrastructure Improvements
NonMajor Capital Project	NonMajor Special Revenue	9,000	Support Infrastructure Improvements
Debt Service	NonMajor Capital Projects	6,739	Support Debt Service
Utility Fund	General Fund	20,007	Support Utility System Improvements
Utility Fund	NonMajor Capital Projects	98,942	Support Utility System Improvements
Internal Service Funds	General Fund	258,007	Support Cost of Employee Insurances
Internal Service Funds	Utility Fund	118,949	Support Cost of Employee Insurances
Total Cash Transfers		1,882,007	
Governmental Activities	Business-Type Activities	30,605	Net Book Value of Assets Transferred
Governmental Activities	Business-Type Activities	774,329	Support Buy-down of Future Pension
Total Transfers		$ 2,686,941	Liabilities (Net Pension Asset)

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants

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

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as park improvements. 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, 2011 is as follows:

NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments (Continued)

Primary Government	Total Commitments	Incurred Thru September 2011	Estimated Future Commitments
General Government			
Street & Drainage Improvements	$ 2,122,342	$ 1,975,476	$ 146,866
Professional Services (Engineering)	1,089,321	406,518	682,803
Coliseum Renovation/ Upgrades	286,194	256,907	29,287
Various Other Contractual Commitments	207,877	46,934	160,943
	3,705,734	2,685,835	1,019,899
Utility System			
Utility System Improvements	6,970,207	4,881,178	2,089,029
Professional Services (Engineering)	576,515	354,955	221,560
Various Other Contractual Commitments	183,480	46,935	136,545
	7,730,202	5,283,068	2,447,134
Total Government-Wide Commitments	$ 11,435,936	$ 7,968,903	$ 3,467,033

Guadalupe Regional Medical Center

The City of Seguin is contingently liable for 50% of operating deficits produced by Guadalupe Regional Medical Center, if any, with Guadalupe County contingently responsible for the remainder. In addition, the City would be responsible for 50% of any long-term obligations should the Hospital be in default (See Note A1). 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, 2011:

Assets:	
Current Assets	$ 32,800,331
Other Assets	12,678,572
Capital Assets (Net)	99,448,247
Total Assets	$ 144,927,150
Liabilities & Net Assets:	
Current Liabilities	$ 10,180,632
Other Liabilities	98,796,679
TOTAL LIABILITIES	108,977,311
Net Assets	35,949,839
Total Liabilities & Net Assets	$ 144,927,150
Operating Revenues:	
Net Revenues from Patient Services	$ 77,676,877
Other Operating Revenues	1,530,961
Total Operating Revenues	79,207,838
Operating Expenses:	73,669,417
Total Net Operating Income	5,538,421
Nonoperating Revenues and (Expenses)	(4,188,807)
Increase (Decrease) in Net Assets	$ 1,349,614

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, 2010:

Assets:		
Current Assets	$	3,654,995
Restricted Cash and Cash Equivalents		26,773,001
Property, Plant & Equipment		49,656,555
Other Assets		2,387,394
Total Assets	$	82,471,945
Liabilities & Net Assets:		
Current Liabilities	$	2,964,912
Revenue Bonds (Less Current Maturities and Unamortized Discounts)		74,596,381
Total Liabilities		77,561,293
Net Assets:		
Invested in Capital Assets, Net of Related Debt		(2,784,130)
Restricted		3,577,890
Unrestricted		4,116,892
		4,910,652
Total Liabilities & Net Assets	$	82,471,945

The Corporation had revenue bonds outstanding in the amount of $77,605,000 (as of September 30, 2010) 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, 2011 were $199,011 for property and casualty and $231,883 for workers' compensation coverage.

NOTE O -- SUBSEQUENT EVENTS

Subsequent to September 30, 2011, the city had the following bond issues:

General Obligation Refunding Bonds, Series 2011 were issued November 30, 2011 in the amount of $4,375,000. The bonds were issued to provide escrow funds to advance refund a portion of the Series 1997 and 2000 Utility System Revenue Bonds, and the Series 2002 General Obligation Bonds.

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011 were issued December 20, 2011 in the amount of $3,400,000. The certificates were issued to fund improvements to streets and drainage, as elevated storage tank and new fire truck.

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 in total principal amount of $880,000.

NOTE P -- SPECIAL ITEMS

Special Items are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence. The City had the following transactions during the year that were significant and infrequent:

	Governmental Activities	Business-Type Activities
Contribution of Sebastopol House	$ 3,000,000	$ -
Lump sum payment received in termination of subordinated water rights	-	7,000,000
Total Transaction Reported as Special Items	$ 3,000,000	$ 7,000,000

Sebastopol House is a registered historic landmark located in Seguin and dates to 1856. The Texas Parks and Wildlife donated the structure to the City in 2011 and the City has agreed to maintain and operate the historic site. The structure and surrounding property have been recorded at the estimated fair market value.

Termination of Subordinated Water Rights – The City was party to an agreement with the Guadalupe Blanco River Authority (GBRA) whereby the City's hydroelectric rights were subordinated to GBRA in exchange for an annual payment of 15% of additional revenues derived from the water rights. GBRA exercised a termination clause in the agreement which called for a lump-sum payment of $7,000,000 and the termination of all future annual payments.

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

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, 2011
(With Comparative Actual Amounts for 2010)

	Budgeted Amounts			Variance With Final Budget -	
REVENUES	Original	Final	**2011 Actual**	Positive (Negative)	2010 Actual
Taxes	$ 8,355,674	$ 8,567,295	**$ 8,793,486**	$ 226,191	$ 8,255,014
Licenses and Permits	197,000	197,000	**315,296**	118,296	259,809
Intergovernmental	909,051	957,672	**951,119**	(6,553)	868,496
Charges for Services	4,722,444	4,760,119	**4,795,723**	35,604	4,876,631
Fines and Forfeits	935,100	935,100	**1,424,265**	489,165	1,293,009
Interest	19,500	19,500	**12,310**	(7,190)	24,218
Miscellaneous	636,250	625,150	**661,472**	36,322	128,879
TOTAL REVENUES	15,775,019	16,061,836	**16,953,671**	891,835	15,706,056
EXPENDITURES					
GENERAL GOVERNMENT:					
Administration:					
Personnel Services	56,555	56,997	**56,990**	7	56,941
Contracted Services	1,402	1,402	**1,235**	167	1,233
Supplies	900	900	**721**	179	719
Other Services and Charges	25,500	25,058	**15,585**	9,473	12,832
Total Administration	84,357	84,357	**74,531**	9,826	71,725
Financial Administration:					
Personnel Services	230,649	233,362	**234,268**	(906)	223,731
Contracted Services	121,090	120,018	**120,018**	-	113,554
Supplies	11,075	10,856	**10,856**	-	10,429
Other Services and Charges	3,870	2,448	**2,449**	(1)	1,620
Total Financial Administration	366,684	366,684	**367,591**	(907)	349,334
City Manager:					
Personnel Services	169,491	169,664	**171,150**	(1,486)	172,254
Contracted Services	1,501	1,226	**1,225**	1	1,230
Supplies	2,000	1,563	**1,564**	(1)	1,844
Other Services and Charges	9,500	10,039	**10,039**	-	8,399
Total City Manager	182,492	182,492	**183,978**	(1,486)	183,727
Human Resources:					
Personnel Services	187,349	187,475	**187,475**	-	181,249
Contracted Services	37,601	57,153	**57,012**	141	43,234
Supplies	5,100	3,897	**3,895**	2	4,750
Other Services and Charges	38,265	31,790	**28,856**	2,934	23,183
Total Human Resources	$ 268,315	$ 280,315	**$ 277,238**	$ 3,077	$ 252,416

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, 2011
(With Comparative Actual Amounts for 2010)

	Budgeted Amounts			Variance With Final Budget -	
General Government (Cont.):	Original	Final	**2011 Actual**	Positive (Negative)	2010 Actual
Planning and Zoning Office:					
Personnel Services	$ 640,714	$ 645,674	**$ 645,674**	$ -	$ 586,499
Contracted Services	92,806	88,722	**68,790**	19,932	89,343
Supplies	36,300	60,420	**63,822**	(3,402)	30,425
Other Services and Charges	10,245	10,249	**8,769**	1,480	6,858
Total Planning and Zoning Office	780,065	805,065	**787,055**	18,010	713,125
City Secretary's Office:					
Personnel Services	53,935	54,174	**54,166**	8	52,451
Contracted Services	3,550	3,265	**3,019**	246	2,017
Supplies	2,650	2,696	**2,668**	28	2,386
Other Services and Charges	12,550	12,550	**11,081**	1,469	17,917
Total City Secretary's Office	72,685	72,685	**70,934**	1,751	74,771
Information Technology					
Personnel Services	98,512	98,512	**95,900**	2,612	71,012
Contracted Services	78,500	78,500	**76,870**	1,630	85,129
Supplies	1,350	1,350	**1,076**	274	1,656
Other Services and Charges	2,850	2,850	**1,279**	1,571	1,208
Total City Secretary's Office	181,212	181,212	**175,125**	6,087	159,005
City Attorney:					
Personal Services	61,444	62,552	**62,551**	1	44,885
Contracted Services	8,151	7,041	**695**	6,346	13,043
Supplies	400	227	**92**	135	207
Other Services and Charges	1,625	1,800	**1,589**	211	1,175
Total City Attorney:	71,620	71,620	**64,927**	6,693	59,310
Facilities and Grounds:					
Personnel Services	489,739	482,739	**476,266**	6,473	435,726
Contracted Services	75,650	90,692	**78,603**	12,089	67,536
Supplies	17,100	19,058	**17,849**	1,209	15,707
Other Services and Charges	19,000	19,000	**17,784**	1,216	16,746
Total Facilities and Grounds	601,489	611,489	**590,502**	20,987	535,715
Total General Government	$ 2,608,919	$ 2,655,919	**$ 2,591,881**	$ 64,038	$ 2,399,128

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, 2011
(With Comparative Actual Amounts for 2010)

	Budgeted Amounts			Variance With Final Budget -	
Public Safety:	Original	Final	**2011 Actual**	Positive (Negative)	2010 Actual
Police:					
Personnel Services	$4,757,339	$4,739,547	**$ 4,623,994**	$ 115,553	$4,301,795
Contracted Services	152,500	136,968	**134,528**	2,440	120,442
Supplies	72,100	95,818	**91,097**	4,721	99,866
Other Services and Charges	180,500	187,306	**162,667**	24,639	146,960
Total Police	5,162,439	5,159,639	**5,012,286**	147,353	4,669,063
Fire/EMS:					
Personnel Services	3,609,078	3,609,078	**3,578,584**	30,494	3,344,420
Contracted Services	239,950	264,017	**261,900**	2,117	276,067
Supplies	140,800	137,733	**133,292**	4,441	124,076
Other Services and Charges	97,300	82,910	**80,043**	2,867	67,086
Total Fire/EMS	4,087,128	4,093,738	**4,053,819**	39,919	3,811,649
Municipal Court:					
Personnel Services	214,214	213,073	**202,595**	10,478	163,649
Contracted Services	55,050	60,440	**60,441**	(1)	52,545
Supplies	7,300	8,341	**8,341**	-	7,634
Other Services and Charges	5,100	4,810	**3,550**	1,260	1,871
Total Municipal Court	281,664	286,664	**274,927**	11,737	225,699
Animal Control:					
Personnel Services	143,146	143,570	**143,569**	1	131,929
Contracted Services	11,502	10,947	**8,413**	2,534	8,466
Supplies	10,800	10,906	**10,364**	542	10,956
Other Services and Charges	6,700	6,725	**6,318**	407	4,604
Total Animal Control	172,148	172,148	**168,664**	3,484	155,955
Total Public Safety	9,703,379	9,712,189	**9,509,696**	202,493	8,862,366
Public Service:					
Public Works:					
Personnel Services	996,147	992,689	**941,474**	51,215	805,459
Contracted Services	1,329,725	1,371,186	**1,289,478**	81,708	1,224,645
Supplies	15,440	17,635	**14,820**	2,815	10,547
Other Services and Charges	51,900	51,877	**51,206**	671	44,007
Total Public Works	$2,393,212	$2,433,387	**$ 2,296,978**	$ 136,409	$2,084,658

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, 2011
(With Comparative Actual Amounts for 2010)

	Budgeted Amounts			Variance With Final Budget -	
Public Service: (Cont.)	Original	Final	**2011 Actual**	Positive (Negative)	2010 Actual
Vehicle Maintenance:					
Personnel Services	$ 164,608	$ 164,608	**$ 158,671**	$ 5,937	$ 156,017
Contracted Services	24,322	23,661	**20,861**	2,800	21,316
Supplies	11,200	11,451	**10,175**	1,276	13,029
Other Services and Charges	4,300	4,710	**4,259**	451	3,210
Total Vehicle Maintenance	204,430	204,430	**193,966**	10,464	193,572
Library:					
Personnel Services	401,723	405,688	**404,948**	740	383,506
Contracted Services	57,650	55,150	**42,385**	12,765	52,503
Supplies	96,797	99,232	**93,664**	5,568	95,155
Other Services and Charges	3,100	6,700	**5,797**	903	6,899
Total Library	559,270	566,770	**546,794**	19,976	538,063
Parks and Recreation:					
Personnel Services	632,393	634,224	**634,222**	2	575,142
Contracted Services	80,905	82,645	**80,018**	2,627	69,904
Supplies	61,000	62,471	**42,015**	20,456	51,312
Other Services and Charges	7,480	11,038	**9,221**	1,817	8,593
Total Parks and Recreation	781,778	790,378	**765,476**	24,902	704,951
Golf Course:					
Personnel Services	406,260	406,260	**405,234**	1,026	384,725
Contracted Services	62,650	62,986	**56,649**	6,337	48,595
Supplies	45,360	32,318	**28,688**	3,630	36,543
Other Services and Charges	65,338	78,044	**77,669**	375	75,678
Total Golf Course	579,608	579,608	**568,240**	11,368	545,541
Downtown & Main St. Programs:					
Personnel Services	141,969	144,786	**144,784**	2	137,577
Contracted Services	1,812	1,484	**1,474**	10	1,407
Supplies	12,200	4,835	**3,103**	1,732	3,200
Other Services and Charges	33,010	44,097	**41,521**	2,576	36,128
Total Downtown & Main St. Programs	188,991	195,202	**190,882**	4,320	178,312
Total Public Service	$ 4,707,289	$ 4,769,775	**$ 4,562,336**	$ 207,439	$ 4,245,097

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, 2011
(With Comparative Actual Amounts for 2010)

	Budgeted Amounts			Variance With Final Budget -	
	Original	Final	**2011 Actual**	Positive (Negative)	2010 Actual
Nondepartmental:					
Personnel Services	$ 9,300	$ 250,000	**$ 250,000**	$ -	$ -
Contracted Services	96,595	114,258	**110,996**	3,262	93,660
Building and Auto Insurance	125,000	114,060	**111,250**	2,810	116,579
Unemployment Insurance	15,000	22,833	**22,833**	-	24,291
Contributions - Civic Organizations	1,276,770	1,276,770	**1,276,770**	-	1,224,157
Other Services and Charges	37,350	35,294	**30,688**	4,606	28,800
Total Nondepartmental	1,560,015	1,813,215	**1,802,537**	10,678	1,487,487
Capital Outlay	100,000	195,000	**53,876**	141,124	-
Indirect Cost Allocation (Recovery)	(3,000,000)	(3,000,000)	**(3,288,861)**	288,861	(2,952,855)
TOTAL EXPENDITURES	15,679,602	16,146,098	**15,231,465**	914,633	14,041,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	95,417	(84,262)	**1,722,206**	1,806,468	1,664,833
OTHER FINANCING SOURCES (USES)					
Transfers In	41,028	41,028	**41,638**	610	-
Transfers (Out)	(444,986)	(1,586,707)	**(1,606,689)**	(19,982)	(711,428)
TOTAL OTHER FINANCING SOURCES (USES)	(403,958)	(1,545,679)	**(1,565,051)**	(19,372)	(711,428)
Net Change in Fund Balance	(308,541)	(1,629,941)	**157,155**	1,787,096	953,405
Fund Balance at Beginning of Year	8,712,203	8,712,203	**8,712,203**	-	7,758,798
Fund Balance at End of Year	$ 8,403,662	$ 7,082,262	**$ 8,869,358**	$ 1,787,096	$ 8,712,203

CITY OF SEGUIN, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
September 30, 2011

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 and Police Donations (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 FISCAL YEARS

Acturial Valuation Date	(1) Acturial Value of Assets	(2) Acturial Accrued Liability*	(3) Funding Ratio (1)/(2)	(4) Unfunded Acturial Accrued Liability	(5) Annual Covered Payroll	(6) Unfunded Acturial Accrued Liability as a Percentage of Covered Payroll
12/31/2008	$ 21,246,694	$ 29,885,082	71.1%	$ 8,638,388	$ 11,924,537	72.4%
12/31/2009	21,658,711	30,747,871	70.4%	9,089,160	11,977,729	75.9%
12/31/2010*	23,888,557	33,407,527	71.5%	9,518,970	12,743,175	74.7%
12/31/2010**	44,201,707	48,653,305	90.9%	4,451,598	12,743,175	34.9%

*Actuarial valuation performed under the original fund structure
**Actuarial valuation performed under the new fund structure

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]
8/31/2006	$ 42,268,305	$ 58,082,828	$ 15,814,523	72.8%	8,061	$ 1,962
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

* 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 first 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
SCHEDULE OF FUNDING PROGRESS
LAST TWO 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%

FOUNDED 1838

CITY OF SEGUIN

OTHER SUPPLEMENTARY INFORMATION

Other 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, 2011 and 2010

ASSETS	**2011**	2010
Cash and Cash Equivalents	**$ 210,623**	$ 496,022
Investments	**8,847,088**	8,158,092
Receivables:		
Taxes	**1,299,143**	1,143,098
Accounts	**1,015,962**	747,433
Grants	**16,486**	27,688
Miscellaneous	**72,620**	78,696
Due from Other Funds	**1,540**	1,048
Inventory of Supplies	**18,963**	17,404
Prepaid Items	**54,138**	39,495
TOTAL ASSETS	**$ 11,536,563**	$ 10,708,976
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	**$ 442,441**	$ 532,341
Accrued Expenditures	**683,523**	372,144
Due to Component Unit	**150,841**	131,448
Deferred/Unearned Revenue	**1,383,349**	956,969
Due to Others	**7,051**	3,871
Total Liabilities	**2,667,205**	1,996,773
Fund Balance:		
Nonspendable	**73,101**	56,899
Restricted - Tree Mitigation Fees	**22,800**	-
Unassigned	**8,773,457**	8,655,304
Total Fund Balance	**8,869,358**	8,712,203
TOTAL LIABILITIES AND FUND BALANCE	**$ 11,536,563**	$ 10,708,976

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
For The Years Ended September 30, 2011 and 2010

REVENUES	**2011**	2010
Taxes	**$ 8,793,486**	$ 8,255,014
Licenses and Permits	**315,296**	259,809
Intergovernmental	**951,119**	868,496
Charges for Services	**4,795,723**	4,876,631
Fines and Forfeits	**1,424,265**	1,293,009
Interest	**12,310**	24,218
Miscellaneous	**661,472**	128,879
TOTAL REVENUES	**16,953,671**	15,706,056
EXPENDITURES		
Current:		
General Government	**2,591,881**	2,399,128
Public Safety	**9,509,696**	8,862,367
Public Service	**4,562,336**	4,245,097
Nondepartmental	**1,802,537**	1,487,486
Capital Outlay	**53,876**	-
Indirect cost Allocation (Recovery)	**(3,288,861)**	(2,952,855)
TOTAL EXPENDITURES	**15,231,465**	14,041,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	**1,722,206**	1,664,833
OTHER FINANCING SOURCES (USES)		
Transfers In	**41,638**	-
Transfers (Out)	**(1,606,689)**	(711,428)
TOTAL OTHER FINANCING SOURCES (USES)	**(1,565,051)**	(711,428)
Net Change in Fund Balance	**157,155**	953,405
Fund Balance at Beginning of Year	**8,712,203**	7,758,798
Fund Balance at End of Year	**$ 8,869,358**	$ 8,712,203

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, 2011
(with Comparative Actual Amounts for 2010)

	Final Budgeted Amounts	**2011**	Variance Favorable (Unfavorable)	2010
REVENUES				
Taxes	$ 2,674,943	**$ 2,832,999**	$ 158,056	$ 2,779,998
Intergovernmental	48,000	**181,238**	133,238	179,238
Charges for Services	4,000	**45,843**	41,843	45,996
Interest	181,238	**3,776**	(177,462)	4,658
TOTAL REVENUES	2,908,181	**3,063,856**	155,675	3,009,890
EXPENDITURES				
Debt Service:				
Principal	1,516,547	**1,522,995**	(6,448)	1,458,822
Interest and Fiscal Charges	1,723,064	**1,670,818**	52,246	1,427,987
TOTAL EXPENDITURES	3,239,611	**3,193,813**	45,798	2,886,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	(331,430)	**(129,957)**	201,473	123,081
OTHER FINANCING SOURCES (USES)				
Transfers In	6,739	**6,739**	-	-
Net Change in Fund Balance	(324,691)	**(123,218)**	201,473	123,081
FUND BALANCE, OCTOBER 1	1,068,598	**1,068,598**	-	945,517
FUND BALANCE, SEPTEMBER 30	$ 743,907	**$ 945,380**	$ 201,473	$ 1,068,598

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.

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.

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

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

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

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

Justice Grant Fund – To account for grant revenues to be used for police department expenditures.

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

Park Development Fund – To account for permits and fees restricted to park improvements.

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

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, 2011

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and Cash Equivalents	$ 61,054	$ 5,108	$ 66,162
Investments	1,207,853	1,857,021	3,064,874
Receivables (net of allowances for uncollectibles):			
Taxes	24,037	26,100	50,137
Accounts	184,674	299,372	484,046
Restricted Assets:			
Cash and Cash Equivalents	-	106	106
Investments	-	2,090,435	2,090,435
TOTAL ASSETS	$ 1,477,618	$ 4,278,142	$ 5,755,760
LIABILITES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 18,073	$ 383,057	$ 401,130
Accrued Expenditures	5,231	-	5,231
Deferred Revenues	9,299	4,664	13,963
Due to Other Funds	-	1,540	1,540
Due to Others	23,922	-	23,922
Total Liabilities	56,525	389,261	445,786
Fund Balance:			
Restricted			
Promoting Tourism & Economic Development	758,384	-	758,384
Public Safety	332,474	-	332,474
Public Service	298,904	-	298,904
Capital Projects	-	1,829,006	1,829,006
Committed	31,331	-	31,331
Assigned	-	2,059,875	2,059,875
Total Fund Balance	1,421,093	3,888,881	5,309,974
TOTAL LIABILITIES AND FUND BALANCE	$ 1,477,618	$ 4,278,142	$ 5,755,760

FOUNDED 1838

CITY OF SEGUIN

CITY OF SEGUIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
September 30, 2011

REVENUES	Special Revenue	Capital Projects	Total
Taxes	$ 786,585	$ -	$ 786,585
Licenses and Permits	10,200	-	10,200
Intergovernmental	56,321	273,762	330,083
Charges for Services	177,450	52,970	230,420
Fines and Forfeits	110,127	-	110,127
Interest	285	7,166	7,451
Miscellaneous	9,499	70,791	80,290
TOTAL REVENUES	1,150,467	404,689	1,555,156
EXPENDITURES			
Current:			
General Government	680,031	-	680,031
Public Service	-	410,060	410,060
Nondepartmental	6,944	-	6,944
Capital Outlay	84,483	3,301,746	3,386,229
Debt Service:			
Principal	-	61,210	61,210
Interest & Fiscal Charges	-	8,033	8,033
TOTAL EXPENDITURES	771,458	3,781,049	4,552,507
Excess (Deficiency) of Revenue Over (Under) Expenditures	379,009	(3,376,360)	(2,997,351)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,337,700	1,337,700
Transfers Out	(50,663)	(105,681)	(156,344)
Proceeds of Debt Issued	-	344,090	344,090
TOTAL OTHER FINANCING SOURCES (USES)	(50,663)	1,576,109	1,525,446
Net Change in Fund Balances	328,346	(1,800,251)	(1,471,905)
FUND BALANCE, OCTOBER 1	1,092,747	5,689,132	6,781,879
FUND BALANCE, SEPTEMBER 30	$ 1,421,093	$ 3,888,881	$ 5,309,974

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2011

	Occupancy Tax Fund	Coliseum Fund	Acquatic Center Fund	Municipal Court Security Fund
ASSETS				
Cash and Cash Equivalents	$ 9,827	$ 5,045	$ 2,462	$ 5,536
Investments	412,587	150,645	28,933	77,961
Receivables (net of allowances for uncollectibles):				
Accounts	-	8,061	-	2,009
Taxes	184,674	-	-	-
TOTAL ASSETS	$ 607,088	$ 163,751	$ 31,395	$ 85,506
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	$ -	$ 7,344	$ 18	$ -
Accrued Expenditures/Expenses	-	1,753	-	280
Due to Others	-	23,922	-	-
Deferred Revenue	-	-	46	2,009
Total Liabilities	-	33,019	64	2,289
Fund Balance:				
Restricted				
Promoting Tourism & Economic Development	607,088	130,732	-	-
Public Safety	-	-	-	83,217
Public Service	-	-	-	-
Committed	-	-	31,331	-
Total Fund Balance	607,088	130,732	31,331	83,217
TOTAL LIABILITIES AND FUND BALANCE	$ 607,088	$ 163,751	$ 31,395	$ 85,506

Municipal Court Technology	Federal Forfeiture Seizure Fund	State Forfeiture Seizure Fund	Juvenile Case Manager	DARE Program Fund
$ 4,904	$ 97	$ 479	$ 380	$ 422
26,700	14,347	28,631	-	109,054
2,871	-	9,500	1,596	-
-	-	-	-	-
$ 34,475	$ 14,444	$ 38,610	$ 1,976	$ 109,476
$ -	$ -	$ -	$ -	$ 319
-	-	-	-	-
-	-	-	-	-
2,863	-	-	1,596	-
2,863	-	-	1,596	319
-	-	-	-	-
31,612	14,444	38,610	380	109,157
-	-	-	-	-
-	-	-	-	-
31,612	14,444	38,610	380	109,157
$ 34,475	$ 14,444	$ 38,610	$ 1,976	$ 109,476

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2011

	Convention & Visitors Bureau Fund	Sebastopol House	Justice Grant	Police Department Donations
ASSETS				
Cash and Cash Equivalents	$ 27,469	$ 3,468	$ -	$ 523
Investments	-	-	-	60,533
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	-	-
Taxes	-	-	-	-
TOTAL ASSETS	$ 27,469	$ 3,468	$ -	$ 61,056
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	$ 6,623	$ 552	$ -	$ 3,217
Accrued Expenditures/Expenses	2,584	614	-	-
Due to Others	-	-	-	-
Deferred Revenue	-	-	-	2,785
Total Liabilities	9,207	1,166	-	6,002
Fund Balance:				
Restricted				
Promoting Tourism & Economic Development	18,262	2,302	-	-
Public Safety	-	-	-	55,054
Public Service	-	-	-	-
Committed	-	-	-	-
Total Fund Balance	18,262	2,302	-	55,054
TOTAL LIABILITIES AND FUND BALANCE	$ 27,469	$ 3,468	$ -	$ 61,056

Park Development Fund	Library Development Fund	**Totals**
$ 233	$ 209	**$ 61,054**
89,220	209,242	**1,207,853**
-	-	**24,037**
-	-	**184,674**
$ 89,453	$ 209,451	**$ 1,477,618**
$ -	$ -	**$ 18,073**
-	-	**5,231**
-	-	**23,922**
-	-	**9,299**
-	-	**56,525**
-	-	**758,384**
-	-	**332,474**
89,453	209,451	**298,904**
-	-	**31,331**
89,453	209,451	**1,421,093**
$ 89,453	$ 209,451	**$ 1,477,618**

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended September 30, 2011

REVENUES	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
Taxes	$ 617,609	$ 130,500	$ -	$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	82,554	94,896	-
Fines and Forfeits	-	-	-	27,653
Interest	(367)	131	(32)	18
Miscellaneous	-	-	-	-
TOTAL REVENUES	617,242	213,185	94,864	27,671
EXPENDITURES				
Current:				
General Government	266,250	270,506	86,946	-
Nondepartmental	-	-	-	6,944
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	266,250	270,506	86,946	6,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	350,992	(57,321)	7,918	20,727
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(9,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(9,000)	-	-	-
Net Change in Fund Balances	341,992	(57,321)	7,918	20,727
FUND BALANCE, OCTOBER 1	265,096	188,053	23,413	62,490
FUND BALANCE, SEPTEMBER 30	$ 607,088	$ 130,732	$ 31,331	$ 83,217

Municipal Court Technology	Federal Forfeiture Seizure Fund	State Forfeiture Seizure Fund	Juvenile Case Manager	DARE Program Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	56,288
-	-	-	-	-
37,112	-	5,882	39,479	-
20	26	(2)	(14)	79
-	-	9,500	-	-
37,132	26	15,380	39,465	56,367
9,935	-	-	-	28,453
-	-	-	-	-
48,476	6,157	-	-	-
58,411	6,157	-	-	28,453
(21,279)	(6,131)	15,380	39,465	27,914
-	-	-	(41,638)	-
-	-	-	(41,638)	-
(21,279)	(6,131)	15,380	(2,173)	27,914
52,891	20,575	23,230	2,553	81,243
$ 31,612	$ 14,444	$ 38,610	$ 380	$ 109,157

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, 2011

REVENUES	Convention & Visitors Bureau Fund	Sebastopol House	Justice Grant	Police Department Donations
Taxes	$ 33,000	$ 5,476	$ -	$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	33	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest	(2)	(2)	-	79
Miscellaneous	-	-	-	-
TOTAL REVENUES	32,998	5,507	-	79
EXPENDITURES				
Current:				
General Government	14,736	3,205	-	-
Nondepartmental	-	-	-	-
Capital Outlay	-	-	-	15,610
TOTAL EXPENDITURES	14,736	3,205	-	15,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,262	2,302	-	(15,531)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	(25)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(25)	-
Net Change in Fund Balances	18,262	2,302	(25)	(15,531)
FUND BALANCE, OCTOBER 1	-	-	25	70,585
FUND BALANCE, SEPTEMBER 30	$ 18,262	$ 2,302	$ -	$ 55,054

Park Development Fund	Library Development Fund	**Totals**
$ -	$ -	**$ 786,585**
10,200	-	**10,200**
-	-	**56,321**
-	-	**177,450**
-	-	**110,127**
83	268	**285**
-	-	**9,499**
10,283	268	**1,150,467**
-	-	**680,031**
-	-	**6,944**
14,240	-	**84,483**
14,240	-	**771,458**
(3,957)	268	**379,009**
-	-	**(50,663)**
-	-	**(50,663)**
(3,957)	268	**328,346**
93,410	209,183	**1,092,747**
$ 89,453	$ 209,451	**$ 1,421,093**

CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 2011

ASSETS	General Fund Capital Projects	2008 GO Bonds	Golf Course Capital Projects	2007 Bond Fund
Cash and Cash Equivalents	$ 1,913	$ -	$ 2,760	$ -
Investments	1,721,642	-	113,815	-
Receivables, Net	325,472	-	-	-
Restricted Cash and Investments	-	2,020,185	-	70,356
TOTAL ASSETS	$ 2,049,027	$ 2,020,185	$ 116,575	$ 70,356
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	$ 190,255	$ 191,179	$ -	$ 523
Deferred Revenues	4,664	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	194,919	191,179	-	523
Fund Balances:				
Restricted for Capital Projects	-	1,829,006	-	-
Assigned to Capital Projects	1,854,108	-	116,575	69,833
Total Fund Balance	1,854,108	1,829,006	116,575	69,833
TOTAL LIABILITIES AND FUND BALANCE	$ 2,049,027	$ 2,020,185	$ 116,575	$ 70,356

2006 Bond Fund	Miscellaneous Project Funds	**Total**
$ 379	$ 56	**$ 5,108**
16,422	5,142	**1,857,021**
-	-	**325,472**
-	-	**2,090,541**
$ 16,801	$ 5,198	**$ 4,278,142**
$ -	$ 1,100	**$ 383,057**
-	-	**4,664**
-	1,540	**1,540**
-	2,640	**389,261**
-	-	**1,829,006**
16,801	2,558	**2,059,875**
16,801	2,558	**3,888,881**
$ 16,801	$ 5,198	**$ 4,278,142**

CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended September 30, 2011

	General Fund Capital Projects	2008 GO Bonds	Golf Course Capital Projects	2007 Bond Fund
REVENUES				
Intergovernmental	$ 273,762	$ -	$ -	$ -
Charges for Services	-	-	52,970	-
Interest	1,839	4,885	34	311
Miscellaneous	70,791	-	-	-
TOTAL REVENUES	346,392	4,885	53,004	311
EXPENDITURES				
Current:				
Public Service	410,060	-	-	-
Capital Outlay	1,419,163	1,415,742	41,494	340,753
Debt Service:				
Principal	55,512	-	5,698	-
Inerest & Fiscal Charges	7,014	-	1,019	-
TOTAL EXPENDITURES	1,891,749	1,415,742	48,211	340,753
Excess (Deficiency) of Revenues Over (Under Expenditures	(1,545,357)	(1,410,857)	4,793	(340,442)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	1,337,700	(98,942)	-	-
Proceeds of Bond Issues	312,307	-	-	-
Proceeds of Capital Lease Financing	-	-	31,783	-
TOTAL OTHER FINANCING SOURCES (USES)	1,650,007	(98,942)	31,783	-
Net Change in Fund Balance	104,650	(1,509,799)	36,576	(340,442)
FUND BALANCE, OCTOBER 1	1,749,458	3,338,805	79,999	410,275
FUND BALANCE, SEPTEMBER 30	$ 1,854,108	$ 1,829,006	$ 116,575	$ 69,833

2006 Bond Fund	Miscellaneous Project Funds	**Total**
$ -	$ -	**$ 273,762**
-	-	**52,970**
88	9	**7,166**
-	-	**70,791**
88	9	**404,689**
-	-	**410,060**
83,004	1,590	**3,301,746**
-	-	**61,210**
-	-	**8,033**
83,004	1,590	**3,781,049**
(82,916)	(1,581)	**(3,376,360)**
-	(6,739)	**1,232,019**
-	-	**312,307**
-	-	**31,783**
-	(6,739)	**1,576,109**
(82,916)	(8,320)	**(1,800,251)**
99,717	10,878	**5,689,132**
$ 16,801	$ 2,558	**$ 3,888,881**

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, 2011
(With Comparative Actual amounts for 2010)

	Final Budgeted Amounts	**2011**	Variance Favorable (Unfavorable)	2010
REVENUES				
Occupancy Tax	$ 314,024	**$ 617,609**	$ 303,585	$ 420,499
Interest	(150)	**(367)**	(217)	(239)
TOTAL REVENUES	313,874	**617,242**	303,368	420,260
EXPENDITURES				
Current:				
General Government:				
Contributions to Local Organizations	299,250	**266,250**	33,000	326,448
TOTAL EXPENDITURES	299,250	**266,250**	33,000	326,448
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,624	**350,992**	336,368	93,812
OTHER FINANCING SOURCES (USES)				
Transfers Out	(9,000)	**(9,000)**	-	-
Net Change in Fund Balance	5,624	**341,992**	336,368	93,812
FUND BALANCE, OCTOBER 1	265,096	**265,096**	-	171,284
FUND BALANCE, SEPTEMBER 30	$ 270,720	**$ 607,088**	$ 336,368	$ 265,096

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COLISEUM FUND
For The Year Ended September 30, 2011
(With Comparative Actual amounts for 2010)

	Final Budgeted Amounts	**2011**	Variance Favorable (Unfavorable)	2010
REVENUES				
Occupancy Tax	$ 130,500	**$ 130,500**	$ -	$ 130,500
Charges for Services	95,000	**82,554**	(12,446)	86,708
Interest	400	**131**	(269)	530
Miscellaneous	-	**-**	-	355
TOTAL REVENUES	225,900	**213,185**	(12,715)	218,093
EXPENDITURES				
General Government/Facilities & Grounds:				
Personnel Services	52,944	**50,470**	2,474	48,728
Contracted Services	162,789	**153,044**	9,745	145,067
Supplies	9,991	**7,902**	2,089	2,755
Other Services and Charges	71,462	**59,090**	12,372	2,312
Capital Outlay	-	**-**	-	158,817
TOTAL EXPENDITURES	297,186	**270,506**	26,680	357,679
Net Change in Fund Balance	(71,286)	**(57,321)**	13,965	(139,586)
FUND BALANCE, OCTOBER 1	188,053	**188,053**	-	327,639
FUND BALANCE, SEPTEMBER 30	$ 116,767	**$ 130,732**	$ 13,965	$ 188,053

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, 2011
(With Comparative Actual amounts for 2010)

	Final Budgeted Amounts	**2011**	Variance Favorable (Unfavorable)	2010
REVENUES				
Charges for Services	$ 93,000	**$ 94,896**	$ 1,896	$ 72,806
Interest	20	**(32)**	(52)	11
TOTAL REVENUES	93,020	**94,864**	1,844	72,817
EXPENDITURES				
Current:				
General Government/ Parks & Recreation				
Personnel Services	43,012	**41,040**	1,972	37,623
Contracted Services	37,615	**27,540**	10,075	21,148
Supplies	20,772	**18,366**	2,406	13,770
TOTAL EXPENDITURES	101,399	**86,946**	14,453	72,541
Net Change in Fund Balance	(8,379)	**7,918**	16,297	276
FUND BALANCE, OCTOBER 1	23,413	**23,413**	-	23,137
FUND BALANCE, SEPTEMBER 30	$ 15,034	**$ 31,331**	$ 16,297	$ 23,413

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, 2011
(With Comparative Actual amounts for 2010)

	Final Budgeted Amounts	**2011**	Variance Favorable (Unfavorable)
REVENUES			
Occupancy Tax	$ -	**$ 33,000**	$ 33,000
Interest	-	**(2)**	(2)
TOTAL REVENUES	-	**32,998**	32,998
EXPENDITURES			
Current:			
General Government	14,905	**14,736**	169
TOTAL EXPENDITURES	14,905	**14,736**	169
Net Change in Fund Balance	(14,905)	**18,262**	33,167
FUND BALANCE, OCTOBER 1	-	**-**	-
FUND BALANCE, SEPTEMBER 30	$ (14,905)	**$ 18,262**	$ 33,167

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
SEBASTOPOL HOUSE
For The Year Ended September 30, 2011
(With Comparative Actual amounts for 2010)

	Final Budgeted Amounts	**2011**	Variance Favorable (Unfavorable)
REVENUES			
Occupancy Tax	$ -	**$ 5,476**	$ 5,476
Intergovernmental	-	**33**	33
Interest	50	**(2)**	(52)
TOTAL REVENUES	50	**5,507**	5,457
EXPENDITURES			
Current:			
General Government	5,476	**3,205**	2,271
TOTAL EXPENDITURES	5,476	**3,205**	2,271
Net Change in Fund Balance	(5,426)	**2,302**	7,728
FUND BALANCE, OCTOBER 1	-	**-**	-
FUND BALANCE, SEPTEMBER 30	$ (5,426)	**$ 2,302**	$ 7,728

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, 2011
(With Comparative Actual amounts for 2010)

	Final Budgeted Amounts	**2011**	Variance Favorable (Unfavorable)	2010
REVENUES				
Interest	$ 50	**$ 79**	$ 29	$ 145
TOTAL REVENUES	50	**79**	29	145
EXPENDITURES				
Current:				
General Government:				
Supplies	-	**-**	-	1,393
Capital Outlay	63,000	**15,610**	47,390	484
TOTAL EXPENDITURES	63,000	**15,610**	47,390	1,877
Net Change in Fund Balance	(62,950)	**(15,531)**	47,419	(1,732)
FUND BALANCE, OCTOBER 1	70,585	**70,585**	-	72,317
FUND BALANCE, SEPTEMBER 30	$ 7,635	**$ 55,054**	$ 47,419	$ 70,585

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF NET ASSETS
UTILITY FUND
September 30, 2011 and 2010

ASSETS	**2011**	2010
Current Assets:		
Cash and Cash Equivalents		
Restricted Cash	**$ 30,527**	$ 9,289
Unrestricted Cash	**109,058**	403,585
Investments		
Restricted Investments	**11,243,357**	4,821,423
Unrestricted Investments	**23,375,263**	14,325,565
Accounts Receivable (Net)	**4,913,443**	4,516,813
Miscellaneous Receivables	**2,611,212**	1,380,051
Due from Component Unit	**15,084**	13,252
Inventories	**1,478,352**	1,348,762
Prepaid Items	**43,202**	38,337
Total Current Assets	**43,819,498**	26,857,077
Net Pension Asset	**489,211**	114,350
Bond Issuance Costs (Net)	**606,110**	402,267
Net Present Value of Lease Financing	**682,146**	714,567
Capital Assets	**85,716,757**	81,358,211
Accumulated Depreciation	**(43,932,592)**	(41,589,365)
TOTAL ASSETS	**$ 87,381,130**	$ 67,857,107
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	**$ 2,955,763**	$ 2,294,633
Accrued Wages and Benefits	**345,510**	352,096
Net Other Post Employment Benefit Obligation	**13,354**	8,736
Unearned Revenue	**223,732**	401,973
Customer Deposits	**586,115**	651,298
Capital Leases Payable-Current Portion	**21,506**	20,226
Total Current Liabilities	**4,145,980**	3,728,962
Payable from Restricted Assets:		
Accrued Interest Payable	**156,398**	110,712
Revenue Bonds Due Within One Year	**910,000**	805,000
Capital Leases Payable (Net of Current Maturities)	**122,814**	144,320
Compensated Absences	**121,521**	109,881
Revenue Bonds Payable (Net of Current Maturities)	**21,832,862**	14,906,109
Total Liabilities	**27,289,575**	19,804,984
Net Assets:		
Invested in Capital Assets, Net of Related Debt	**26,908,429**	26,030,163
Restricted for:		
Debt Service	**2,210,790**	1,884,617
Impact Fees	**705,608**	441,791
Unrestricted	**30,266,728**	19,695,552
Total Net Assets	**60,091,555**	48,052,123
TOTAL LIABILITIES AND NET ASSETS	**$ 87,381,130**	$ 67,857,107

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
UTILITY FUND
Years Ended September 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for Services:		
Electric	**$ 26,863,134**	$ 26,354,966
Water	**8,227,990**	6,692,056
Sewer	**5,077,730**	4,394,886
Miscellaneous Revenues	**3,042,245**	1,848,423
TOTAL OPERATING REVENUES	**43,211,099**	39,290,331
OPERATING EXPENSES		
Administration	**1,498,702**	1,447,343
Operation and Maintenance:		
Electric	**20,772,630**	20,485,867
Water Production	**4,857,815**	4,697,155
Water Distribution	**3,131,732**	2,980,335
Sewer	**1,766,349**	1,821,801
Economic Development	**258,299**	228,406
Facilities Maintenance	**548,814**	499,084
Information Technology	**146,537**	121,458
City Attorney	**84,127**	68,675
Nondepartmental	**409,990**	412,708
Indirect Cost Allocation	**3,288,861**	2,952,855
TOTAL OPERATING EXPENSES	**36,763,856**	35,715,687
Operating Income (Loss)	**6,447,243**	3,574,644
NONOPERATING REVENUES (EXPENSES)		
Interest Income	**37,921**	42,731
Gain (Loss) on Sale of Assets	**62,802**	-
Interest and Fiscal Charges	**(961,171)**	(714,449)
TOTAL NONOPERATING REVENUES (EXPENSES)	**(860,448)**	(671,718)
Net Income (Loss) before Contributions and Transfers	**5,586,795**	2,902,926
Capital Contributions	**257,571**	87,917
Transfers In (Out)	**(804,934)**	(72,034)
	(547,363)	15,883
Special Items	**7,000,000**	-
Change in Net Assets	**12,039,432**	2,918,809
Net Assets at Beginning of Year	**48,052,123**	45,133,314
Net Assets at End of Year	**$ 60,091,555**	$ 48,052,123

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
UTILITY FUND
Years Ended September 30, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities:		
Cash Received From Customers	**$ 48,583,308**	$ 39,365,768
Cash Paid for Employee Wages and Benefits	**(5,111,431)**	(4,381,142)
Cash Paid to Suppliers for Goods and Services	**(25,684,282)**	(25,837,491)
Cash Paid General Fund for Indirect Costs	**(3,288,861)**	(2,952,855)
Net Cash Provided (Used) by Operating Activities	**14,498,734**	6,194,280
Cash Flows From Noncapital Financing Activities:		
Transfers (To) From Other Funds	**(774,329)**	(72,034)
Net Cash Provided (Used) by Noncapital Financing Activities	**(774,329)**	(72,034)
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	**(4,564,621)**	(3,365,456)
Proceeds from Revenue Bonds	**7,848,271**	-
Principal Payments on Long-Term Debt	**(805,000)**	(775,000)
Interest and Fiscal Charges Paid	**(882,576)**	(699,554)
Bond Issue Costs	**(248,271)**	-
Principal Payments on Capital Leases	**(20,226)**	(20,778)
Advances To (From) Component Unit	**(1,832)**	1,552
Proceeds from Sale of Capital Assets	**77,851**	-
Capital Contributions	**-**	87,917
Net Cash Provided (Used) by Capital and Related Financing Activities	**1,403,596**	(4,771,319)
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	**(15,471,632)**	(1,118,220)
Investment Interest Received	**37,921**	42,731
Lease Financing - Principal Payments Received	**32,421**	33,845
Net Cash Provided (Used) by Investing Activities	**(15,401,290)**	(1,041,644)
Net Increase (Decrease) in Cash and Cash Equivalents	**(273,289)**	309,283
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	**403,585**	86,649
Restricted Cash and Cash Equivalents	**9,289**	16,942
	412,874	103,591
Cash and Equivalents at End of Year:		
Cash and Cash Equivalents	**109,058**	403,585
Restricted Cash and Cash Equivalents	**30,527**	9,289
	$ 139,585	$ 412,874

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
UTILITY FUND
Years Ended September 30, 2011 and 2010

	2011	2010
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	**$ 6,447,243**	$ 3,574,644
Adjustments to reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:		
Charged to Operations	**2,761,220**	2,616,943
Special Item - Contract Buy-out	**7,000,000**	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	**(1,627,791)**	(107,368)
Inventory/Prepaid Items	**(134,455)**	3,780
Net Pension Asset	**(374,861)**	(77,728)
Net Other Postemployment Benefit Asset	**-**	23,025
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	**661,130**	(78,077)
Accrued Expenses	**5,054**	81,193
Interfund Payables	**-**	(33,673)
Net Other Postemployment Benefit Obligation	**4,618**	8,736
Unearned Revenue	**(178,241)**	205,783
Customer Deposits	**(65,183)**	(22,978)
Net Cash Provided (Used) by Operating Activities	**$ 14,498,734**	$ 6,194,280
Transactions Not Affecting Cash and Cash Equivalents:		
Developer Contributions - Capital Assets	**$ 257,571**	$ -
Net Book Value of Capital Assets transferred to Governmental Activities	**(30,605)**	-
Total Noncash Activities	**$ 226,966**	$ -

CITY OF SEGUIN, TEXAS
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
UTILITY FUND
Years Ended September 30, 2011 and 2010

	2011	2010
Administration:		
Personnel Services	**$ 1,298,082**	$ 1,238,817
Contracted Services	**79,066**	86,382
Supplies and Materials	**76,595**	72,714
Other Charges	**37,188**	22,847
Depreciation	**7,771**	26,583
Total Administration	**1,498,702**	1,447,343
Electric Production and Distribution:		
Personnel Services	**1,154,472**	1,047,823
Contracted Services	**1,262,212**	1,289,445
Supplies and Materials	**17,835,367**	17,689,618
Other Charges	**31,741**	17,274
Depreciation	**488,838**	441,707
Total Electric Production and Distribution	**20,772,630**	20,485,867
Water Production:		
Personnel Services	**564,165**	561,792
Contracted Services	**3,865,649**	3,734,854
Supplies and Materials	**89,183**	78,472
Other Charges	**14,508**	13,548
Depreciation	**324,310**	308,489
Total Water Production	**4,857,815**	4,697,155
Water/Sewer Maintenance:		
Personnel Services	**431,252**	443,514
Contracted Services	**959,379**	986,479
Supplies and Materials	**45,117**	39,892
Other Charges	**453,663**	359,678
Depreciation	**1,242,321**	1,150,772
Total Water/Sewer Maintenance	**3,131,732**	2,980,335
Sewer Plant:		
Personnel Services	**380,776**	340,685
Contracted Services	**660,508**	771,185
Supplies and Materials	**60,020**	50,839
Other Charges	**4,093**	3,913
Depreciation	**660,952**	655,179
Total Sewer Plant	**$ 1,766,349**	$ 1,821,801

CITY OF SEGUIN, TEXAS
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
UTILITY FUND
Years Ended September 30, 2011 and 2010

	2011	2010
Economic Development:		
Personnel Services	**$ 235,020**	$ 199,922
Contracted Services	**5,213**	7,927
Supplies and Materials	**361**	1,887
Other Charges	**17,705**	17,620
Depreciation	**-**	1,050
Total Economic Development	**258,299**	228,406
Facilities Maintenance:		
Personnel Services	**522,891**	467,179
Contracted Services	**1,789**	3,093
Supplies and Materials	**19,524**	22,573
Other Charges	**448**	-
Depreciation	**4,162**	6,239
Total Facilities Maintenance	**548,814**	499,084
Information Technology:		
Personnel Services	**95,139**	71,273
Contracted Services	**49,286**	47,403
Supplies and Materials	**1,076**	1,548
Other Charges	**1,036**	1,234
Total Information Technology	**146,537**	121,458
City Attorney:		
Personnel Services	**64,444**	45,363
Contracted Services	**18,245**	21,930
Supplies and Materials	**34**	207
Other Charges	**1,404**	1,175
Total City Attorney	**84,127**	68,675
Nondepartmental:		
Contracted Services	**187,517**	209,898
Supplies and Materials	**67,823**	(6,166)
Other Charges	**121,782**	182,052
Depreciation	**32,868**	26,924
Total Nondepartmental	**409,990**	412,708
Indirect Cost Allocation	**3,288,861**	2,952,855
Total Operating Expenses	**$ 36,763,856**	$ 35,715,687

CITY OF SEGUIN, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2011
(With Comparative Amounts for 2010)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2011	2010
ASSETS					
Cash and Cash Equivalents	$ 10,083	$ 2,898	$ 2,797	**$ 15,778**	$ 147,257
Investments	383,096	144,701	250,299	**778,096**	454,914
Miscellaneous Receivables	-	6,290	-	**6,290**	6,528
TOTAL ASSETS	$ 393,179	$ 153,889	$ 253,096	**$ 800,164**	$ 608,699
LIABILITIES AND NET ASSETS					
Accounts Payable	$ 1,105	$ 6,330	$ -	**$ 7,435**	$ 9,447
Total Liabilities	1,105	6,330	-	**7,435**	9,447
Net Assets:					
Unrestricted	392,074	147,559	253,096	**792,729**	599,252
TOTAL LIABILITIES AND NET ASSETS	$ 393,179	$ 153,889	$ 253,096	**$ 800,164**	$ 608,699

CITY OF SEGUIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS – INTERNAL SERVICE FUNDS
YEAR ENDED September 30, 2011
(With Comparative Amounts for 2010)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2011	2010
OPERATING REVENUES					
Charges for Premiums	$ 2,058,063	$ 41,919	$ 251,886	**$ 2,351,868**	$ 1,986,128
Miscellaneous Revenues	-	-	17,215	**17,215**	19,109
TOTAL OPERATING REVENUES	2,058,063	41,919	269,101	**2,369,083**	2,005,237
OPERATING EXPENSES					
Premiums	2,203,381	94,993	227,424	**2,525,798**	1,933,289
Administration	27,422	-	-	**27,422**	43,000
TOTAL OPERATING EXPENSES	2,230,803	94,993	227,424	**2,553,220**	1,976,289
OPERATING INCOME (LOSS)	(172,740)	(53,074)	41,677	**(184,137)**	28,948
NONOPERATING REVENUES (EXPENSES)					
Interest Income	418	219	-	**637**	607
TOTAL NONOPERATING REVENUES (EXPENSES)	418	219	-	**637**	607
Net Income (Loss) Before Contributions and Transfers	(172,322)	(52,855)	41,677	**(183,500)**	29,555
Transfers In (Out)	296,269	80,708	-	**376,977**	152,462
CHANGE IN NET ASSETS	123,947	27,853	41,677	**193,477**	182,017
NET ASSETS AT BEGINNING OF YEAR	268,127	119,706	211,419	**599,252**	417,235
NET ASSETS AT END OF YEAR	$ 392,074	$ 147,559	$ 253,096	**$ 792,729**	$ 599,252

CITY OF SEGUIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED September 30, 2011
(With Comparative Amounts for 2010)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2011	2010
Cash Flows From Operating Activities:					
Cash Received from Interfund Services	$ 1,509,578	$ -	$ 269,101	**$ 1,778,679**	$ 1,504,476
Cash Paid from Users	548,954	41,688	-	**590,642**	494,879
Cash Paid for Employee Benefits	(2,233,085)	(94,722)	(227,424)	**(2,555,231)**	(1,966,926)
Net Cash Provided (Used) by Operating Activities	(174,553)	(53,034)	41,677	**(185,910)**	32,429
Cash Flows From Noncapital Financing Activities:					
Operating Transfers from/to Other Funds	296,269	80,708	-	**376,977**	152,462
Net Cash Provided (Used) by Noncapital Financing Activities	296,269	80,708	-	**376,977**	152,462
Cash Flows From Investing Activities:					
Sale/(Purchase) of Investments	(220,594)	(26,925)	(75,663)	**(323,182)**	(66,804)
Investment Interest Received	417	219	-	**636**	607
Net Cash Provided (Used) by Investing Activities	(220,177)	(26,706)	(75,663)	**(322,546)**	(66,197)
Net Increase (Decrease) in Cash and Cash Equivalents	(98,461)	968	(33,986)	**(131,479)**	118,694
Cash and Equivalents at Beginning of Year:	108,544	1,930	36,783	**147,257**	28,563
Cash and Equivalents at End of Year	$ 10,083	$ 2,898	$ 2,797	**$ 15,778**	$ 147,257
Reconciliation of Operating Income to Net Cash Provided (Used by) Operating Activities:					
Operating Income (Loss)	$ (172,740)	$ (53,074)	$ 41,677	**$ (184,137)**	$ 28,948
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in Miscellaneous Receivables	469	(231)	-	**238**	(5,882)
Increase (Decrease) in Accounts Payable	(2,282)	271	-	**(2,011)**	9,363
Net Cash Provided (Used by Operating Activities	$ (174,553)	$ (53,034)	$ 41,677	**$ (185,910)**	$ 32,429

CITY OF SEGUIN, TEXAS
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
September 30, 2011

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	**Total Private Purpose Trusts**
ASSETS					
Cash and Cash Equivalents	$ 41	$ -	$ 3,241	$ 3	**$ 3,285**
Investments	94,173	89,861	256,406	32,574	**473,014**
Notes Receivable	-	-	12,125	-	**12,125**
Inventory	-	-	359,431	-	**359,431**
TOTAL ASSETS	$ 94,214	$ 89,861	$ 631,203	$ 32,577	**$ 847,855**
LIABILITIES & NET ASSETS					
Liabilities:					
Due to Others	$ -	$ -	$ -	$ -	**$ -**
Total Liabilities	-	-	-	-	**-**
Net Assets Held in Trust	94,214	89,861	631,203	32,577	**847,855**
TOTAL LIABILITIES AND NET ASSETS	$ 94,214	$ 89,861	$ 631,203	$ 32,577	**$ 847,855**

CITY OF SEGUIN, TEXAS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
For The Year Ended September 30, 2011

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	**Total Private Purpose Trusts**
ADDITIONS					
Interest	$ 124	$ 115	$ 327	$ 51	**$ 617**
TOTAL ADDITIONS	124	115	327	51	**617**
DEDUCTIONS					
Distribution to Participants	3,606	108	-	8,110	**11,824**
TOTAL DEDUCTIONS	3,606	108	-	8,110	**11,824**
Change in Net Assets	(3,482)	7	327	(8,059)	**(11,207)**
Net Assets, Beginning of Year	97,696	89,854	630,876	40,636	**859,062**
Net Assets, End of Year	$ 94,214	$ 89,861	$ 631,203	$ 32,577	**$ 847,855**

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES
AGENCY FUND
For The Year Ended September 30, 2011

Evidence/Abandoned Funds	Balance September 30, 2010	Additions	Deductions	Balance September 30, 2011
Assets:				
Cash and Equivalents	$ 9,516	$ 4	$ -	$ 9,520
Liabilities				
Due to Others	$ 9,516	$ 4	$ -	$ 9,520

FOUNDED 1838

CITY OF SEGUIN

CITY OF SEGUIN, TEXAS
STATISTICAL SECTION
September 30, 2011

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 Assets by Component
Changes in Net Assets
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 ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005*	2006
Governmental Activities:				
Invested in Capital Assets,				
Net of Related Debt	$ 9,048,946	$ 9,946,886	$ 18,218,707	$ 18,715,795
Restricted	763,273	485,625	531,129	609,630
Unrestricted	10,265,236	10,992,104	11,229,069	11,781,168
Total Governmental Activities				
Net Assets	$ 20,077,455	$ 21,424,615	$ 29,978,905	$ 31,106,593
Business-Type Activities:				
Invested in Capital Assets,				
Net of Related Debt	$ 23,580,996	$ 25,155,359	$ 24,780,987	$ 24,719,893
Restricted	5,684,314	3,511,096	942,452	839,601
Unrestricted	4,168,682	4,632,692	7,872,375	11,147,862
Total Business-Type Activities				
Net Assets	$ 33,433,992	$ 33,299,147	$ 33,595,814	$ 36,707,356
Primary Government:				
Invested in Capital Assets,				
Net of Related Debt	$ 32,629,942	$ 35,102,245	$ 42,999,694	$ 43,435,688
Restricted	6,447,587	3,996,721	1,473,581	1,449,231
Unrestricted	14,433,918	15,624,796	19,101,444	22,929,030
Total Primary Government				
Net Assets	$ 53,511,447	$ 54,723,762	$ 63,574,719	$ 67,813,949

*Includes retroactive reporting of infrastructure assets.
The City implemented GASB 34 in 2003, prior to that date, this data was not maintained.

TABLE 1

Fiscal Year				
2007	2008	2009	2010	2011
$ 21,202,151	$ 18,958,130	$ 18,647,949	$ 19,035,061	$ 22,058,500
791,109	970,062	1,091,155	1,243,295	2,399,602
10,218,373	12,007,988	12,458,567	13,388,718	14,330,381
$ 32,211,633	$ 31,936,180	$ 32,197,671	$ 33,667,074	$ 38,788,483
$ 24,767,252	$ 24,502,485	$ 25,817,049	$ 26,030,163	$ 26,908,429
1,110,889	1,122,407	1,088,411	1,884,617	2,916,398
14,337,788	15,702,873	18,227,854	20,137,343	30,266,728
$ 40,215,929	$ 41,327,765	$ 45,133,314	$ 48,052,123	$ 60,091,555
$ 45,969,403	$ 43,460,615	$ 44,464,998	$ 45,065,224	$ 48,966,929
1,901,998	2,092,469	2,179,566	3,127,912	5,316,000
24,556,161	27,710,861	30,686,421	33,526,061	44,597,109
$ 72,427,562	$ 73,263,945	$ 77,330,985	$ 81,719,197	$ 98,880,038

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

	Fiscal Year			
Expenses	2003	2004	2005	2006
Governmental Activities:				
General Government	$ 2,079,883	$ 2,328,036	$ 2,202,527	$ 2,463,359
Public Safety	6,891,929	6,668,990	7,030,748	7,560,114
Public Service	3,307,981	3,280,188	4,440,736	4,736,797
Nondepartmental	2,056,959	1,785,524	1,621,753	2,014,374
Indirect Cost Allocation	(2,047,999)	(2,047,327)	(2,332,859)	(2,333,433)
Capital Outlay	80,513	704,256	571,970	-
Interest on Long-Term Debt	431,463	441,944	591,677	786,986
Total Governmental Activities	12,800,729	13,161,611	14,126,552	15,228,197
Business-Type Activities:				
Utility	25,583,317	26,549,001	28,742,996	33,270,869
Total Business-Type Activities	25,583,317	26,549,001	28,742,996	33,270,869
Total Primary Government Expenses	$ 38,384,046	$ 39,710,612	$ 42,869,548	$ 48,499,066
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	$ 1,751,771	$ 1,752,033	$ 1,937,646	$ 1,924,059
Public Safety	1,992,253	2,089,289	2,043,277	2,316,451
Public Service	1,489,125	1,417,030	1,535,572	1,722,142
Operating Grants and Contributions	641,429	260,124	203,241	156,943
Capital Grants and Contributions	144,192	998,753	614,296	891,532
Total Governmental Activities	6,018,770	6,517,229	6,334,032	7,011,127
Business-Type Activities:				
Charges for Services	24,742,314	25,806,102	28,442,576	35,133,606
Operating Grants and Contributions	133,000	127,500	122,000	116,500
Capital Grants and Contributions	319,162	463,424	336,870	891,707
Total Business-Type Activities	25,194,476	26,397,026	28,901,446	36,141,813
Total Primary Government Program Revenues	$ 31,213,246	$ 32,914,255	$ 35,235,478	$ 43,152,940

TABLE 2

Fiscal Year				
2007	2008	2009	2010	2011
$ 2,604,612	$ 2,924,246	$ 3,166,801	$ 2,998,970	$ 3,188,051
8,898,829	8,891,772	9,068,057	9,494,381	10,057,294
5,418,440	5,946,254	6,471,090	6,636,986	6,912,623
1,711,444	1,668,599	1,562,845	1,813,410	2,178,737
(2,437,684)	(2,798,522)	(2,869,702)	(2,952,855)	(3,288,861)
-	-	-	-	-
1,035,118	1,368,967	1,484,296	1,444,828	1,747,075
17,230,759	18,001,316	18,883,387	19,435,720	20,794,919
32,201,030	38,003,981	38,080,613	36,430,136	37,725,027
32,201,030	38,003,981	38,080,613	36,430,136	37,725,027
$ 49,431,789	$ 56,005,297	$ 56,964,000	$ 55,865,856	$ 58,519,946
$ 1,964,123	$ 2,396,731	$ 2,438,156	$ 2,419,222	$ 2,423,729
2,482,048	2,178,103	2,312,047	2,957,157	3,337,034
2,355,714	1,948,256	2,412,189	2,228,708	2,393,691
396,114	566,929	156,418	965,782	719,700
599,544	144,622	598,398	567,658	222,703
7,797,543	7,234,641	7,917,208	9,138,527	9,096,857
34,079,849	38,334,793	41,231,252	39,290,331	43,211,099
111,000	105,500	-	-	-
274,110	674,119	490,976	87,917	257,571
34,464,959	39,114,412	41,722,228	39,378,248	43,468,670
$ 42,262,502	$ 46,349,053	$ 49,639,436	$ 48,516,775	$ 52,565,527

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

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental Activities	$ (6,781,959)	$ (6,644,382)	$ (7,792,520)	$ (8,217,070)
Business-Type Activities	(388,841)	(151,975)	158,450	2,870,944
Total Primary Government Net (Expense)	$ (7,170,800)	$ (6,796,357)	$ (7,634,070)	$ (5,346,126)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
General Property Taxes	$ 3,392,321	$ 3,497,038	$ 3,693,120	$ 4,046,240
Franchise Taxes	751,306	830,076	862,023	554,974
Sales Taxes	3,043,737	3,265,288	3,563,124	3,776,429
Occupancy Taxes	-	-	-	386,595
Interest and Investment Earnings	236,159	205,057	482,666	1,004,432
Miscellaneous	300,729	44,083	243,970	-
Gain (Loss) on Sale of Capital Assets	-	-	-	2,264
Special Items	-	-	-	-
Transfers	103,000	150,000	194,846	44,681
Total Governmental Activities	7,827,252	7,991,542	9,039,749	9,815,615
Business-Type Activities Charges for Services:				
Interest and Investment Earnings	145,252	167,130	292,971	537,526
Gain (Loss) on Sale of Capital Assets	-	-	40,092	2,510
Special Items	-	-	-	-
Transfers	(103,000)	(150,000)	(194,846)	(44,681)
Total Business-Type Activities	42,252	17,130	138,217	495,355
Total Primary Government	$ 7,869,504	$ 8,008,672	$ 9,177,966	$ 10,310,970
Change in Net Assets				
Governmental Activities	$ 1,045,293	$ 1,347,160	$ 1,247,229	$ 1,598,545
Business-Type Activities	(346,589)	(134,845)	296,667	3,366,299
Total Primary Government	$ 698,704	$ 1,212,315	$ 1,543,896	$ 4,964,844

The City implemented GASB 34 in 2003, prior to that date, this data was not maintained.

TABLE 2 (CONT.)

Fiscal Year				
2007	2008	2009	2010	2011
$ (9,433,216)	$(10,766,675)	$(10,966,179)	$(10,297,193)	$(11,698,062)
2,263,929	1,110,431	3,641,615	2,948,112	5,743,643
$ (7,169,287)	$ (9,656,244)	$ (7,324,564)	$ (7,349,081)	$ (5,954,419)
$ 4,582,576	$ 5,049,451	$ 5,620,048	$ 5,694,180	$ 6,363,981
620,386	625,509	691,665	920,524	833,019
4,096,755	4,355,410	4,256,246	4,473,399	4,472,305
457,310	523,108	458,343	550,999	809,377
1,056,068	684,611	201,373	55,460	35,855
-	-	-	-	500,000
(45,385)	-	-	-	-
-	(1,330,867)	-	-	3,000,000
(229,454)	584,000	-	72,034	804,934
10,538,256	10,491,222	11,227,675	11,766,596	16,819,471
771,998	565,238	160,396	42,731	37,921
243,192	20,167	3,538	-	62,802
-	-	-	-	7,000,000
229,454	(584,000)	-	(72,034)	(804,934)
1,244,644	1,405	163,934	(29,303)	6,295,789
$ 11,782,900	$ 10,492,627	$ 11,391,609	$ 11,737,293	$ 23,115,260
$ 1,105,040	$ (275,453)	$ 261,496	$ 1,469,403	$ 5,121,409
3,508,573	1,111,836	3,805,549	2,918,809	12,039,432
$ 4,613,613	$ 836,383	$ 4,067,045	$ 4,388,212	$ 17,160,841

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Nonspendable	$ 35,597	$ 57,090	$ 55,380	$ 49,326
Restricted	-	-	-	-
Unassigned	7,034,574	7,695,296	7,110,870	6,748,938
Total General Fund	$ 7,070,171	$ 7,752,386	$ 7,166,250	$ 6,798,264
All other Governmental Funds:				
Nonspendable	$ -	$ -	$ 393	$ -
Restricted - Special Revenue	568,076	360,578	457,875	454,137
Restricted - Capital Projects	4,529,929	8,571,564	6,000,724	8,282,350
Restricted - Debt Service	675,878	485,625	519,072	464,988
Committed - Special Revenue	599	-	3	9,373
Assigned - Capital Projects	2,106,563	2,571,922	3,466,009	2,954,110
Total Other Governmental Funds	$ 7,881,045	$ 11,989,689	$ 10,444,076	$ 12,164,958

Financial data prior to fiscal year 2003 was not available.

TABLE 3

Fiscal Year				
2007	2008	2009	2010	2011
$ 59,612	$ 66,379	$ 61,015	$ 56,899	$ 73,101
-	-	-	-	22,800
6,543,410	7,372,266	7,697,782	8,655,304	8,773,457
$ 6,603,022	$ 7,438,645	$ 7,758,797	$ 8,712,203	$ 8,869,358
$ -	$ 2,160	$ 5,520	$ 4,295	$ -
880,981	982,294	1,002,698	1,065,039	1,389,762
4,923,857	9,788,858	7,435,646	3,749,080	11,920,110
652,652	851,815	945,507	1,068,598	945,380
17,843	11,529	23,137	23,413	31,331
2,278,642	2,196,305	2,259,074	1,940,052	2,059,875
$ 8,753,975	$ 13,832,961	$ 11,671,582	$ 7,850,477	$ 16,346,458

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	$ 7,071,217	$ 7,556,687	$ 8,126,084	$ 8,981,094
Licenses and Permits	327,132	318,832	244,411	233,974
Intergovernmental	1,434,897	1,919,841	1,364,244	845,670
Charges for Services	3,534,622	3,567,468	3,768,684	3,908,322
Fines and Forfeits	722,118	711,088	681,638	676,168
Interest	229,873	199,082	476,020	987,113
Miscellaneous	300,731	143,685	273,960	352,559
Total Revenues	13,620,590	14,416,683	14,935,041	15,984,900
Expenditures				
General Government	1,994,572	2,060,908	2,142,238	2,443,736
Public Safety	6,223,810	6,298,063	6,459,052	7,129,917
Public Service	2,970,226	2,973,870	3,220,304	3,419,339
Nondepartmental	2,042,011	1,604,448	1,315,515	1,834,751
Indirect Cost Allocation (Recovery)	(2,047,999)	(2,047,327)	(2,332,859)	(2,333,433)
Capital Projects/ Outlay	2,193,336	4,607,113	5,235,737	8,712,503
Debt Service:				
Principal	635,000	890,000	1,130,000	946,411
Interest and Fiscal Charges	429,363	391,375	560,085	740,680
Bond Issue Costs	-	70,374	-	192,351
Total Expenditures	14,440,319	16,848,824	17,730,072	23,086,255
Excess of Revenues Over (Under) Expenditures	(819,729)	(2,432,141)	(2,795,031)	(7,101,355)
Other Financing Sources (Uses)				
Transfers In	1,389,138	1,617,403	2,945,540	1,084,933
Transfers Out	(1,678,778)	(1,494,403)	(2,444,660)	(1,208,609)
Issuance of Long-Term Financing	-	7,100,000	162,502	8,805,242
Total Other Financing Sources (Uses)	(289,640)	7,223,000	663,382	8,681,566
Special Items	-	-	-	-
Net Change in Fund Balance	$ (1,109,369)	$ 4,790,859	$ (2,131,649)	$ 1,580,211
Debt Service as a percentage of Noncapital Expenditures	8.7%	11.0%	13.5%	13.1%

Financial data prior to fiscal year 2003 was not available.

TABLE 4

Fiscal Year				
2007	2008	2009	2010	2011
$ 9,823,009	$ 10,578,794	$ 11,000,334	$ 11,586,011	$ 12,413,070
313,206	542,193	273,991	329,009	325,496
1,007,956	999,436	1,467,479	2,253,478	1,462,440
3,770,273	4,260,013	4,942,725	5,127,519	5,071,986
719,521	964,752	818,794	1,366,173	1,534,392
1,041,605	674,264	201,149	54,851	35,283
975,127	455,465	329,079	129,349	741,762
17,650,697	18,474,917	19,033,551	20,846,390	21,584,429
2,550,851	2,930,937	3,047,345	3,043,817	3,271,912
8,164,911	8,277,544	8,532,673	8,862,366	9,919,756
4,300,974	3,907,102	4,087,284	4,541,940	4,562,336
1,221,472	1,416,615	1,310,186	1,491,764	1,809,481
(2,437,684)	(2,798,522)	(2,869,702)	(2,952,855)	(3,288,861)
12,469,055	5,705,912	4,970,168	5,751,957	3,792,747
961,856	1,189,174	1,414,361	1,466,258	1,584,205
1,037,116	1,307,381	1,465,362	1,428,424	1,678,851
143,930	249,427	22,500	-	328,000
28,412,481	22,185,570	21,980,177	23,633,671	23,658,427
(10,761,784)	(3,710,653)	(2,946,626)	(2,787,281)	(2,073,998)
1,537,142	1,747,357	811,222	631,000	1,386,102
(1,793,596)	(1,194,357)	(811,222)	(711,428)	(1,763,058)
6,645,271	9,380,927	1,105,409	-	11,104,090
6,388,817	9,933,927	1,105,409	(80,428)	10,727,134
-	230,662	-	-	-
$ (4,372,967)	$ 6,453,936	$ (1,841,217)	$ (2,867,709)	$ 8,653,136
13.4%	16.1%	16.5%	15.7%	18.0%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Occupancy	Franchise	Total
2003	$ 3,276,174	$ 3,043,737	$ 273,988	$ 477,318	$ 7,071,217
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

Revenues by Source prior to fiscal year 2003 were not available.

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
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
2003	-	-	-	-	-	814,802,346	0.4007
2002	-	-	-	-	-	774,039,815	0.3891

Source: Guadalupe County Appraisal District

Tax rates are per $100 of assessed value.

Line item detail of the Total Taxable Assessed Value is not available for assessments prior to FY 2004.

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 2010 tax roll was $1,148,048,997

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

TABLE 7

	City Direct Rates			Overlapping Rates	
Fiscal Year	General M&O	Debt Service	Total Direct	School District	Guadalupe County
2003	0.26910	0.13160	0.40070	1.6400	0.36540
2004	0.27670	0.12090	0.39760	1.6850	0.35310
2005	0.26450	0.13760	0.40210	1.6850	0.40310
2006	0.27180	0.16080	0.43260	1.6944	0.40310
2007	0.27060	0.21080	0.48140	1.6890	0.40310
2008	0.25870	0.21390	0.47260	1.1600	0.38450
2009	0.23230	0.25000	0.48230	1.2498	0.32950
2010	0.23250	0.22750	0.46000	1.2498	0.38950
2011	0.26930	0.22000	0.48930	1.2498	0.39990

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

TABLE 8

	Fiscal Year 2011 (2010 Tax Levy)			Fiscal Year 2002 (2001 Tax Levy)		
Taxpayer	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	$ 97,230,164	1	7.32%	$ 9,044,267	4	1.19%
Temic Automotive	39,604,403	2	2.98%	90,609,850	1	11.95%
Hexcel Corporation	15,595,693	3	1.17%	12,162,139	2	1.60%
Tyson Foods, Inc.	11,375,090	4	0.86%	11,380,907	3	1.50%
Guadalupe NH Development LTD	9,260,014	5	0.70%	-		-
ITW Minigrip/Zip-Pak Inc.	9,167,685	6	0.69%	6,544,023	8	0.86%
Ameritex Pipe & Products LLC	9,053,247	7	0.68%	-		-
Wal-Mart Real Estate Business Trust	7,411,493	8	0.56%	6,762,749	7	0.89%
Mojave & 395 LLC & Malibu Coastline LLC	6,775,363	9	0.51%	-		-
Westco, Inc.	6,595,415	10	0.50%	-		-
Southwestern Bell Telephone				8,149,240	5	1.07%
Wal-Mart Store				6,986,445	6	0.92%
Motorola, Inc.				6,481,349	9	0.85%
Frontier Land Limited				5,973,858	10	0.79%
Total	$ 212,068,567		15.97%	$ 164,094,827		21.62%

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
2002	$ 3,010,830	$ 2,903,070	96.4%	$ 101,818	$ 3,004,888	99.8%
2003	3,264,913	3,148,767	96.4%	108,670	3,257,437	99.8%
2004	3,461,322	3,314,635	95.8%	135,807	3,450,442	99.7%
2005	3,670,226	3,560,194	97.0%	96,147	3,656,341	99.6%
2006	4,043,713	3,854,709	95.3%	170,595	4,025,304	99.5%
2007	4,527,973	4,325,674	95.5%	175,169	4,500,843	99.4%
2008	5,061,063	4,855,402	95.9%	173,064	5,028,466	99.4%
2009	5,618,105	5,443,556	96.9%	105,423	5,548,979	98.8%
2010	5,987,710	5,829,714	97.4%	64,118	5,893,832	98.4%
2011	6,243,006	6,056,865	97.0%	-	6,056,865	97.0%

Amount collected includes discounts

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

TABLE 10

	Governmental Activities			Business-Type Activities						
Fiscal Year	Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases	Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita	Percentage of Personal Income
2003	$ 5,650,000	$ 915,000	$ -	$ 3,610,000	$ -	$ 10,175,000	$ 814,802,346	1.2%	$ 446	3.2%
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%	-	0.0%

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 page 132.*

Ratios of outstanding debt by type prior to fiscal year 2003 were not readily available.

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

TABLE 11

Fiscal Year	General Bonded Debt: Bonds	General Bonded Debt: Notes Payable	Available in Debt Service Funds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
2003	$ 5,650,000	$ 915,000	$ (622,022)	$ 5,942,978	$ 814,802,346	0.7%	$ 260
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

Note: Details about the City's outstanding debt can be found in the notes to the financial statements.
**Population data can be found on page 132.*

CITY OF SEGUIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2011
(Unaudited)

TABLE 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Guadalupe County	$ 17,325,000	16.11%	$ 2,791,058
Seguin Independent School District	77,524,667	58.47%	45,328,673
Subtotal, Overlapping Debt			48,119,731
Seguin Direct Debt (Net)			39,725,590
Total Direct and Overlapping Debt			$ 87,845,321

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 on 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 NINE FISCAL YEARS
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	$ 1,328,080,868
* Debt limit (10% of assessed value)	132,808,087
Outstanding Debt [1]	40,670,970
Less amount set aside for repayment of general obligation debt	(945,380)
Total net debt applicable to limit	39,725,590
Economic Debt Margin	$ 93,082,497

	Fiscal Year			
	2003	2004	2005	2006
Debt Limit	$ 81,480,235	$ 87,055,382	$ 91,831,882	$ 94,769,620
Total net debt applicable to limit	(5,942,978)	(12,289,375)	(11,125,928)	(19,025,012)
Economic Debt Margin	$ 75,537,257	$ 74,766,007	$ 80,705,954	$ 75,744,608

[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				
2007	2008	2009	2010	2011
$ 97,233,367	$ 111,553,781	$ 121,476,868	$ 127,905,951	$ 132,808,087
(24,472,348)	(32,522,934)	(31,798,781)	(30,243,922)	(39,725,590)
$ 72,761,019	$ 79,030,847	$ 89,678,087	$ 97,662,029	$ 93,082,497

FOUNDED 1838

CITY OF SEGUIN

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

TABLE 14

Fiscal Year	Utility Service Charges	Less: Operating Expenses*	Net Available Revenue	Debt Service Principal	Interest	Coverage
2003	$ 23,736,976	$(21,739,036)	$ 1,997,940	$ 1,270,000	$ 239,555	1.32
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

** All operating expenses exclusive of depreciation*

Pledge revenue coverage prior to fiscal year 2003 was not readily available.

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
2002	22,011	22,075	$ 36,931	$ 13,740	32.6	7,393	5.2
2003	22,011	22,832	36,931	13,740	32.6	7,408	5.2
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	40,339	19,851	33.0	7,547	7.3

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 FIVE YEARS AGO
(Unaudited)

TABLE 16

	2011			2006		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Continental AG (Motorola)	1,340	1	11.89%	1,395	0	13.11%
Texas Power Systems/CAT	1,150	2	10.20%	----		----
Seguin Independent School District	1,097	3	9.73%	1,220	2	11.47%
CMC Steel	786	4	6.97%	838	3	7.88%
Tyson Foods	700	5	6.21%	472	6	4.44%
Guadalupe Regional Medical Center	693	6	6.15%	697	4	6.55%
Guadalupe County	579	7	5.14%	514	5	4.83%
Wal-Mart Super Center	340	8	3.02%	400	7	3.76%
Texas Lutheran University	308	9	2.73%	308	8	2.89%
City of Seguin	280	10	2.48%	279	9	2.62%
HEB	265	11	2.35%	250	10	2.35%
Total	7,538		66.87%	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)

	Fiscal Year				
Function	2011	2010	2009	2008	2007
Police					
Physical arrests	1,548	1,444	1,200	1,210	1,019
Traffic citations	15,040	13,027	14,456	17,612	7,922
Parking citations	44	517	615	850	1,485
Fire/EMS					
Emergency responses	3,692	3,578	3,738	3,578	3,661
Non-emergency response/Service Calls	1435	74	604	609	813
Inspections	289	654	728	670	564
Refuse collection (by private contractor)					
# of customers	7,739	7,609	7,486	7,450	7,346
Parks and Recreation					
Park and sport facility rentals	734	721	690	709	689
Sport league participants	2,670	2,611	2,073	2,008	2,117
Program participants	4,822	4,782	5,875	6,214	5,800
Wave Pool admissions	14,015	10,504	13,693	14,015	13,453
Library					
Volumes in collection	76,126	76,440	76,805	75,202	72,755
Total volumes borrowed	229,389	233,609	226,206	218,206	192,701
Electric					
# of customers	8,210	8,011	8,014	8,069	8,075
Sales (millions of $)	26.5	26.4	28.2	25.6	23.2
Water					
# of customers	7,060	7,019	7,044	7,036	7,036
Average daily production (millions of gal.)					
Surface water	2.875	2.139	2.005	2.317	2.586
Well water	3.402	3.163	4.122	3.789	3.228
Total	6.277	5.302	6.127	6.106	5.814
Water main repairs (main sizes from 3/4" to 16")	56	97	76	70	102
Wastewater					
Average daily sewage treatment (millions of gal.)	3.960	3.326	3.220	3.020	3.456

Sources: City departments
Notes: (a) Data not available. 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				
2006	2005	2004	2003	2002
1,062	1,347	1,396	677	719
9,314	9,518	8,434	6,418	8,914
828	292	878	1,341	2,208
3,429	3,235	3,288	3,067	2,909
580	606	592	498	529
556	299	235	247	218
7,200	7,126	7,122	7,056	6,929
778	686	740	423	414
2,005	1,994	1,765	1,527	1,541
5,220	4,775	4,391	3,874	3,962
12,525	13,356	11,683	10,941	8,104
69,864	70,638	67,820	64,868	65,531
199,148	198,528	191,885	175,882	157,586
8,053	7,903	7,824	7,848	7,824
23.6	18.8	17.1	16.3	14.5
6,998	6,924	6,834	6,816	6,779
3.148	3.069	1.812	1.302	4.428
3.145	2.986	2.596	2.150	NA
6.293	6.055	4.408	3.452	4.428
86	70	51	64	*(a)*
3.420	3.259	3.645	4.036	*(a)*

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

Function	Fiscal Year 2011	2010	2009	2008	2007
Police					
Stations	1	1	1	1	1
Police vehicles	62	62	61	60	61
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	178.48	174.91	174.63	174.52	173.81
Parks and Recreation					
Number of parks	10	10	10	10	10
Acreage	289.41	289.41	289.41	289.41	289.41
Water					
Water mains (miles)	118.90	118.63	118.28	117.64	117.14
Fire hydrants	978	978	978	976	973
Storage capacity (millions of gallons)	7.79	7.79	7.79	7.79	7.79
Wastewater					
Sanitary sewers (miles)	129.00	124.27	123.84	119.25	118.70

TABLE 18

Fiscal Year				
2006	2005	2004	2003	2002
1	1	1	1	1
60	56	55	55	*(a)*
3	3	3	3	3
172.10	162.62	161.92	161.02	160.70
10	10	10	10	10
289.41	289.41	273.94	273.94	261.50
117.14	116.50	115.39	113.55	113.55
967	955	934	883	825
7.79	7.79	7.79	7.79	7.79
118.52	111.79	109.72	107.36	107.36

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

TABLE 19

	Fiscal Year								
Function	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government									
Financial Administration	0	7	7	8	8	8	8	8	8
City Manager	0	3	5	5	4	4	4	5	6
Human Resources	0	5	5	6	5	6	5	5	6
Planning and Zoning	0	9	9	9	10	10	10	10	10
City Secretary	0	1	1	1	1	1	1	1	1
Information Systems	0	2	-	0	-	-	-	-	-
Facilities and Grounds	0	11	9	10	12	11	12	11	11
Public Safety									
Police	0	68	64	63	64	64	63	61	56
Fire/EMS	0	49	47	50	48	48	46	46	46
Legal & Judicial	0	4	4	4	3	4	4	4	8
Animal Control	0	3	3	3	3	3	3	3	4
Public Service									
Public Works	0	18	18	17	19	19	18	18	17
Vehicle Maintenance	0	3	3	3	3	3	3	3	3
Library	0	8	8	8	8	6	8	8	8
Parks and Recreation	0	8	7	8	8	8	8	13	15
Golf Course	0	9	9	8	9	9	8	3	3
DownTown & Main St. Program	0	2	2	2	2	2	2	1	1
Coliseum	0	1	1	1	1	1	1	1	1
Utility Fund									
Administration	0	2	2	4	6	3	3	3	3
Electric Production/Distribution	0	17	18	19	19	18	19	19	18
Water Production	0	17	15	17	11	17	17	16	17
Water/Sewer Maintenance	0	10	11	9	11	9	10	8	9
Sewer Plant	0	8	8	8	8	8	8	8	8
Economic Development	0	3	2	2	2	2	2	2	2
Facilities Maintenance	0	13	13	14	13	10	11	11	11
Utility Billing	0	6	6	6	6	5	6	6	6
Total	0	287	277	285	284	279	280	274	278

Source: City Human Resources Department

COMPLIANCE SECTION

SHAREHOLDERS:
Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA

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

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

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, 2011, which collectively comprise the City of Seguin, Texas, basic financial statements and have issued our report thereon dated February 14, 2012. 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.

941 West Byrd Blvd., Suite 101 • Universal City, Texas 78148
Phone: 210-658-6229 • Fax: 210-659-7611 • Email: vaughan@avacpa.com • www.avacpa.com

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*.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

February 14, 2012

FOUNDED 1838

CITY OF SEGUIN