

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

**FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2010**

Prepared by: Finance Department  
Susan Caddell  
Director of Finance



CITY OF SEGUIN, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

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## CITY OF SEGUIN

February 17, 2011

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, 2010. 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, 2010, 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, 2010. 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 and account groups 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, 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., 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 36 states and seven foreign countries. The 15:1 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. Last year, the hospital admitted 5,200 patients, handled 28,000 Emergency Department visits, 770 births, and performed 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 better than that of other cities surrounding our area as indicative through our sales tax revenue. Although our sales tax revenue is down from FY08, we are not as affected by the economic downturn as those around us as well as statewide. The unemployment rate for the State of Texas as of September 2010 was 7.9% (down from 8.1% in September 2009). The unemployment rate for Guadalupe County as of September 2010 was 6.6% (down from 6.7% in September 2009). The

unemployment rate for the City of Seguin as of September 2010 was 6.4% (down from 7.3% in September 2009).

A new facility was built by Caterpillar, Inc. in the City of Seguin. Once fully operational in the year 2011, 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.

**Long-term financial planning.** The City issued \$10,760,000 in certificates of obligation bonds in December of 2010. These bonds are to fund four major street and drainage projects. In addition, the City issued \$7,835,000 in utility revenue bonds in November of 2010. These bonds are to fund the utility work for the four major street and drainage projects as mentioned earlier as well as funding the extension of sewer services to a newly annexed area.

## **FINANCIAL INFORMATION**

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

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

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

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

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

	<u>Fitch Ratings</u>	<u>Standard &amp; Poor's</u>
General Obligation Bonds	AA-	A+
Utility Revenue Bonds	A+	A-

**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 & Assoc., 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.



Douglas G. Faseler  
City Manager



Susan Caddell  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sequin  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

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

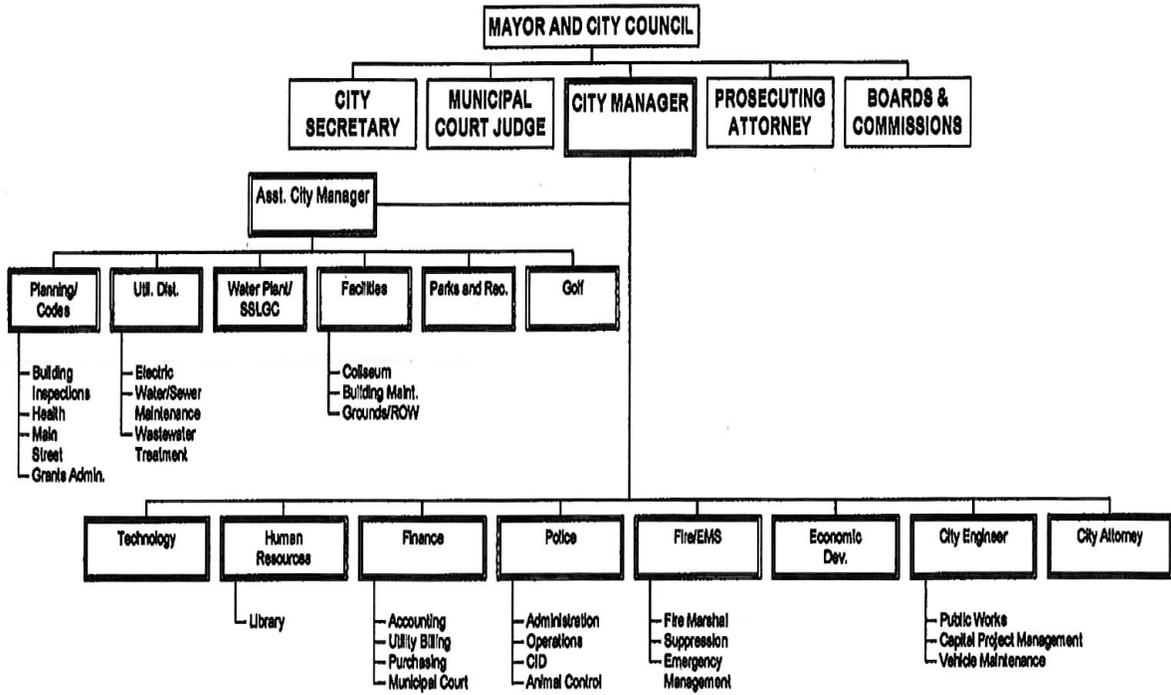
PRINCIPAL OFFICERS

BETTY ANN MATTHIES ..... Mayor  
MARY LOUISE GONZALES ..... Mayor Pro-Tem  
NICK CARRILLO ..... Councilman  
TOMAS V. CASTELLON, JR. .... Councilman  
MANUEL E. CEVALLOS..... Councilman  
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







## 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, 2010, 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, 2010, 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, 2011, 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 62 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards

generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Assoc, P.C." in a cursive, flowing script.

Armstrong, Vaughan & Assoc., P.C.

February 14, 2011

## 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, 2010. 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, 2010, by \$81,719,197 (net assets). Of this amount, \$33,526,061 (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 \$4,625,171 or 6% compared to the prior fiscal year.
- As of September 30, 2010, the City of Seguin's governmental funds reported combined ending fund balances of \$16,562,680, a decrease of \$2,867,709. This is attributable largely in part due to the use of bond funds issued in previous fiscal years.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$6,222,327, or 44.4% of total General Fund expenses.
- The City's total debt decreased by \$2,262,036 during the current fiscal year. The City did not issue any new debt this fiscal year.
- During the year, the City's expenses were \$1,397,369 less than the \$20,833,089 generated in taxes and other revenues for governmental activities.
- The total cost of the City's governmental activity programs increased by \$315,369 from last year, and no new programs were added this year. Salaries and benefits increased from fiscal year 2009. In addition, depreciation increased due to several street and drainage projects being completed in fiscal year 2009 and 2010.

### 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, 2008 Bond Fund, General Fund Capital Projects and Debt Service Funds, all of which are considered to be major funds. Data

from the other 26 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 - 60 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 61 - 66 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 70-108 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, 2010, the City of Seguin's assets exceeded liabilities by \$81,719,197. Table A-1 is a condensed version of the City's statement of net assets for the years ended September 30, 2010 and 2009, respectively.

The largest portion of the City's total net assets (55.1%) 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	
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
Current assets	\$ 15,755,455	\$ 14,502,738	\$ 22,026,365	\$ 19,111,692	\$ 37,781,820	\$ 33,614,430
Capital assets	47,193,041	44,519,230	39,768,846	39,020,332	86,961,887	83,539,562
Other non current assets	5,494,463	8,580,069	6,061,896	7,422,046	11,556,359	16,002,115
Total assets	<u>\$ 68,442,959</u>	<u>\$ 67,602,037</u>	<u>\$ 67,857,107</u>	<u>\$ 65,554,070</u>	<u>\$136,300,066</u>	<u>\$133,156,107</u>
<b>Liabilities</b>						
Current liabilities	\$ 2,257,609	\$ 1,739,834	\$ 4,485,818	\$ 4,273,030	\$ 6,743,427	\$ 6,012,864
Noncurrent liabilities	32,518,276	33,901,491	15,319,166	16,147,726	47,837,442	50,049,217
Total liabilities	<u>34,775,885</u>	<u>35,641,325</u>	<u>19,804,984</u>	<u>20,420,756</u>	<u>54,580,869</u>	<u>56,062,081</u>
<b>Net Assets</b>						
Invested in Capital Assets	19,035,061	18,647,949	26,030,163	25,817,049	45,065,224	44,464,998
Restricted	1,243,295	1,091,155	1,884,617	1,088,411	3,127,912	2,179,566
Unrestricted	13,388,718	12,221,608	20,137,343	18,227,854	33,526,061	30,449,462
Total Net Assets	<u>33,667,074</u>	<u>31,960,712</u>	<u>48,052,123</u>	<u>45,133,314</u>	<u>81,719,197</u>	<u>77,094,026</u>
Total liabilities and net assets	<u>\$ 68,442,959</u>	<u>\$ 67,602,037</u>	<u>\$ 67,857,107</u>	<u>\$ 65,554,070</u>	<u>\$136,300,066</u>	<u>\$133,156,107</u>

An additional portion of the city of Seguin's net assets (3.8%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net assets of \$33,526,061 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.

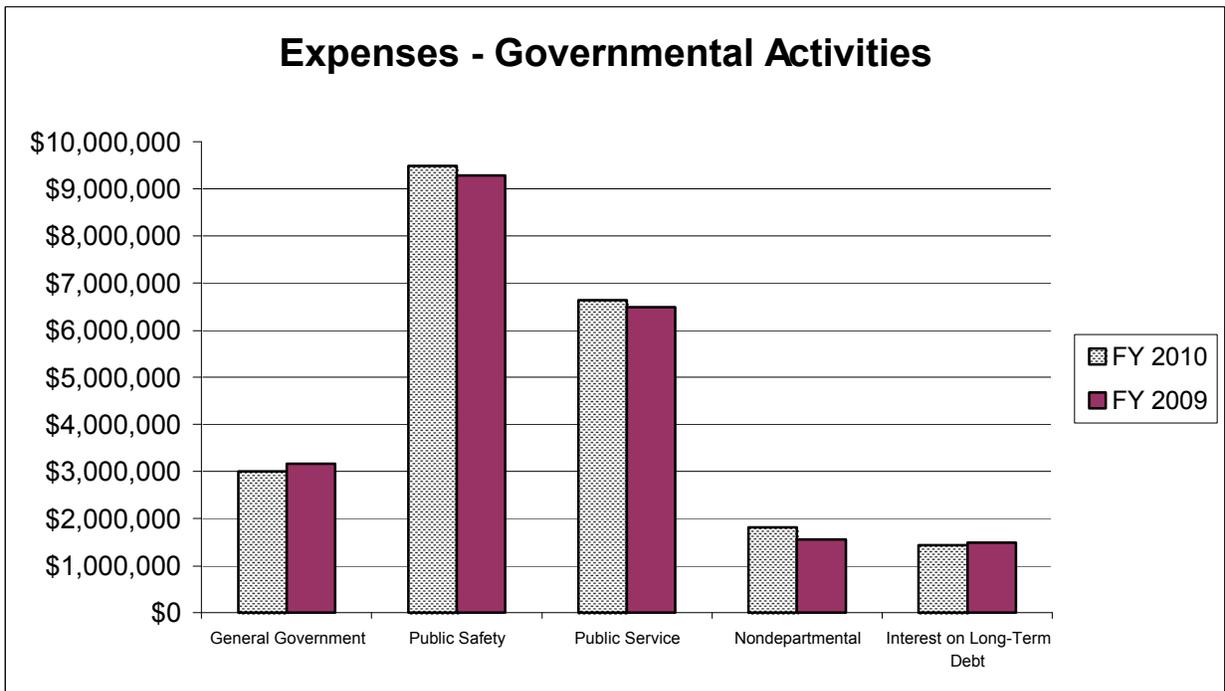
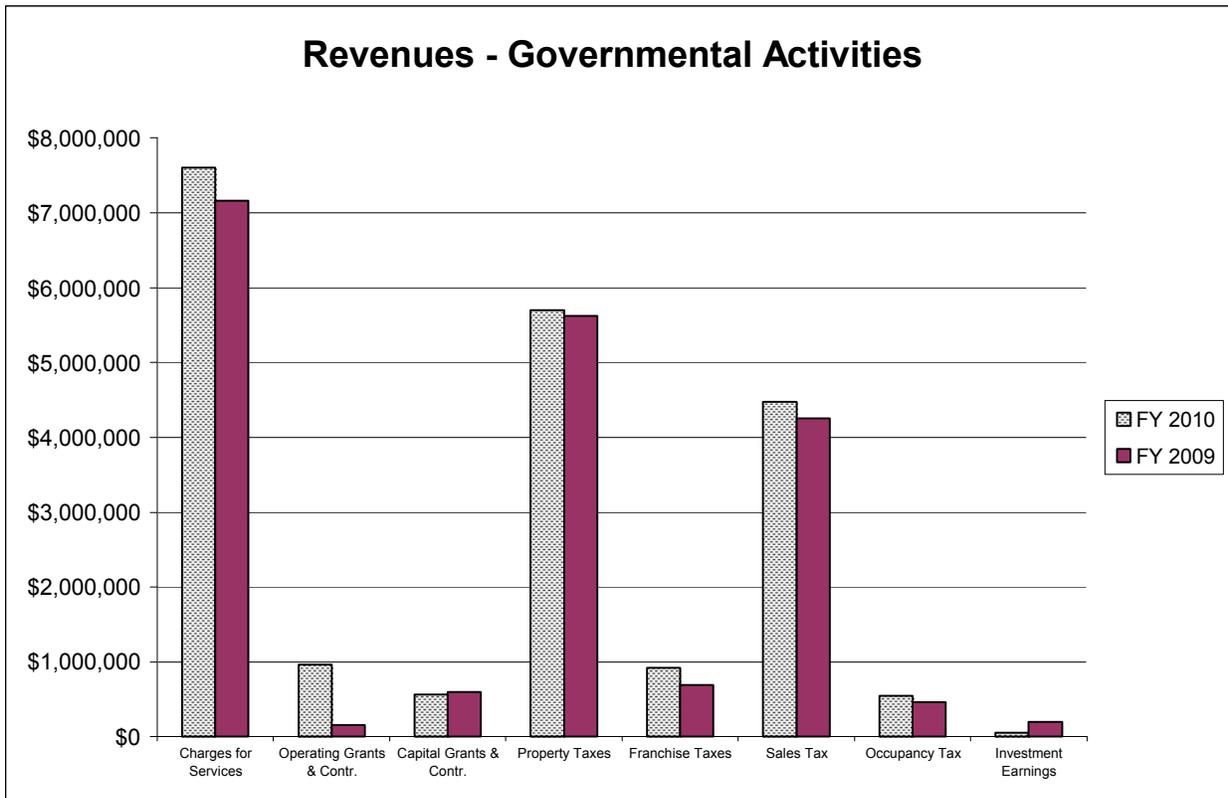
**Changes in Net Assets.** The City's total government-wide revenues decreased by \$776,977 or 1.3%. This was largely due to the decrease in electric revenue from decreased rates. The City's total government-wide expenses decreased by \$1,335,108 or 2.3%. This was largely attributable to the decreased rates the City paid to their wholesale electric provider.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Program Revenues:</b>						
Charges for Services	\$ 7,605,087	\$ 7,162,392	\$ 39,290,331	\$ 41,231,252	\$ 46,895,418	\$ 48,393,644
Operating Grants and Contributions	965,782	156,418	-	-	965,782	156,418
Capital Grants and Contributions	567,658	598,398	87,917	490,976	655,575	1,089,374
<b>General Revenues</b>						
Property Taxes	5,694,180	5,620,048	-	-	5,694,180	5,620,048
Franchise Taxes	920,524	691,665	-	-	920,524	691,665
Sales Tax	4,473,399	4,256,246	-	-	4,473,399	4,256,246
Occupancy Tax	550,999	458,343	-	-	550,999	458,343
Investment Earnings	55,460	201,373	42,731	160,396	98,191	361,769
Gain (Loss) on Sale of Assets	-	-	-	3,538	-	3,538
<b>Total Revenues:</b>	<b>20,833,089</b>	<b>19,144,883</b>	<b>39,420,979</b>	<b>41,886,162</b>	<b>60,254,068</b>	<b>61,031,045</b>
<b>Expenses:</b>						
General Government	2,998,970	3,166,801	-	-	2,998,970	3,166,801
Public Safety	9,494,381	9,281,325	-	-	9,494,381	9,281,325
Public Service	6,636,986	6,494,786	-	-	6,636,986	6,494,786
Nondepartmental	1,813,410	1,562,845	-	-	1,813,410	1,562,845
Indirect Cost Allocation	(2,952,855)	(2,869,702)	-	-	(2,952,855)	(2,869,702)
Capital Outlay	-	-	-	-	-	-
Interest on Long-Term Debt	1,444,828	1,484,296	-	-	1,444,828	1,484,296
Utility	-	-	36,430,136	38,080,613	36,430,136	38,080,613
<b>Total Expenses</b>	<b>19,435,720</b>	<b>19,120,351</b>	<b>36,430,136</b>	<b>38,080,613</b>	<b>55,865,856</b>	<b>57,200,964</b>
Excess (Deficiency) Before Transfers In (Out)	1,397,369	24,532	2,990,843	3,805,549	4,388,212	3,830,081
Special Items and Transfers	72,034	-	(72,034)	-	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 1,469,403</b>	<b>\$ 24,532</b>	<b>\$ 2,918,809</b>	<b>\$ 3,805,549</b>	<b>\$ 4,388,212</b>	<b>\$ 3,830,081</b>

**Governmental activities.** The City's total governmental revenues increased by \$1,688,206 or 8.8% above last year. The City's total governmental expenses increased by \$315,369 or 1.6% above last year.

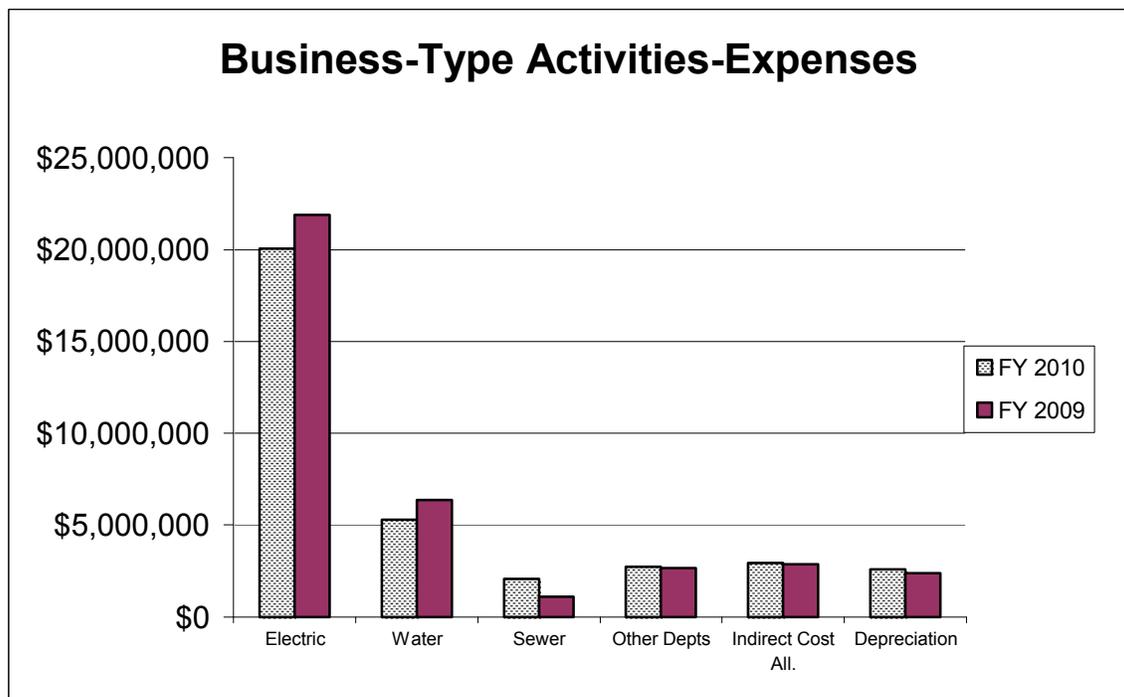
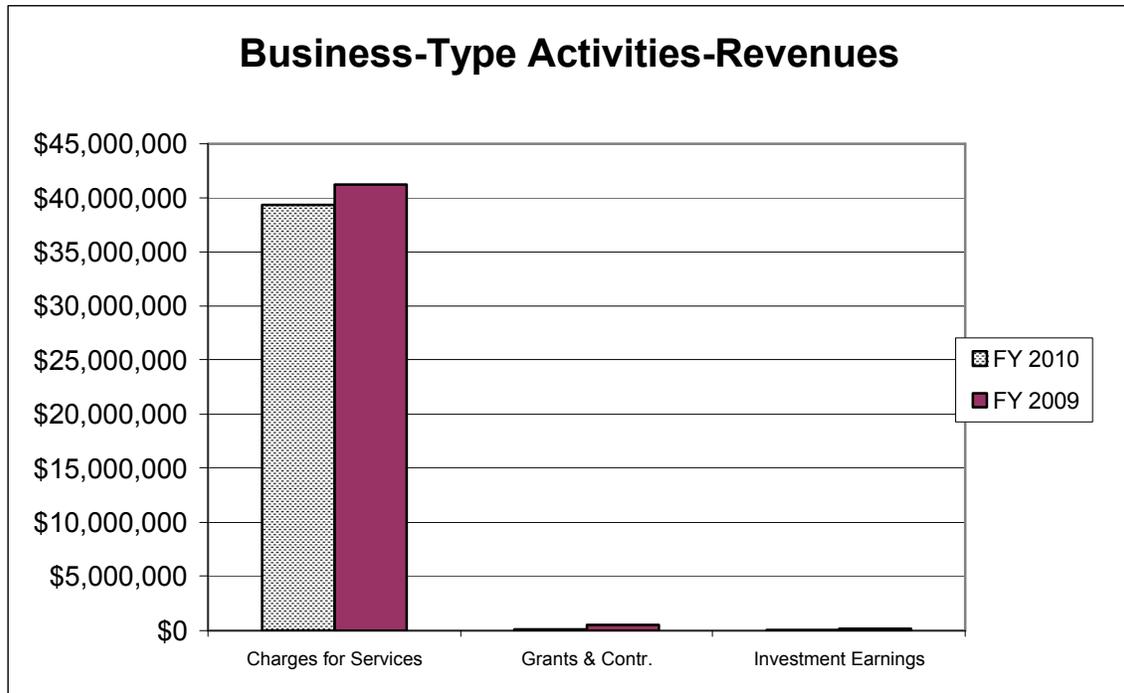
- An increase in the property tax rate above the effective rate, increases in property tax values and addition of annexed properties enabled an increase of tax revenue of \$74,132. Property tax rates increased 3.9% above the effective rate. Taxable values increased \$83.1 million or 7.1% above last year.
- Building Permits decreased by \$33,172 or 17.8%. This was due to the fact the City offered a housing incentive in FY10. The incentive included waiving permit fees.
- Miscellaneous Violations increased by \$525,632 or 71.2%. This was due to an increase in the number of citations issued and increased collection efforts through warrants and collection agency.
- EMS Revenue increased by \$244,669 or 28.1% due to the increased number of runs.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$9,494,381. These expenses are offset by revenues collected from a variety of sources, with the largest being from fines and penalties in the amount of \$1,268,905. Additional funding also included EMS revenue in the amount of \$1,116,810. The major components of public safety are police and fire. Police accounted for \$4.67 million in public safety expense while Fire accounted for \$3.81 million in public safety expense.



**Business-type activities.** The City's total business-type revenues decreased by \$2,465,183 or 5.9%. The City's total business-type expenses also decreased by \$1,650,477 or 4.3%.

- Electric revenues make up \$26.4 million of the charges for services. This year electric revenues decreased by \$1,920,711. The decrease was due to the decrease in electric rates. Wholesale power costs decreased by \$1,901,253 or 9.73%. This can be attributed to lower wholesale power rates, which were passed through to the utility customers.

- Water revenues make up \$6.7 million of the charges for services. This year water revenues decreased by \$103,460. This was a result of a decrease in consumption. Consumption was down by over 116,000,000 gallons. This resulted in a decrease in wholesale water costs by \$332,043.
- Miscellaneous Revenue increased by \$183,751 or 11.04%. This was due to the creation of a new pole attachment fee.



## 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 \$16,562,680. This is a decrease of \$2,867,709. This decrease is due in large part to spending bond funds issued in previous fiscal years. Of this total amount, \$11,683,808 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balances is reserved or designated to indicate that it is not available for new spending because it has already been committed to pay debt service, for capital improvement projects, and other restricted purposes.

The General Fund is the main operating fund of the City of Seguin. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6,222,327, while total fund balance reached \$6,279,226. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 44.4% of general fund expenditures, while total fund balance represents 44.8% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of \$1,749,458, a decrease of \$232,085. This decrease can be attributable to the fact more projects originally funded through transfers from General Fund and interest earnings from current and previous years have been completed as of September 30, 2010. In addition, the decrease can also be attributed to the fact decreased funding has been provided for this fund.

At the end of FY10, four bond funds had a total fund balance of \$3,855,531. This was a decrease from ten bond funds with a total fund balance at the end of FY09 of \$7,656,884. Several large projects were completed in FY10.

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 \$20,137,343. The restricted net assets amounted to \$1,884,617, while net assets invested in capital assets amounted to \$26,030,163.

## GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2009-10, actual revenues on a budgetary basis were \$15,694,848 compared to the final budget of \$14,709,626, which is \$985,222 above budget. Fines and forfeits exceeded budget by \$553,809. 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 \$397,960. This was due to higher sales tax revenue than what was anticipated and an increase in commercial water franchise fees.

For FY 2009-10, actual expenditures on a budgetary basis were \$14,021,469 compared to the final budget of \$14,927,198, which was \$905,729 below final budget amounts. Some departments had employee turnover resulting in their personnel services being under budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of 2010, the City had invested \$86,961,887, 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 \$3,422,562 or 4.1%. The increase was due in part to large bond projects being completed during fiscal year 2010. 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		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$ 2,168,774	\$ 1,939,429	\$ 532,789	\$ 532,789	\$ 2,701,563	\$ 2,472,218
Buildings and Improvements	16,966,159	16,830,735	22,413,593	21,897,673	39,379,752	38,728,408
Improvements Other than Buildings	42,406,850	41,140,161	49,469,546	45,268,846	91,876,396	86,409,007
Transportation and Equipment	10,377,598	9,703,896	5,558,799	5,324,817	15,936,397	15,028,713
Construction in Progress	6,605,216	3,739,555	3,383,484	4,968,630	9,988,700	8,708,185
Totals at Historical Cost	<u>78,524,597</u>	<u>73,353,776</u>	<u>81,358,211</u>	<u>77,992,755</u>	<u>159,882,808</u>	<u>151,346,531</u>
Total Accumulated Depreciation	<u>(31,331,556)</u>	<u>(28,834,546)</u>	<u>(41,589,365)</u>	<u>(38,972,422)</u>	<u>(72,920,921)</u>	<u>(67,806,968)</u>
Net Capital Assets	<u>\$ 47,193,041</u>	<u>\$ 44,519,230</u>	<u>\$ 39,768,846</u>	<u>\$ 39,020,333</u>	<u>\$ 86,961,887</u>	<u>\$ 83,539,563</u>

**Long-term debt.** At year-end, the City had \$49,386,786 in bonds, loans and capital leases outstanding as shown in Table A-4. This was a decrease of \$1,078,646 or 2.19% from 2008. This fiscal year, the City issued \$1,000,000 in tax anticipation notes for needed road improvements for a public road to provide access to a new facility being built by Caterpillar, Inc. More detailed information about the City's debt is presented in Notes H and I, pages 44 – 47.

The City has maintained its A+ and A ratings from Fitch and Standard and Poor's respectively on its tax supported debt. The City has also maintained its A- ratings from both Fitch and Standard and Poor's on its utility system revenue bonds. The current ratio of net tax-supported debt to assessed value of all taxable property is 2.6%. The pledged revenue coverage for the utility system revenue bonds is 4.21.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Bonds Payable	\$ 29,540,000	\$ 30,580,000	\$ 15,570,000	\$ 16,345,000	\$ 45,110,000	\$ 46,925,000
Tax Anticipation Notes	1,615,000	1,925,000	-	-	1,615,000	1,925,000
State Infrastructure Loans	157,520	239,298	-	-	157,520	239,298
Capital Leases	77,683	112,163	164,547	185,325	242,230	297,488
Total Bonds & Notes Payable	<u>\$ 31,390,203</u>	<u>\$ 32,856,461</u>	<u>\$ 15,734,547</u>	<u>\$ 16,530,325</u>	<u>\$ 47,124,750</u>	<u>\$ 49,386,786</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

During the budget process for fiscal year 2010-11, City staff and City Council considered many factors when setting the budget. Staff reviewed all of the fees charged to citizens and customers when using City services. Along with the fees, staff also considered the tax rate. They also reviewed expenditures and how the increases may be held to a minimum. The City set a goal to maintain financial stability, a lean organization, a competitively paid staff and investment in capital outlay. This helped to maintain the City's services with the least affect possible on our citizens through taxes, fees, and utility rates. The projected revenues and expenditures for the General Fund are budgeted to increase by \$1,364,329 or 7.6% above the FY10 budget.

- Taxable values increased for 2011 by \$92,209,601, or 7.33%.
- City sales tax revenue is budgeted to increase by \$150,000 or 2.9%.
- Miscellaneous violations are budgeted to increase by \$200,000.
- The property tax rate increased to \$.4893 per hundred dollar valuation from \$.4600 the previous year. This was also the effective tax rate.
- The City signed an industrial district agreement with a local company. The City will receive \$500,000 annually with an increase of approximately 1% each year for the next ten years.
- The City has discontinued the early property tax payment discount. This increased the property tax revenue by \$80,000.
- Salaries and benefits, excluding health insurance and workers' compensation insurance increased by \$767,200.
- Health insurance increased by \$128,922.
- Indigent health care increased by \$61,273 or 5.3%.
- Workers' compensation increased by \$52,822.

The projected revenues and expenditures for the Utility Fund are budgeted to decrease by \$2,743,219 or 6.8%.

- Water revenue is budgeted to increase by \$84,000 due to an increase in water capacity charge.
- Sewer revenue is budgeted to increase by \$227,000 due to an increase in sewer capacity charge.
- Electric revenue is budgeted to decrease by \$2,282,204 due to a decrease in electric rates. The decrease in electric rates was a result of a decrease in wholesale power costs, which decreased \$4,205,024.

Personnel expenses are increasing due to a 2% cost of living and merit increases. Twelve new full-time positions and two new part-time positions were funded in FY11. Some of these positions were not budgeted to start until mid-year.

The City issued \$10,760,000 in certificates of obligation bonds in December of 2010. These bonds are to fund four major street and drainage projects. In addition, the City issued \$7,835,000 in utility revenue bonds in November 2010. These bonds are to fund the utility work for the four major street and drainage projects as mentioned earlier. In addition, the bonds will fund the extension of sewer to a newly annexed area.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

CITY OF SEGUIN, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2010

**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, 2010

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Cash and Cash Equivalents	\$ 774,074	\$ 403,585	\$ 1,177,659	\$ 7,812
Investments	12,087,509	14,325,565	26,413,074	1,603,129
Receivables (net of allowances for uncollectibles)				
Taxes	1,460,587	-	1,460,587	-
Accounts	1,259,181	4,516,813	5,775,994	-
Grants	27,688	-	27,688	-
Miscellaneous	85,222	1,380,051	1,465,273	-
Due From Component Unit/				
Primary Government	-	13,252	13,252	131,448
Inventories	17,404	1,348,762	1,366,166	-
Prepays	43,790	38,337	82,127	111
Restricted Assets:				
Cash and Cash Equivalents	8,237	9,289	17,526	-
Investments	4,558,882	4,821,423	9,380,305	-
Net Pension Asset	342,974	114,350	457,324	-
Deferred Charges	584,370	402,267	986,637	-
Notes Receivable	-	-	-	825,438
Net Present Value of Lease Financing	-	714,567	714,567	-
Capital Assets:				
Land	2,168,774	532,789	2,701,563	1,533,502
Buildings & Improvements	16,966,159	22,413,593	39,379,752	-
Improvements Other than Buildings/Infrastructure	42,406,850	49,469,546	91,876,396	-
Transportation & Equipment	10,377,598	5,558,799	15,936,397	-
Construction in Progress	6,605,216	3,383,484	9,988,700	-
Accumulated Depreciation	(31,331,556)	(41,589,365)	(72,920,921)	-
<b>TOTAL ASSETS</b>	<b>\$ 68,442,959</b>	<b>\$ 67,857,107</b>	<b>\$ 136,300,066</b>	<b>\$ 4,101,440</b>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS (CONTINUED)  
SEPTEMBER 30, 2010

LIABILITIES AND NET ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
<i>Liabilities:</i>				
Accounts Payable and Other Current Liabilities	\$ 1,881,796	\$ 2,508,099	\$ 4,389,895	\$ 39,815
Deferred/Unearned Revenue	91,954	401,973	493,927	-
Net Other Post Employment Benefit	23,619	8,736	32,355	-
Accrued Interest Payable	128,792	-	128,792	-
Due to Component Unit/				
Primary Government	131,448	-	131,448	13,252
Customer Deposits	-	651,298	651,298	600
<i>Payable from Restricted Assets:</i>				
Accrued Interest Payable	-	110,712	110,712	-
Current Portion of Long-Term Debt	-	805,000	805,000	-
<i>Noncurrent Liabilities:</i>				
Due within One Year	1,944,006	158,856	2,102,862	-
Due in more than One Year	30,574,270	15,160,310	45,734,580	-
<b>TOTAL LIABILITIES</b>	<b>34,775,885</b>	<b>19,804,984</b>	<b>54,580,869</b>	<b>53,667</b>
<i>Net Assets:</i>				
Invested in Capital Assets, net of related debt	19,035,061	26,030,163	45,065,224	1,533,502
Restricted for:				
Debt Service	1,243,295	1,884,617	3,127,912	-
Unrestricted	13,388,718	20,137,343	33,526,061	2,514,271
<b>TOTAL NET ASSETS</b>	<b>33,667,074</b>	<b>48,052,123</b>	<b>81,719,197</b>	<b>4,047,773</b>
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	 <b>\$ 68,442,959</b>	 <b>\$ 67,857,107</b>	 <b>\$ 136,300,066</b>	 <b>\$ 4,101,440</b>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 2,998,970	\$ 2,419,222	\$ 472,474	\$ -
Public Safety	9,494,381	2,957,157	363,160	32,212
Public Service	6,636,986	2,228,708	130,148	498,438
Nondepartmental	1,813,410	-	-	37,008
Indirect Cost Allocation	(2,952,855)	-	-	-
Interest on Long-term Debt	1,444,828	-	-	-
Total Governmental Activities	<u>19,435,720</u>	<u>7,605,087</u>	<u>965,782</u>	<u>567,658</u>
<b>Business-Type Activities</b>				
Utility	36,430,136	39,290,331	-	87,917
Total Business-Type Activities	<u>36,430,136</u>	<u>39,290,331</u>	<u>-</u>	<u>87,917</u>
<b>Total Primary Government</b>	<u>\$ 55,865,856</u>	<u>\$ 46,895,418</u>	<u>\$ 965,782</u>	<u>\$ 655,575</u>
<b>Component Unit:</b>				
Seguin Economic Development Corporation				
	\$ 1,189,382	\$ 174,377	\$ -	\$ -
<b>Total Component Unit</b>	<u>\$ 1,189,382</u>	<u>\$ 174,377</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Occupancy Taxes				
Interest and Investment Earnings				
<b>Total General Revenues</b>				
Transfers				
<b>Change in Net Assets</b>				
Net Assets at Beginning of Year				
Prior Period Adjustment				
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
\$ (107,274)	\$ -	\$ (107,274)	\$ -
(6,141,852)	-	(6,141,852)	-
(3,779,692)	-	(3,779,692)	-
(1,776,402)	-	(1,776,402)	-
2,952,855	-	2,952,855	-
(1,444,828)	-	(1,444,828)	-
<u>(10,297,193)</u>	<u>-</u>	<u>(10,297,193)</u>	<u>-</u>
-	2,948,112	2,948,112	-
<u>-</u>	<u>2,948,112</u>	<u>2,948,112</u>	<u>-</u>
<u>(10,297,193)</u>	<u>2,948,112</u>	<u>(7,349,081)</u>	<u>-</u>
-	-	-	(1,015,005)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,015,005)</u>
5,694,180	-	5,694,180	-
920,524	-	920,524	-
4,473,399	-	4,473,399	879,819
550,999	-	550,999	-
55,460	42,731	98,191	47,108
<u>11,694,562</u>	<u>42,731</u>	<u>11,737,293</u>	<u>926,927</u>
<u>72,034</u>	<u>(72,034)</u>	<u>-</u>	<u>-</u>
1,469,403	2,918,809	4,388,212	(88,078)
31,960,712	45,133,314	77,094,026	4,135,851
236,959	-	236,959	-
<u>\$ 33,667,074</u>	<u>\$ 48,052,123</u>	<u>\$ 81,719,197</u>	<u>\$ 4,047,773</u>

CITY OF SEGUIN, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	General Fund	2008 Bond Fund	General Fund Capital Projects
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 495,623	\$ -	\$ 302
Investments	5,719,014	-	1,297,670
Receivables (net of allowances for uncollectibles):			
Taxes	1,143,098	-	-
Accounts	745,133	-	497,756
Grants	27,688	-	-
Miscellaneous	78,694	-	-
Due from Other Funds	1,050	-	-
Inventories	17,404	-	-
Prepaid Items	39,495	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	3,979	-
Investments	-	4,066,083	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,267,199</u></u>	<u><u>\$ 4,070,062</u></u>	<u><u>\$ 1,795,728</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 532,341	\$ 731,257	\$ 37,365
Accrued Expenditures	372,144	-	-
Due to Component Unit	131,448	-	-
Deferred/Unearned Revenues	948,169	-	8,885
Due to Other Funds	-	-	-
Due to Others	3,871	-	20
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u><u>1,987,973</u></u>	<u><u>731,257</u></u>	<u><u>46,270</u></u>
<i>Fund Balances:</i>			
Reserved for:			
Inventory & Prepays	56,899	-	-
Debt Service	-	-	-
Capital Projects	-	3,338,805	-
Unreserved, reported in:			
General Fund	6,222,327	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	1,749,458
<i>Total Fund Balances</i>	<u>6,279,226</u>	<u>3,338,805</u>	<u>1,749,458</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u><u>\$ 8,267,199</u></u>	<u><u>\$ 4,070,062</u></u>	<u><u>\$ 1,795,728</u></u>

See accompanying notes to basic financial statements.

Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,445	\$ 123,447	\$ 626,817
1,050,681	3,565,230	11,632,595
188,121	129,368	1,460,587
-	16,292	1,259,181
-	-	27,688
-	-	78,694
-	-	1,050
-	-	17,404
-	4,295	43,790
-	4,258	8,237
-	492,799	4,558,882
<u>\$ 1,246,247</u>	<u>\$ 4,335,689</u>	<u>\$ 19,714,925</u>
\$ 2,952	\$ 161,227	\$ 1,465,142
-	1,793	373,937
-	-	131,448
174,697	15,648	1,147,399
-	1,050	1,050
-	29,378	33,269
<u>177,649</u>	<u>209,096</u>	<u>3,152,245</u>
-	4,295	61,194
1,068,598	-	1,068,598
-	410,275	3,749,080
-	-	6,222,327
-	3,521,429	3,521,429
-	190,594	1,940,052
<u>1,068,598</u>	<u>4,126,593</u>	<u>16,562,680</u>
<u>\$ 1,246,247</u>	<u>\$ 4,335,689</u>	<u>\$ 19,714,925</u>



CITY OF SEGUIN, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 16,562,680
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.		47,193,042
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.		599,252
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Net Pension Asset	342,974	
Deferred Revenues	<u>1,055,443</u>	1,398,417
Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		584,370
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:		
General Long-term Debt	31,312,520	
Unamortized Bond Premiums	333,888	
Capital Leases	77,683	
Net Other Post Employment Benefit Obligation	23,619	
Compensated Absences	<u>794,185</u>	(32,541,895)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(128,792)</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 33,667,074</u>

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, 2010

	General Fund	2008 Bond Fund	General Fund Capital Projects
<b>REVENUES</b>			
Taxes	\$ 8,255,014	\$ -	\$ -
Licenses and Permits	259,809	-	-
Intergovernmental	867,638	-	1,135,354
Charges for Services	4,876,631	-	-
Fines and Forfeits	1,293,009	-	-
Interest	14,397	17,835	4,903
Miscellaneous	128,350	-	-
<b>TOTAL REVENUES</b>	<u>15,694,848</u>	<u>17,835</u>	<u>1,140,257</u>
<b>EXPENDITURES</b>			
Current:			
General Government	2,399,128	-	-
Public Safety	8,862,366	-	-
Public Service	4,245,097	-	296,843
Nondepartmental	1,467,733	-	-
Indirect Cost Allocation (Recovery)	(2,952,855)	-	-
Capital Projects/Outlay	-	2,863,050	1,706,499
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>14,021,469</u>	<u>2,863,050</u>	<u>2,003,342</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,673,379</u>	<u>(2,845,215)</u>	<u>(863,085)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	631,000
Transfers Out	(711,428)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(711,428)</u>	<u>-</u>	<u>631,000</u>
Net Change in Fund Balance	961,951	(2,845,215)	(232,085)
Fund Balances at Beginning of Year	5,317,275	6,184,020	1,981,543
Fund Balances at End of Year	<u>\$ 6,279,226</u>	<u>\$ 3,338,805</u>	<u>\$ 1,749,458</u>

See accompanying notes to basic financial statements.

Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,779,998	\$ 550,999	\$ 11,586,011
-	69,200	329,009
179,238	71,248	2,253,478
45,996	204,892	5,127,519
-	73,164	1,366,173
4,658	13,058	54,851
-	999	129,349
<u>3,009,890</u>	<u>983,560</u>	<u>20,846,390</u>
-	644,689	3,043,817
-	-	8,862,366
-	-	4,541,940
-	24,031	1,491,764
-	-	(2,952,855)
-	1,182,408	5,751,957
1,458,822	7,436	1,466,258
1,427,987	437	1,428,424
<u>2,886,809</u>	<u>1,859,001</u>	<u>23,633,671</u>
<u>123,081</u>	<u>(875,441)</u>	<u>(2,787,281)</u>
-	-	631,000
-	-	(711,428)
<u>-</u>	<u>-</u>	<u>(80,428)</u>
123,081	(875,441)	(2,867,709)
945,517	5,002,034	19,430,389
<u>\$ 1,068,598</u>	<u>\$ 4,126,593</u>	<u>\$ 16,562,680</u>



CITY OF SEGUIN, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (2,867,709)

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	6,429,322	
Additions previously recorded as		
Construction in Progress	(1,258,500)	
Current Period Depreciation	<u>(2,497,010)</u>	2,673,812

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. (13,909)

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:

Principal Payments	1,466,258	
Amortization of Bond Costs & Premiums	<u>(22,022)</u>	1,444,236

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. 147,986

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. (97,030)

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. 182,017

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,469,403

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS  
SEPTEMBER 30, 2010

<b>ASSETS</b>	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Cash and Cash Equivalents	\$ 403,585	\$ 147,257
Investments	14,325,565	454,914
Accounts Receivable (Net)	4,516,813	-
Miscellaneous Receivables	1,380,051	6,528
Due from Component Unit	13,252	-
Inventories	1,348,762	-
Prepaid Items	38,337	-
<i>Total Current Assets</i>	22,026,365	608,699
Restricted Cash & Investments:		
Cash and Cash Equivalents	9,289	-
Investments	4,821,423	-
Net Pension Asset	114,350	-
Net Other Post Employment Benefit Asset	-	-
Bond Issuance Costs (Net)	402,267	-
Net Present Value of Lease Financing	714,567	-
	6,061,896	-
<i>Capital Assets:</i>		
Land	532,789	-
Buildings and Improvements	22,413,593	-
Improvements Other than Buildings	49,469,546	-
Transportation & Equipment	5,558,799	-
Construction in Progress	3,383,484	-
Accumulated Depreciation	(41,589,365)	-
<i>Capital Assets, net</i>	39,768,846	-
<i>Total Noncurrent Assets</i>	45,830,742	-
<b>TOTAL ASSETS</b>	<b>\$ 67,857,107</b>	<b>\$ 608,699</b>

*Continued*

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (CONTINUED)  
SEPTEMBER 30, 2010

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 2,294,633	\$ 9,447
Accrued Wages & Benefits	352,096	-
Net Other Post Employment Benefit Obligation	8,736	-
Due to Others	-	-
Due to Other Funds	-	-
Unearned Revenue	401,973	-
Customer Deposits	651,298	-
Capital Lease Payable - Current Portion	20,226	-
<i>Current Liabilities</i>	3,728,962	9,447
 <i>Current Liabilities Payable from Restricted Assets:</i>		
Accrued Interest Payable	110,712	-
Current Portion of Long-term Bonds	805,000	-
<i>Current Liabilities Payable from Restricted Assets</i>	915,712	-
<i>Total Current Liabilities</i>	4,644,674	9,447
 <i>Noncurrent Liabilities:</i>		
Capital Lease Payable	144,320	-
Compensated Absences	109,881	-
Revenue Bonds Payable	14,906,109	-
<i>Total Noncurrent Liabilities</i>	15,160,310	-
<b>TOTAL LIABILITIES</b>	19,804,984	9,447
 <i>Net Assets:</i>		
Invested in Capital Assets, net of related debt	26,030,163	-
Restricted for:		
Debt Service	1,884,617	-
Unrestricted	20,137,343	599,252
<b>TOTAL NET ASSETS</b>	48,052,123	599,252
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	\$ 67,857,107	\$ 608,699

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Utility Fund	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for Utility Service	\$ 37,441,908	\$ -
Charges for Premiums	-	1,986,128
Miscellaneous Revenues	1,848,423	19,109
<b>TOTAL OPERATING REVENUES</b>	<u>39,290,331</u>	<u>2,005,237</u>
<b>OPERATING EXPENSES</b>		
Administration	1,447,343	1,976,289
Operation and Maintenance:		
Electric	20,485,867	-
Water Production	4,697,155	-
Water/Sewer Maintenance	2,980,335	-
Sewer	1,821,801	-
Economic Development	228,406	-
Facilities Maintenance	499,084	-
Information Technology	121,458	-
City Attorney	68,675	-
Nondepartmental	412,708	-
Indirect Cost Allocation	2,952,855	-
<b>TOTAL OPERATING EXPENSES</b>	<u>35,715,687</u>	<u>1,976,289</u>
<b>OPERATING INCOME (LOSS)</b>	<u>3,574,644</u>	<u>28,948</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	42,731	607
Interest and Fiscal Charges	(714,449)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(671,718)</u>	<u>607</u>
<b>REVENUES (EXPENSES)</b>	<u>(671,718)</u>	<u>607</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	2,902,926	29,555
Capital Contributions	87,917	-
Transfers In (Out)	(72,034)	152,462
<b>CHANGE IN NET ASSETS</b>	2,918,809	182,017
<b>NET ASSETS AT BEGINNING OF YEAR</b>	45,133,314	180,276
<b>Prior Period Adjustment</b>	-	236,959
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 48,052,123</u>	<u>\$ 599,252</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 39,365,768	\$ 1,999,355
Cash Paid for Employee Wages & Benefits	(4,381,142)	-
Cash Paid to Suppliers for Goods & Services	(25,837,491)	(1,966,926)
Cash Paid General Fund for Indirect Costs	(2,952,855)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,194,280</b>	<b>32,429</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfers (To) From Other Funds	(72,034)	152,462
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(72,034)</b>	<b>152,462</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase/Construction of Capital Assets	(3,365,456)	-
Principal Payments on Revenue Bonds	(775,000)	-
Interest and Fiscal Charges Paid	(699,554)	-
Principal Payments on Capital Leases	(20,778)	-
Advances (To) From Component Unit	1,552	-
Proceeds from Sale of Capital Assets	87,917	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(4,771,319)</b>	<b>-</b>
<b>Cash Flows From Investing Activities:</b>		
Sale/(Purchase) of Investment Securities	(1,118,220)	(66,804)
Investment Interest Received	42,731	607
Lease Financing - Principal Payments Received	33,845	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,041,644)</b>	<b>(66,197)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>309,283</b>	<b>118,694</b>
<b>Cash and Equivalents at Beginning of Year:</b>		
Cash and Cash Equivalents	86,649	28,563
Restricted Cash and Cash Equivalents	16,942	-
	<b>103,591</b>	<b>28,563</b>
<b>Cash and Cash Equivalents at End of Year:</b>		
Cash and Cash Equivalents	403,585	147,257
Restricted Cash and Cash Equivalents	9,289	-
	<b>\$ 412,874</b>	<b>\$ 147,257</b>

*Continued*

CITY OF SEGUIN, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income	\$ 3,574,644	\$ 28,948
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	2,616,943	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(107,368)	(5,882)
Inventory/Prepaid Items	3,780	-
Net Pension Asset	(77,728)	-
Net Other Postemployment Benefit Asset	23,025	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(78,077)	9,363
Accrued Wages & Benefits	81,193	-
Interfund Payables	(33,673)	-
Net Other Postemployment Benefit Obligation	8,736	-
Unearned Revenue	205,783	-
Customer Deposits	(22,978)	-
	<u>2,619,636</u>	<u>3,481</u>
	<u>\$ 6,194,280</u>	<u>\$ 32,429</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2010

ASSETS	Private Purpose Trust Funds	Agency Fund
	<u>                    </u>	<u>                    </u>
Cash and Cash Equivalents	\$ 806	\$ 9,516
Investments	484,192	-
Receivables	14,633	-
Inventory	<u>359,431</u>	<u>-</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 859,062</u></b>	 <b><u>\$ 9,516</u></b>
 <b>LIABILITIES &amp; NET ASSETS</b>		
<i>Liabilities:</i>		
Accounts Payable/ Due to Others	<u>\$ -</u>	<u>\$ 9,516</u>
<i>Total Liabilities</i>	<u>-</u>	<u>9,516</u>
 <i>Net Assets:</i>		
Held in Trust for Scholarship	138,332	-
Held in Trust for Riverside Cemetery	89,854	-
Held in Trust for Industrial Development	<u>630,876</u>	<u>-</u>
<i>Total Net Assets</i>	<u>859,062</u>	<u>-</u>
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	 <b><u>\$ 859,062</u></b>	 <b><u>\$ 9,516</u></b>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Interest	\$ 1,476
Total Additions	<u>1,476</u>
<b>DEDUCTIONS</b>	
Benefits	-
Administration	-
Distributions to Participants	<u>13,401</u>
Total Deductions	<u>13,401</u>
<b>Change in Net Assets</b>	(11,925)
<b>Net Assets Held in Trust, Beginning of Year</b>	<u>870,987</u>
<b>Net Assets Held in Trust, End of Year</b>	<u><u>\$ 859,062</u></u>

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**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.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

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

1. REPORTING ENTITY (Continued)

*Joint Ventures (Continued)*

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

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

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net 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, 2008 Bond (Capital Projects) Fund, General Fund Capital Projects Fund and the Debt Service Fund meet criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Projects Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented in the Combining Fund Statements and Schedules as "Other Supplementary Information".

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

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

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

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

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, 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.

**2008 Bond Fund** is used to account for funds received from the 2008 General Obligation Bonds to finance major improvements to certain city infrastructure.

**General Fund Capital Projects Fund** is used to account for grants and contributions and transfers from other city funds to finance purchase of capital assets and other city improvements.

**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.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

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

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

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.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**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, 2009 and past due after January 31, 2010. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible in the amount of \$27,616.

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

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

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**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.

11. CAPITAL ASSETS

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

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**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.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund reservations include capital projects, debt service, inventories and prepaids. Designation of fund balance represents tentative management plans that are subject to change.

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, 2010, the City allocated \$2,952,855 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.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

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

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.

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 2009 financial statements to conform to the 2010 financial statement presentation. The reclassifications had no effect on the changes in financial position.

**NOTE B -- DEPOSITS AND INVESTMENTS**

As of September 30, 2010, the City of Seguin had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
<i>Primary Government</i>		
Local Government Investment Pools:		
TexPool	\$ 26,770,266	0.09
LOGIC	9,507,305	0.15
	<u>\$ 36,277,571</u>	
Portfolio Weighted Average Maturity		0.11
<i>Component Unit</i>		
Local Government Investment Pools:		
TexPool	\$ 358,390	0.09
LOGIC	1,244,739	0.15
	<u>\$ 1,603,129</u>	
Portfolio Weighted Average Maturity		0.10

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

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

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

The City may also invest up to 75% of its 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, 2010, 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, 2010, the government's deposits were insured and collateralized with securities held by the pledging financial institution's agent (Independent Banker's Bank) in the City's name.

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, 2010, the City and Component Unit were not exposed to custodial credit risk with respect to investments.

**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, 2009, upon which the fiscal 2010 levy was based, was \$1,279,059,508 (i.e., market value less exemptions). The estimated market value was \$1,532,139,128, making the taxable value 83.5% 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, 2010, was \$.46 per \$100 of assessed value,

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**NOTE C -- PROPERTY TAX CALENDAR (Continued)**

which means that the City has a tax margin of \$2.04 for each \$100 value and could increase its annual tax levy by approximately \$26,092,814 based upon the present assessed valuation of \$1,279,059,508 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, 2010, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
<b>Primary Government</b>		
General Fund:		
Nonmajor Capital Projects Fund	\$ 1,050	\$ -
	1,050	-
Nonmajor Capital Projects Fund		
General Fund	-	1,050
	-	1,050
Totals	\$ 1,050	\$ 1,050
<b>Component Unit</b>		
Primary Government		
General Fund	-	\$ 131,448
Enterprise Fund	13,252	-
	13,252	131,448
Component Unit		
General Fund	131,448	-
Enterprise Fund	-	13,252
	131,448	13,252
Totals	\$ 144,700	\$ 144,700

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE E -- NOTES RECEIVABLE (COMPONENT UNIT)**

*Notes Receivable*

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 45,132	\$ 42,744	\$ 87,876
2012	46,046	40,363	86,409
2013	48,562	37,847	86,409
2014	51,213	35,196	86,409
2015	54,011	32,398	86,409
Thereafter	580,474	139,602	720,076
	<u>\$ 825,438</u>	<u>\$ 328,150</u>	<u>\$ 1,153,588</u>

**NOTE F -- NET PRESENT VALUE OF LEASE FINANCING**

The City has leased property located at 2460 Crossroads Blvd., consisting of a 49,120 square foot building and improvements, to Pure and Gentle Soap Products, Inc. under a sales-type lease agreement. The lease is for a period 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:

<u>September 30,</u>	
2011	\$ 66,451
2012	67,951
2013	67,951
2014	67,951
2015	67,951
Thereafter	922,833
Total Payments	<u>1,261,088</u>
Less: Amount Representing Interest	(546,521)
Net Present Value of Lease Financing	<u>\$ 714,567</u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE G -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2010, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2009	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2010
Land	\$ 1,939,429	\$ 229,345	\$ -	\$ -	\$ 2,168,774
Construction in Progress	3,739,555	4,124,161	-	(1,258,500)	6,605,216
Total Assets Not Depreciated	5,678,984	4,353,506	-	(1,258,500)	8,773,990
Buildings and Improvements	16,830,735	135,424	-	-	16,966,159
Improvements Other Than Buildings	41,140,161	1,266,689	-	-	42,406,850
Transportation and Equipment	9,703,896	673,702	-	-	10,377,598
Totals at Historical Cost	73,353,776	6,429,322	-	(1,258,500)	78,524,598
Less Accumulated Depreciation:					
Buildings and Improvements	(5,038,908)	(360,868)	-	-	(5,399,776)
Improvement Other Than Buildings	(17,600,475)	(1,488,191)	-	-	(19,088,666)
Transportation and Equipment	(6,195,163)	(647,951)	-	-	(6,843,114)
	(28,834,546)	(2,497,010)	-	-	(31,331,556)
Governmental Capital Assets, Net	\$ 44,519,230	\$ 3,932,312	\$ -	\$ (1,258,500)	\$ 47,193,042
<i>Business-Type Activities</i>					
Land	\$ 532,789	\$ -	\$ -	\$ -	\$ 532,789
Construction in Progress	4,968,630	2,712,852	-	(4,297,998)	3,383,484
Total Assets Not Depreciated	5,501,419	2,712,852	-	(4,297,998)	3,916,273
Buildings and Improvements	21,897,673	515,920	-	-	22,413,593
Utility System	45,268,846	4,200,700	-	-	49,469,546
Transportation and Equipment	5,324,817	233,982	-	-	5,558,799
Totals at Historical Cost	77,992,755	7,663,454	-	(4,297,998)	81,358,211
Less Accumulated Depreciation:					
Buildings and Improvements	(14,931,579)	(642,783)	-	-	(15,574,362)
Improvement Other Than Buildings	(20,579,549)	(1,711,328)	-	-	(22,290,877)
Transportation and Equipment	(3,461,294)	(262,832)	-	-	(3,724,126)
	(38,972,422)	(2,616,943)	-	-	(41,589,365)
Business-Type Capital Assets, Net	\$ 39,020,333	\$ 5,046,511	\$ -	\$ (4,297,998)	\$ 39,768,846
<i>Discretely Presented Component Unit</i>					
Land	\$ 865,494	\$ -	\$ -	\$ -	\$ 865,494
Buildings and Improvements	691,800	-	-	-	691,800
Accumulated Depreciation	(20,292)	(3,500)	-	-	(23,792)
	\$ 1,537,002	\$ (3,500)	\$ -	\$ -	\$ 1,533,502

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE G -- CAPITAL ASSETS**

*Primary Government*

Depreciation Expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 50,283
Public Safety	647,965
Public Service	1,593,842
Nondepartmental	204,920
<i>Total Governmental Activities</i>	<u><u>\$ 2,497,010</u></u>
 <i>Business-Type Activities:</i>	
Administration	\$ 26,583
Electric	441,707
Water	308,489
Sewer	1,150,772
Other	689,392
<i>Total Business-Type Activities</i>	<u><u>\$ 2,616,943</u></u>

**NOTE H -- CAPITAL LEASES**

The City has entered into a lease agreement to finance the acquisition of fifty (50) golf carts a mower, and a document folder/inserter. The City has also financed the acquisition of the Springs Hill Wastewater Collection System through its Utility Fund, with a down payment of \$95,000. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<i>Assets:</i>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Golf Carts*	\$ 124,047	\$ -
Mowers	62,714	-
Wastewater Collection System	-	425,000
Office Equipment	3,526	17,467
Less: Accumulated Depreciation	(15,622)	(99,368)
Total	<u><u>\$ 174,665</u></u>	<u><u>\$ 343,099</u></u>

\*Golf carts and certain office equipment are below the capitalization limit and accordingly, are not being depreciated.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE H -- CAPITAL LEASES (Continued)**

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2010 were as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2011	\$ 39,355	\$ 25,808
2012	35,418	28,308
2013	8,854	28,310
2014	-	25,000
2015	-	25,000
Thereafter	-	130,000
Total Payments	83,627	262,426
Less: Amount Representing Interest	(5,944)	(97,879)
Present Value of Minimum Lease Payments	<u>\$ 77,683</u>	<u>\$ 164,547</u>

**NOTE I -- LONG-TERM DEBT**

**Primary Government**

Long-term debt and obligations payable at September 30, 2010, 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%	\$ 3,300,000
\$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%	5,165,000
\$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%	4,455,000
\$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%	2,780,000
\$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%	5,770,000
\$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%	8,070,000
<i>Total General Obligation Bonds</i>	<u>29,540,000</u>

*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%	765,000
\$1,000,000 2009 Tax Notes payable in annual installments of \$150,000 to \$185,000 through 2015; interest at 2% - 4%	850,000
<i>Total Tax Anticipation Notes</i>	<u>\$ 1,615,000</u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE I -- LONG-TERM DEBT (Continued)**

**Primary Government (Continued)**

*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.	\$ 157,520
<i>Total State Infrastructure Loans</i>	157,520

<b>Total Governmental Long-Term Obligations</b>	<b>\$ 31,312,520</b>
---	----------------------

*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%	\$ 735,000
\$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%	1,000,000
\$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%	5,415,000
\$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%	4,770,000
\$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%	3,650,000
<b>Total Utility Fund Revenue Bonds</b>	<b>\$ 15,570,000</b>

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 \$1,322,202. The Reserve Fund had \$1,355,901 in net assets as of September 30, 2010 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, 2010, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,478,363	\$ 1,271,817	\$ 805,000	\$ 665,868
2012	1,544,157	1,317,194	840,000	633,346
2013	1,525,000	1,251,414	865,000	599,158
2014	1,590,000	1,192,430	920,000	562,868
2015	1,570,000	1,129,962	950,000	524,245
2016-2020	7,875,000	12,572,562	5,415,000	1,967,780
2021-2025	9,640,000	12,500,619	5,375,000	623,223
Thereafter	6,090,000	6,687,620	400,000	8,750
	<b>\$ 31,312,520</b>	<b>\$ 37,923,618</b>	<b>\$ 15,570,000</b>	<b>\$ 5,585,238</b>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE I -- LONG-TERM DEBT (Continued)**

**Changes in Long-Term Liabilities**

	Balance 10/1/2009	Additions	Reductions	Balance 9/30/2010	Due Within One Year
<b><u>Governmental Activities</u></b>					
General Obligation Bonds	\$ 30,580,000	\$ -	\$ (1,040,000)	\$ 29,540,000	\$ 1,065,000
Bond Premiums	353,493	-	(19,605)	333,888	-
Tax Anticipation Notes	1,925,000	-	(310,000)	1,615,000	335,000
State Infrastructure Loans	239,298	-	(81,778)	157,520	78,363
Capital Leases	112,163	-	(34,480)	77,683	35,319
Compensated Absences	691,537	482,273	(379,625)	794,185	430,324
<i>Total Governmental Activities</i>	<u>33,901,491</u>	<u>482,273</u>	<u>(1,865,488)</u>	<u>32,518,276</u>	<u>1,944,006</u>
<b><u>Business-Type Activities</u></b>					
Revenue Bonds	16,345,000	-	(775,000)	15,570,000	805,000
Bond Premiums	151,188	-	(10,079)	141,109	-
Capital Leases	185,325	-	(20,778)	164,547	20,226
Compensated Absences	241,214	138,905	(131,609)	248,510	138,630
<i>Total Business-Type Activities</i>	<u>16,922,727</u>	<u>138,905</u>	<u>(937,466)</u>	<u>16,124,166</u>	<u>963,856</u>
Total Primary Government	<u>\$ 50,824,218</u>	<u>\$ 621,178</u>	<u>\$ (2,802,954)</u>	<u>\$ 48,642,442</u>	<u>\$ 2,907,862</u>

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, 2010, outstanding conduit debt from this issue was \$113,750.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**NOTE I -- LONG-TERM DEBT (Continued)**

**Conduit Debt Obligations (Continued)**

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, 2010, the total outstanding debt from this issue was \$12,280,000.

**NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS**

Texas Municipal Retirement System

**Plan Description**

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

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

	<u>Plan Year 2009</u>	<u>Plan Year 2010</u>
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

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

Texas Municipal Retirement System (Continued)

**Contributions**

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 1,446,866
2. Interest on Net Pension Obligation	-
3. Adjustment to the ARC	-
4. Annual Pension Cost (APC)	<u>1,446,866</u>
5. Contributions Made	<u>(1,757,776)</u>
6. Increase (Decrease) in Net Pension Obligation	(310,910)
7. Net Pension Obligation (Asset), Beginning of Year	<u>(146,414)</u>
8. Net Pension Obligation (Asset), End of Year	<u><u>\$ (457,324)</u></u>

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Asset</u>
2010	\$ 1,446,866	\$ 1,757,776	121%	\$ 457,324
2009	1,504,779	1,651,193	110%	146,414
2008	1,482,699	1,482,699	100%	-

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

**Contributions (Continued)**

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Actuarial Valuation Date	December 31, 2007	December 31, 2008	December 31, 2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization Period	25 years - Closed Period	24 years - Closed Period	23 years - Closed Period
Asset Valuation Method	Amortized Cost	Amortized Cost	10-year Smoothed Market
Investment Rate of Return	7.0%	7.5%	7.5%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	\$ 21,658,711	\$ 30,747,871	70.4%	\$ 9,089,160	\$11,977,729	75.9%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year 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, 2010, 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.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

Texas Statewide Emergency Services Personnel Retirement Fund (Continued)

**Plan Description (continued)**

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

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

(1) Retirees and beneficiaries currently receiving benefits	2,231
(2) Terminated participants entitled to benefits but not yet receiving them	2,106
(3) Current active participants (vested and nonvested)	<u>4,371</u>
(4) Total Members	<u><u>8,708</u></u>

TESRS was created by Senate Bill 411, 65<sup>th</sup> Legislature, Regular Session (1977), and established the applicable benefit provisions. The 79<sup>th</sup> 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, 65<sup>th</sup> 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.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**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

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**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
Amortization Method	Level Dollar, Open	Level Dollar, Open
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 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:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Rates	Total Members Covered	UAAL Per Member Covered
8/31/2010	\$ 64,113,803	\$ 79,953,215	\$ 15,839,412	80.2%	8708	\$ 1,819

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

**NOTE K -- POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Retiree Health Benefits

**Plan Description**

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

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

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

Retiree Health Benefits (Continued)

**Plan Description (Continued)**

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

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

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

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

Plan members consist of the following at April 30, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	20
Active Plan Members	278
Total	298

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

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

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**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)	\$ 153,255
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	<u>153,255</u>
Contributions Made	<u>(36,298)</u>
Increase in Net OPEB Obligation (Asset)	116,957
Net OPEB Obligation (Asset) - Beginning of Year	<u>(84,602)</u>
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 32,355</u></u>

The City's percentage of annual OPEB cost contributed to the Plan is 23.7% for the year ended September 30, 2010. The total net OPEB obligation was \$23,619 for governmental activities and \$8,736 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.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**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 2010, 2009, and 2008 were \$29,917, \$32,152, and \$33,580, respectively, which equaled the required contributions each year.

**NOTE L -- INTERFUND TRANSFERS**

Interfund transfers during the year ended September 30, 2010, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Primary Government</b>		
<i>General Fund</i>		
General Fund Capital Projects	\$ -	\$ 631,000
Internal Service Funds	-	80,428
<i>Utility Fund</i>		
Internal Service Funds	-	72,034
<i>Internal Service Funds</i>		
Utility Fund	72,034	-
General Fund	80,428	-
<i>General Fund Capital Projects:</i>		
General Fund	<u>631,000</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 783,462</u>	<u>\$ 783,462</u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**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, 2010 is as follows:

	Total Commitments	Incurred Thru September 2010	Estimated Future Commitments
<u>General Government</u>			
Street & Drainage Improvements	\$ 4,921,726	\$ 3,198,836	\$ 1,722,890
Professional Services (Engineering)	184,375	157,894	26,481
Community Development Project	855,839	71,807	784,032
Coliseum Renovation/ Upgrades	431,381	252,561	178,820
Various Other Contractual Commitments	15,494	6,475	9,019
	<u>6,408,815</u>	<u>3,687,573</u>	<u>2,721,242</u>
<u>Utility System</u>			
Utility System Improvements	5,163,027	2,622,303	2,540,724
	<u>5,163,027</u>	<u>2,622,303</u>	<u>2,540,724</u>
 Total Government-Wide Commitments	 <u>\$ 11,571,842</u>	 <u>\$ 6,309,876</u>	 <u>\$ 5,261,966</u>

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, 2010:

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Guadalupe Regional Medical Center (Continued)

**ASSETS:**

Current Assets	\$ 35,232,169
Other Assets	14,946,440
Capital Assets (Net)	100,983,153
<b>TOTAL ASSETS</b>	<b><u>\$ 151,161,762</u></b>

**LIABILITIES & NET ASSETS:**

Current Liabilities	\$ 15,434,757
Other Liabilities	101,126,780
<b>TOTAL LIABILITIES</b>	<b><u>116,561,537</u></b>

Net Assets	<u>34,600,225</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 151,161,762</u></b>

Operating Revenues:

Net Revenues from Patient Services	\$ 69,068,210
Other Operating Revenues	965,329
<b>Total Operating Revenues</b>	<b><u>70,033,539</u></b>

Operating Expenses:

Total Net Operating Income	<u>966,499</u>
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Nonoperating Revenues and (Expenses)	<u>(2,429,711)</u>
Increase (Decrease) in Net Assets	<u>\$ (1,463,212)</u>

Schertz/Seguin Local Government Corporation

The City of Seguin is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation (See Note A1). Following is a summary of financial data as reported in the Corporation's most recent audited financial statements dated September 30, 2009:

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)**

Schertz/Seguin Local Government Corporation (Continued)

<b>ASSETS:</b>	
Current Assets	\$ 4,130,611
Restricted Cash and Cash Equivalents	4,554,952
Property, Plant & Equipment	49,631,688
Other Assets	1,989,747
<b>TOTAL ASSETS</b>	<u><u>\$ 60,306,998</u></u>
 <b>LIABILITIES &amp; NET ASSETS:</b>	
Current Liabilities	\$ 2,254,223
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	53,420,346
<b>TOTAL LIABILITIES</b>	<u><u>55,674,569</u></u>
 <b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	-
Restricted	2,324,729
Unrestricted	2,307,700
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 60,306,998</u></u>

The Corporation had revenue bonds outstanding in the amount of \$57,180,000 (as of September 30, 2009) 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.

The Corporation issued additional contract revenue bonds on July 8, 2010 in the amount of \$22,140,000. The bonds were issued to fund construction costs of enlarging the current utility system, fund reserves and pay the costs of bond issuance. The issue required the Corporation to contribute \$1,000,000 toward funding the Debt Service Reserve Fund.

**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, 2010 were \$214,049 for property and casualty and \$172,814 for workers' compensation coverage.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2010

**NOTE O -- PRIOR PERIOD ADJUSTMENT**

During the year ended September 30, 2009, the City established employee benefit trust funds to account for assets held for the purpose of purchasing health insurance for active and retired employees. The funds were previously reported as fiduciary trust funds. During the year ended September 30, 2010, the City determined that the funds did not meet all the requirements of fiduciary trust funds because the Council has the ability to invade the corpus of the trusts for other City purposes. Therefore, the funds have been classified as internal service funds in the current report to more closely reflect the nature of the funds as providing a means of collecting contributions from the General Fund and Proprietary (Utility) Fund, as well as premiums from participating employees and retirees for the purpose of purchasing health insurance. The reclassification of funds required a restatement of the beginning fund balances for internal service funds. The effects on the financials statements are detailed below:

	Governmental Activities	Priority (Internal Service) Funds
Beginning Equity/Fund Balance As Previously Reported	\$ 31,960,712	\$ 180,276
Beginning Equity/Fund Balance Of Health and Retirement Benefits Fund	236,959	236,959
Beginning Equity/Fund Balance Restated	\$ 32,197,671	\$ 417,235

**NOTE P -- SUBSEQUENT EVENTS**

Subsequent to September 30, 2010, the city had the following bond issues:

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2010 were issued November 16, 2010 in the amount of \$10,760,000. The bonds were issued to fund street and drainage improvements in the City.

Utility System Revenue Bonds, Series 2010 were issued October 19, 2010 in the amount of \$7,835,000. The bonds were issued to improve, enlarge and repair the existing utility system.

## **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, 2010  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Budgeted Amounts		2010 Actual	Variance With Final Budget - Positive (Negative)	2009 Actual
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 8,107,054	\$ 7,857,054	\$ 8,255,014	\$ 397,960	\$ 7,660,425
Licenses and Permits	249,000	263,150	259,809	(3,341)	270,391
Intergovernmental	738,350	888,326	867,638	(20,688)	812,794
Charges for Services	4,785,296	4,806,296	4,876,631	70,335	4,649,532
Fines and Forfeits	736,200	739,200	1,293,009	553,809	776,653
Interest	36,500	36,500	14,397	(22,103)	39,065
Miscellaneous	139,800	119,100	128,350	9,250	140,500
<b>TOTAL REVENUES</b>	14,792,200	14,709,626	15,694,848	985,222	14,349,360
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT:</b>					
<i>Administration:</i>					
Personnel Services	56,903	56,903	56,941	(38)	56,955
Contracted Services	1,402	1,402	1,233	169	1,456
Supplies	900	900	719	181	559
Other Services and Charges	25,550	25,550	12,832	12,718	12,191
<i>Total Administration</i>	84,755	84,755	71,725	13,030	71,161
<i>Financial Administration:</i>					
Personnel Services	217,863	217,863	223,731	(5,868)	241,798
Contracted Services	116,615	118,919	113,554	5,365	105,531
Supplies	10,550	10,550	10,429	121	9,207
Other Services and Charges	4,500	2,196	1,620	576	1,727
<i>Total Financial Administration</i>	349,528	349,528	349,334	194	358,263
<i>City Manager:</i>					
Personnel Services	166,929	166,929	172,254	(5,325)	169,267
Contracted Services	1,501	1,414	1,230	184	1,661
Supplies	2,000	2,000	1,844	156	1,885
Other Services and Charges	9,000	9,087	8,399	688	10,114
<i>Total City Manager</i>	179,430	179,430	183,727	(4,297)	182,927
<i>Human Resources:</i>					
Personnel Services	179,893	179,893	181,249	(1,356)	176,189
Contracted Services	36,601	43,601	43,234	367	40,585
Supplies	5,050	5,050	4,750	300	4,516
Other Services and Charges	36,825	29,825	23,183	6,642	33,515
<i>Total Human Resources</i>	\$ 258,369	\$ 258,369	\$ 252,416	\$ 5,953	\$ 254,805

*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, 2010  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Budgeted Amounts		2010 Actual	Variance With Final Budget - Positive (Negative)	2009 Actual
	Original	Final			
<b>General Government (Cont.):</b>					
<i>Planning and Zoning Office:</i>					
Personnel Services	\$ 628,255	\$ 628,255	\$ 586,499	\$ 41,756	\$ 565,737
Contracted Services	79,004	94,254	89,343	4,911	62,724
Supplies	19,500	33,400	30,425	2,975	29,459
Other Services and Charges	8,225	8,225	6,858	1,367	6,248
<i>Total Planning and Zoning Office</i>	734,984	764,134	713,125	51,009	664,168
<i>City Secretary's Office:</i>					
Personnel Services	52,313	52,313	52,451	(138)	51,330
Contracted Services	3,500	3,500	2,017	1,483	3,179
Supplies	2,600	2,600	2,386	214	2,514
Other Services and Charges	27,350	37,350	17,917	19,433	9,363
<i>Total City Secretary's Office</i>	85,763	95,763	74,771	20,992	66,386
<i>Information Technology</i>					
Personnel Services	70,871	70,871	71,012	(141)	67,004
Contracted Services	90,100	90,160	85,129	5,031	82,219
Supplies	1,600	1,540	1,656	(116)	1,330
Other Services and Charges	2,600	2,600	1,208	1,392	1,221
<i>Total City Secretary's Office</i>	165,171	165,171	159,005	6,166	151,774
<i>City Attorney:</i>					
Personal Services	58,291	53,156	44,885	8,271	55,476
Contracted Services	8,097	13,232	13,043	189	631
Supplies	400	400	207	193	250
Other Services and Charges	1,675	1,675	1,175	500	1,125
<i>Total City Attorney:</i>	68,463	68,463	59,310	9,153	57,482
<i>Facilities and Grounds:</i>					
Personnel Services	438,425	438,425	435,726	2,699	417,343
Contracted Services	70,501	70,501	67,536	2,965	78,286
Supplies	17,100	17,100	15,707	1,393	17,232
Other Services and Charges	19,000	19,000	16,746	2,254	13,004
<i>Total Facilities and Grounds</i>	545,026	545,026	535,715	9,311	525,865
<b>Total General Government</b>	\$ 2,471,489	\$ 2,510,639	\$ 2,399,128	\$ 111,511	\$ 2,332,831

*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, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	<u>Budgeted Amounts</u>		<b>2010 Actual</b>	Variance With Final Budget -	2009 Actual
	<u>Original</u>	<u>Final</u>		Positive (Negative)	
<b>Public Safety:</b>					
<i>Police:</i>					
Personnel Services	\$ 4,377,816	\$ 4,460,766	<b>\$ 4,301,795</b>	\$ 158,971	\$ 4,064,486
Contracted Services	135,000	129,500	<b>120,442</b>	9,058	116,681
Supplies	68,975	102,625	<b>99,866</b>	2,759	50,775
Other Services and Charges	176,100	167,850	<b>146,960</b>	20,890	130,295
<i>Total Police</i>	<u>4,757,891</u>	<u>4,860,741</u>	<u><b>4,669,063</b></u>	<u>191,678</u>	<u>4,362,237</u>
<i>Fire/EMS:</i>					
Personnel Services	3,396,517	3,396,517	<b>3,344,420</b>	52,097	3,355,539
Contracted Services	226,300	275,300	<b>276,067</b>	(767)	258,206
Supplies	184,400	129,400	<b>124,076</b>	5,324	115,231
Other Services and Charges	42,600	69,600	<b>67,086</b>	2,514	59,906
<i>Total Fire/EMS</i>	<u>3,849,817</u>	<u>3,870,817</u>	<u><b>3,811,649</b></u>	<u>59,168</u>	<u>3,788,882</u>
<i>Municipal Court:</i>					
Personnel Services	176,216	176,216	<b>163,649</b>	12,567	172,551
Contracted Services	53,450	53,450	<b>52,545</b>	905	50,780
Supplies	4,800	7,800	<b>7,634</b>	166	4,981
Other Services and Charges	4,500	4,500	<b>1,871</b>	2,629	3,287
<i>Total Municipal Court</i>	<u>238,966</u>	<u>241,966</u>	<u><b>225,699</b></u>	<u>16,267</u>	<u>231,599</u>
<i>Animal Control:</i>					
Personnel Services	139,468	139,468	<b>131,929</b>	7,539	125,717
Contracted Services	10,425	10,346	<b>8,466</b>	1,880	8,823
Supplies	10,300	11,147	<b>10,956</b>	191	10,585
Other Services and Charges	7,400	6,632	<b>4,604</b>	2,028	4,830
<i>Total Animal Control</i>	<u>167,593</u>	<u>167,593</u>	<u><b>155,955</b></u>	<u>11,638</u>	<u>149,955</u>
<b>Total Public Safety</b>	<u>9,014,267</u>	<u>9,141,117</u>	<u><b>8,862,366</b></u>	<u>278,751</u>	<u>8,532,673</u>
<b>Public Service:</b>					
<i>Public Works:</i>					
Personnel Services	841,191	841,191	<b>805,459</b>	35,732	704,292
Contracted Services	1,262,208	1,261,808	<b>1,224,645</b>	37,163	1,184,491
Supplies	15,040	15,040	<b>10,547</b>	4,493	31,588
Other Services and Charges	60,800	49,200	<b>44,007</b>	5,193	39,440
<i>Total Public Works</i>	<u>\$ 2,179,239</u>	<u>\$ 2,167,239</u>	<u><b>\$ 2,084,658</b></u>	<u>\$ 82,581</u>	<u>\$ 1,959,811</u>

*Continued*

CITY OF SEGUIN, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Budgeted Amounts		2010 Actual	Variance With Final Budget - Positive (Negative)	2009 Actual
	Original	Final			
<b>Public Service: (Cont.)</b>					
<i>Vehicle Maintenance:</i>					
Personnel Services	\$ 155,594	\$ 155,594	\$ 156,017	\$ (423)	\$ 149,488
Contracted Services	24,502	24,125	21,316	2,809	20,837
Supplies	10,500	11,070	13,029	(1,959)	10,988
Other Services and Charges	3,900	3,707	3,210	497	3,104
<i>Total Vehicle Maintenance</i>	194,496	194,496	193,572	924	184,417
<i>Library:</i>					
Personnel Services	381,234	381,234	383,506	(2,272)	355,679
Contracted Services	59,100	56,100	52,503	3,597	53,681
Supplies	87,000	95,998	95,155	843	89,386
Other Services and Charges	3,300	7,060	6,899	161	5,223
<i>Total Library</i>	530,634	540,392	538,063	2,329	503,969
<i>Parks and Recreation:</i>					
Personnel Services	568,141	568,141	575,142	(7,001)	545,400
Contracted Services	82,955	80,455	69,904	10,551	70,977
Supplies	71,000	71,000	51,312	19,688	75,920
Other Services and Charges	9,030	11,530	8,593	2,937	8,104
<i>Total Parks and Recreation</i>	731,126	731,126	704,951	26,175	700,401
<i>Golf Course:</i>					
Personnel Services	395,058	384,058	384,725	(667)	370,643
Contracted Services	61,600	56,915	48,595	8,320	56,679
Supplies	38,900	39,900	36,543	3,357	28,293
Other Services and Charges	65,200	79,885	75,678	4,207	62,377
<i>Total Golf Course</i>	560,758	560,758	545,541	15,217	517,992
<i>Downtown &amp; Main St. Programs:</i>					
Personnel Services	138,528	138,528	137,577	951	131,768
Contracted Services	1,902	1,402	1,407	(5)	1,280
Supplies	1,800	3,468	3,200	268	12,151
Other Services and Charges	36,460	36,960	36,128	832	33,413
<i>Total Downtown &amp; Main St. Programs</i>	178,690	180,358	178,312	2,046	178,612
<b>Total Public Service</b>	\$ 4,374,943	\$ 4,374,369	\$ 4,245,097	\$ 129,272	\$ 4,045,202

*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, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Budgeted Amounts		2010 Actual	Variance With Final Budget - Positive (Negative)	2009 Actual
	Original	Final			
<b>Nondepartmental:</b>					
Contracted Services	\$ 86,450	\$ 86,450	\$ 73,906	\$ 12,544	\$ 75,265
Building and Auto Insurance	130,000	121,579	116,579	5,000	106,534
Unemployment Insurance	15,000	24,291	24,291	-	17,407
Contributions - Civic Organizations	1,231,473	1,227,603	1,224,157	3,446	1,069,949
Other Services and Charges	38,150	41,150	28,800	12,350	37,329
<b>Total Nondepartmental</b>	<b>1,501,073</b>	<b>1,501,073</b>	<b>1,467,733</b>	<b>33,340</b>	<b>1,306,484</b>
<b>Indirect Cost</b>					
<b>Allocation (Recovery)</b>	<b>(2,600,000)</b>	<b>(2,600,000)</b>	<b>(2,952,855)</b>	<b>352,855</b>	<b>(2,869,702)</b>
<b>TOTAL EXPENDITURES</b>	<b>14,761,772</b>	<b>14,927,198</b>	<b>14,021,469</b>	<b>905,729</b>	<b>13,347,488</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>30,428</b>	<b>(217,572)</b>	<b>1,673,379</b>	<b>1,890,951</b>	<b>1,001,872</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (Out)	(30,428)	(711,428)	(711,428)	-	(811,222)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(30,428)</b>	<b>(711,428)</b>	<b>(711,428)</b>	<b>-</b>	<b>(811,222)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(929,000)</b>	<b>961,951</b>	<b>1,890,951</b>	<b>190,650</b>
<b>Fund Balance at Beginning of Year</b>	<b>5,317,275</b>	<b>5,317,275</b>	<b>5,317,275</b>	<b>-</b>	<b>5,126,625</b>
<b>Fund Balance at End of Year</b>	<b>\$ 5,317,275</b>	<b>\$ 4,388,275</b>	<b>\$ 6,279,226</b>	<b>\$ 1,890,951</b>	<b>\$ 5,317,275</b>

CITY OF SEGUIN, TEXAS  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2010

**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 Funds, Occupancy Tax (Special Revenue) Fund, Coliseum (Special Revenue) Fund, Aquatic Center (Special Revenue) Fund, Emergency (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

Actuarial Valuation Date	(1) Actuarial Value of Assets **	(2) Actuarial Accrued Liability*	(3) Funding Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2007	\$ 21,974,650	\$ 30,123,786	72.9%	\$ 8,149,136	\$ 10,741,521	75.9%
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%

\*\* Assets are stated at cost as of December 31 of the preceding year.

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	79,953,215	15,839,412	80.2%	8,708	1,819

\* 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%



## 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, 2010 AND 2009

<b>ASSETS</b>	<b>2010</b>	<b>2009</b>
	<u>                    </u>	<u>                    </u>
Cash and Cash Equivalents	\$ 495,623	\$ 293,613
Investments	5,719,014	5,078,070
Receivables:		
Taxes	1,143,098	1,096,365
Accounts	745,133	814,523
Grants	27,688	-
Miscellaneous	78,694	75,168
Due from Other Funds	1,050	10,247
Inventory of Supplies	17,404	19,906
Prepaid Items	<u>39,495</u>	<u>41,109</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 8,267,199</u></b>	<b><u>\$ 7,429,001</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 532,341	\$ 347,838
Accrued Expenditures	372,144	636,329
Due to Component Unit	131,448	133,009
Deferred/Unearned Revenue	948,169	990,606
Due to Others	<u>3,871</u>	<u>3,944</u>
<i>Total Liabilities</i>	<u>1,987,973</u>	<u>2,111,726</u>
<i>Fund Balance:</i>		
Reserved for Inventory and Prepaid Items	56,899	61,015
Unreserved/ Undesignated	<u>6,222,327</u>	<u>5,256,260</u>
<i>Total Fund Balance</i>	<u>6,279,226</u>	<u>5,317,275</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 8,267,199</u></b>	<b><u>\$ 7,429,001</u></b>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 GENERAL FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

<b>REVENUES</b>	<u>2010</u>	<u>2009</u>
Taxes	\$ 8,255,014	\$ 7,660,425
Licenses and Permits	259,809	270,391
Intergovernmental	867,638	812,794
Charges for Services	4,876,631	4,649,532
Fines and Forfeits	1,293,009	776,653
Interest	14,397	39,065
Miscellaneous	<u>128,350</u>	<u>140,500</u>
<b>TOTAL REVENUES</b>	<u><b>15,694,848</b></u>	<u><b>14,349,360</b></u>
 <b>EXPENDITURES</b>		
<i>Current:</i>		
General Government	2,399,128	2,332,831
Public Safety	8,862,366	8,532,673
Public Service	4,245,097	4,045,202
Nondepartmental	1,467,733	1,306,484
Indirect cost Allocation (Recovery)	<u>(2,952,855)</u>	<u>(2,869,702)</u>
<b>TOTAL EXPENDITURES</b>	<u><b>14,021,469</b></u>	<u><b>13,347,488</b></u>
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	 <u><b>1,673,379</b></u>	 <u><b>1,001,872</b></u>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfers (Out)	<u>(711,428)</u>	<u>(811,222)</u>
 <b>TOTAL OTHER FINANCING SOURCES (USES)</b>	 <u><b>(711,428)</b></u>	 <u><b>(811,222)</b></u>
 <b>Net Change in Fund Balance</b>	 <b>961,951</b>	 <b>190,650</b>
 <b>Fund Balance at Beginning of Year</b>	 <u><b>5,317,275</b></u>	 <u><b>5,126,625</b></u>
 <b>Fund Balance at End of Year</b>	 <u><u><b>\$ 6,279,226</b></u></u>	 <u><u><b>\$ 5,317,275</b></u></u>

CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Final Budgeted Amounts	<b>2010</b>	Variance Favorable (Unfavorable)	2009
<b>REVENUES</b>				
Taxes	\$ 2,475,353	<b>\$ 2,779,998</b>	\$ 304,645	\$ 2,881,566
Intergovernmental	179,238	<b>179,238</b>	-	15,593
Charges for Services	50,000	<b>45,996</b>	(4,004)	52,355
Interest	15,010	<b>4,658</b>	(10,352)	16,038
<b>TOTAL REVENUES</b>	<b>2,719,601</b>	<b>3,009,890</b>	290,289	2,965,552
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	1,454,981	<b>1,458,822</b>	(3,841)	1,407,322
Interest and Fiscal Charges	1,435,030	<b>1,427,987</b>	7,043	1,464,528
<b>TOTAL EXPENDITURES</b>	<b>2,890,011</b>	<b>2,886,809</b>	3,202	2,871,850
<b>Net Change in Fund Balance</b>	(170,410)	<b>123,081</b>	293,491	93,702
<b>FUND BALANCE, OCTOBER 1</b>	945,517	<b>945,517</b>	-	851,815
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>\$ 775,107</b>	<b>\$ 1,068,598</b>	<b>\$ 293,491</b>	<b>\$ 945,517</b>

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

SPECIAL REVENUE FUNDS

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

**Occupancy Tax Fund** – To account for the Occupancy Tax revenues paid the City. The revenues provide for contributions to the Coliseum, the Chamber of Commerce, and various civic organizations.

**Coliseum Fund** – To account for the 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 that provide 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 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.

**Emergency Fund** – To account for funds transferred for emergency expenditures (i.e., floods, fire) incurred by the City.

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

**Police Department Donations** – To account for contributions 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.



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

CAPITAL PROJECTS FUNDS

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

CITY OF SEGUIN, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010

	Special Revenue	Capital Projects	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 110,076	\$ 13,371	\$ 123,447
Investments	3,378,191	187,039	3,565,230
Receivables (net of allowances for uncollectibles):			
Taxes	129,368	-	129,368
Accounts	16,292	-	16,292
Due from Component Unit	-	-	-
Due from Other Funds	-	-	-
Prepaid Items	4,295	-	4,295
Restricted Assets:			
Cash and Cash Equivalents	-	4,258	4,258
Investments	-	492,799	492,799
	<b>\$ 3,638,222</b>	<b>\$ 697,467</b>	<b>\$ 4,335,689</b>
 <b>LIABILITES AND FUND BALANCE</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 65,679	\$ 95,548	\$ 161,227
Accrued Expenditures	1,793	-	1,793
Deferred Revenues	15,648	-	15,648
Due to Other Funds	-	1,050	1,050
Due to Others	29,378	-	29,378
<i>Total Liabilities</i>	<i>112,498</i>	<i>96,598</i>	<i>209,096</i>
 <i>Fund Balance:</i>			
Reserved for Prepaid Items	4,295	-	4,295
Reserved for Capital Projects	-	410,275	410,275
Unreserved	3,521,429	190,594	3,712,023
<i>Total Fund Balance</i>	<i>3,525,724</i>	<i>600,869</i>	<i>4,126,593</i>
	<b>\$ 3,638,222</b>	<b>\$ 697,467</b>	<b>\$ 4,335,689</b>

CITY OF SEGUIN, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<b>REVENUES</b>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Taxes	\$ 550,999	\$ -	\$ 550,999
Licenses and Permits	69,200	-	69,200
Intergovernmental	71,248	-	71,248
Charges for Services	159,514	45,378	204,892
Fines and Forfeits	73,164	-	73,164
Interest	10,941	2,117	13,058
Miscellaneous	999	-	999
<b>TOTAL REVENUES</b>	<u>936,065</u>	<u>47,495</u>	<u>983,560</u>
<b>EXPENDITURES</b>			
Current:			
General Government	644,689	-	644,689
Nondepartmental	24,031	-	24,031
Capital Outlay	214,498	967,910	1,182,408
Debt Service:			
Principal	-	7,436	7,436
Interest & Fiscal Charges	-	437	437
<b>TOTAL EXPENDITURES</b>	<u>883,218</u>	<u>975,783</u>	<u>1,859,001</u>
<b>Net Change in Fund Balance</b>	52,847	(928,288)	(875,441)
<b>FUND BALANCE, OCTOBER 1</b>	<u>3,472,877</u>	<u>1,529,157</u>	<u>5,002,034</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 3,525,724</u>	<u>\$ 600,869</u>	<u>\$ 4,126,593</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010

	Occupancy Tax Fund	Coliseum Fund	Acquatic Center Fund	Municipal Ct. Security Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 59,508	\$ 6,910	\$ 834	\$ 3,215
Investments	76,220	262,976	21,871	62,879
Receivables (net of allowances for uncollectibles):				
Accounts	-	8,175	770	1,896
Taxes	129,368	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 265,096</u></u>	<u><u>\$ 278,061</u></u>	<u><u>\$ 23,475</u></u>	<u><u>\$ 67,990</u></u>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 59,114	\$ 16	\$ 3,327
Accrued Expenditures/Expenses	-	1,516	-	277
Due to Others	-	29,378	-	-
Deferred Revenue	-	-	46	1,896
<i>Total Liabilities</i>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Fund Balance:</i>				
Reserved for Prepaid Items	-	-	-	-
Unreserved/Undesignated	265,096	188,053	23,413	62,490
<i>Total Fund Balance</i>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 265,096</u></u>	<u><u>\$ 278,061</u></u>	<u><u>\$ 23,475</u></u>	<u><u>\$ 67,990</u></u>

<u>Municipal Ct. Technology</u>	<u>Federal Forfeiture Seizure</u>	<u>State Forfeiture Seizure</u>	<u>Juvenile Case Manager</u>	<u>DARE Program Fund</u>
\$ 26,057	\$ 154	\$ 2,126	\$ 2,554	\$ 3,719
22,672	20,421	21,104	-	77,535
2,686	-	-	463	-
-	-	-	-	-
-	-	-	-	-
4,295	-	-	-	-
<u>\$ 55,710</u>	<u>\$ 20,575</u>	<u>\$ 23,230</u>	<u>\$ 3,017</u>	<u>\$ 81,254</u>
\$ 142	\$ -	\$ -	\$ -	\$ 11
-	-	-	-	-
-	-	-	-	-
2,677	-	-	464	-
<u>2,819</u>	<u>-</u>	<u>-</u>	<u>464</u>	<u>11</u>
4,295	-	-	-	-
48,596	20,575	23,230	2,553	81,243
<u>52,891</u>	<u>20,575</u>	<u>23,230</u>	<u>2,553</u>	<u>81,243</u>
<u>\$ 55,710</u>	<u>\$ 20,575</u>	<u>\$ 23,230</u>	<u>\$ 3,017</u>	<u>\$ 81,254</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2010

	<u>Emergency Fund</u>	<u>Justice Grant</u>	<u>Police Department Donations</u>	<u>Park Development Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 399	\$ 23	\$ 70	\$ 4,297
Investments	2,439,078	-	75,349	89,113
Receivables (net of allowances for uncollectibles):				
Accounts	2,300	2	-	-
Taxes	-	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,441,777</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ 75,419</u></u>	<u><u>\$ 93,410</u></u>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ -	\$ 3,069	\$ -
Accrued Expenditures/Expenses	-	-	-	-
Due to Others	-	-	-	-
Deferred Revenue	8,800	-	1,765	-
<i>Total Liabilities</i>	<u>8,800</u>	<u>-</u>	<u>4,834</u>	<u>-</u>
<i>Fund Balance:</i>				
Reserved for Prepaid Items	-	-	-	-
Unreserved/Undesignated	2,432,977	25	70,585	93,410
<i>Total Fund Balance</i>	<u>2,432,977</u>	<u>25</u>	<u>70,585</u>	<u>93,410</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 2,441,777</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ 75,419</u></u>	<u><u>\$ 93,410</u></u>

Library Bldg Fund	<b>Totals</b>
\$ 210	\$ 110,076
208,973	3,378,191
-	16,292
-	129,368
-	-
-	4,295
<u>\$ 209,183</u>	<u>\$ 3,638,222</u>

\$ -	\$ 65,679
-	1,793
-	29,378
-	15,648
<u>-</u>	<u>112,498</u>

-	4,295
<u>209,183</u>	<u>3,521,429</u>
<u>209,183</u>	<u>3,525,724</u>

<u>\$ 209,183</u>	<u>\$ 3,638,222</u>
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CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<b>REVENUES</b>	<u>Occupancy Tax</u>	<u>Coliseum Fund</u>	<u>Aquatic Center Fund</u>	<u>Municipal Court Security Fund</u>
Taxes	\$ 550,999	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	86,708	72,806	-
Fines and Forfeits	-	-	-	25,396
Interest	(239)	530	11	46
Miscellaneous	-	355	-	-
<b>TOTAL REVENUES</b>	<u>550,760</u>	<u>87,593</u>	<u>72,817</u>	<u>25,442</u>
<b>EXPENDITURES</b>				
Current:				
General Government	326,448	198,862	72,541	-
Nondepartmental	-	-	-	4,278
Capital Outlay	-	158,817	-	3,327
<b>TOTAL EXPENDITURES</b>	<u>326,448</u>	<u>357,679</u>	<u>72,541</u>	<u>7,605</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	224,312	(270,086)	276	17,837
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	<u>(130,500)</u>	<u>130,500</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(130,500)</u>	<u>130,500</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	93,812	(139,586)	276	17,837
<b>FUND BALANCE, OCTOBER 1</b>	<u>171,284</u>	<u>327,639</u>	<u>23,137</u>	<u>44,653</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 265,096</u>	<u>\$ 188,053</u>	<u>\$ 23,413</u>	<u>\$ 62,490</u>

<u>Municipal Court Technology</u>	<u>Federal Forfeiture Seizure Fund</u>	<u>State Forfeiture Seizure Fund</u>	<u>Juvenile Case Manager</u>	<u>DARE Program Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	38,178
-	-	-	-	-
34,137	2,587	8,490	2,553	-
60	10	(16)	-	123
-	-	-	-	-
<u>34,197</u>	<u>2,597</u>	<u>8,474</u>	<u>2,553</u>	<u>38,301</u>
15,409	-	874	-	29,162
-	-	-	-	-
-	-	452	-	19,208
<u>15,409</u>	<u>-</u>	<u>1,326</u>	<u>-</u>	<u>48,370</u>
18,788	2,597	7,148	2,553	(10,069)
-	-	-	-	-
-	-	-	-	-
18,788	2,597	7,148	2,553	(10,069)
34,103	17,978	16,082	-	91,312
<u>\$ 52,891</u>	<u>\$ 20,575</u>	<u>\$ 23,230</u>	<u>\$ 2,553</u>	<u>\$ 81,243</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<b>REVENUES</b>	<u>Emergency Fund</u>	<u>Justice Grant</u>	<u>Police Department Donations</u>	<u>Park Development Fund</u>
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	69,200
Intergovernmental	858	32,212	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest	9,820	2	145	41
Miscellaneous	530	-	-	-
<b>TOTAL REVENUES</b>	<u>11,208</u>	<u>32,214</u>	<u>145</u>	<u>69,241</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	1,393	-
Nondepartmental	19,753	-	-	-
Capital Outlay	-	32,210	484	-
<b>TOTAL EXPENDITURES</b>	<u>19,753</u>	<u>32,210</u>	<u>1,877</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,545)	4	(1,732)	69,241
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(8,545)	4	(1,732)	69,241
<b>FUND BALANCE, OCTOBER 1</b>	<u>2,441,522</u>	<u>21</u>	<u>72,317</u>	<u>24,169</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u><u>\$ 2,432,977</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ 70,585</u></u>	<u><u>\$ 93,410</u></u>

Library Building Fund	<u>Totals</u>
\$ -	\$ 550,999
-	69,200
-	71,248
-	159,514
-	73,164
408	10,941
115	999
523	936,065
-	644,689
-	24,031
-	214,498
-	883,218
523	52,847
-	-
-	-
523	52,847
208,660	3,472,877
\$ 209,183	\$ 3,525,724

CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010

	2002 Tax Notes	2004 GO Bonds	2002 Bond Fund	Techni-Quip Development Fund
<b>ASSETS</b>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 22
Investments	-	-	-	5,135
Restricted Cash and Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,157</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund Balances:</i>				
Reserved for Capital Projects	-	-	-	-
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,157</u>
<i>Total Fund Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,157</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,157</u></u>

Golf Course Capital Projects	2007 Bond Fund	2005 Bond Fund	2006 Bond Fund	Texas Capital Grant Fund
\$ 6,517	\$ -	\$ -	\$ 11	\$ 35
74,205	-	-	105,826	-
<u>-</u>	<u>497,057</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 80,722</u>	<u>\$ 497,057</u>	<u>\$ -</u>	<u>\$ 105,837</u>	<u>\$ 35</u>
\$ 723	\$ 86,782	\$ -	\$ 6,120	\$ -
-	-	-	-	1,050
<u>723</u>	<u>86,782</u>	<u>-</u>	<u>6,120</u>	<u>1,050</u>
-	410,275	-	-	-
79,999	-	-	99,717	(1,015)
<u>79,999</u>	<u>410,275</u>	<u>-</u>	<u>99,717</u>	<u>(1,015)</u>
<u>\$ 80,722</u>	<u>\$ 497,057</u>	<u>\$ -</u>	<u>\$ 105,837</u>	<u>\$ 35</u>



CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2010

<b>ASSETS</b>	<u>SIB Loan Fund</u>	<u>2008 Tax Notes</u>	<u>2009 Tax Notes</u>	<u><b>Total</b></u>
Cash and Cash Equivalents	\$ 6,736	\$ 50	\$ -	\$ 13,371
Investments	-	1,873	-	187,039
Restricted Cash and Investments	-	-	-	497,057
<b>TOTAL ASSETS</b>	<u>\$ 6,736</u>	<u>\$ 1,923</u>	<u>\$ -</u>	<u>\$ 697,467</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 1,923	\$ -	\$ 95,548
Due to Others	-	-	-	1,050
<i>Total Liabilities</i>	<u>-</u>	<u>1,923</u>	<u>-</u>	<u>96,598</u>
<i>Fund Balance:</i>				
Reserved for Capital Projects	-	-	-	410,275
Reserved for Capital Projects	6,736	-	-	190,594
<i>Total Fund Balance:</i>	<u>6,736</u>	<u>-</u>	<u>-</u>	<u>600,869</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 6,736</u>	<u>\$ 1,923</u>	<u>\$ -</u>	<u>\$ 697,467</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<b>REVENUES</b>	<u>2002 Tax Notes</u>	<u>2004 GO Bonds</u>	<u>2002 Bonds</u>	<u>Techni-Quip Development Fund</u>
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest	<u>4</u>	<u>-</u>	<u>-</u>	<u>8</u>
<b>TOTAL REVENUES</b>	<u>4</u>	<u>-</u>	<u>-</u>	<u>8</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Capital Outlay	3,723	7	1,356	-
Debt Service:				
Principal	-	-	-	-
Interest & Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>3,723</u>	<u>7</u>	<u>1,356</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(3,719)	(7)	(1,356)	8
<b>FUND BALANCE, OCTOBER 1</b>	<u>3,719</u>	<u>7</u>	<u>1,356</u>	<u>5,149</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,157</u></u>

Golf Course Capital Projects	2007 Bond Fund	2005 Bond Fund	2006 Bond Fund	Texas Capital Grant Fund
\$ 45,378	\$ -	\$ -	\$ -	\$ -
24	1,754	21	207	-
<u>45,402</u>	<u>1,754</u>	<u>21</u>	<u>207</u>	<u>-</u>
8,673	627,399	30,868	77,150	1,016
7,436	-	-	-	-
437	-	-	-	-
<u>16,546</u>	<u>627,399</u>	<u>30,868</u>	<u>77,150</u>	<u>1,016</u>
28,856	(625,645)	(30,847)	(76,943)	(1,016)
<u>51,143</u>	<u>1,035,920</u>	<u>30,847</u>	<u>176,660</u>	<u>1</u>
<u>\$ 79,999</u>	<u>\$ 410,275</u>	<u>\$ -</u>	<u>\$ 99,717</u>	<u>\$ (1,015)</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<b>REVENUES</b>	<u>SIB Loan Fund</u>	<u>2008 Tax Notes</u>	<u>2009 Tax Notes</u>	<u>Total</u>
Charges for Services	\$ -	\$ -	\$ -	\$ 45,378
Interest	7	3	89	2,117
<b>TOTAL REVENUES</b>	<u>7</u>	<u>3</u>	<u>89</u>	<u>47,495</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Capital Outlay	-	1,923	215,795	967,910
Debt Service:				
Principal	-	-	-	7,436
Interest & Fiscal Charges	-	-	-	437
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>1,923</u>	<u>215,795</u>	<u>975,783</u>
<b>Net Change in Fund Balance</b>	7	(1,920)	(215,706)	(928,288)
<b>FUND BALANCE, OCTOBER 1</b>	<u>6,729</u>	<u>1,920</u>	<u>215,706</u>	<u>1,529,157</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 6,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,869</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
OCCUPANCY TAX FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Final Budgeted Amounts	<b>2010</b>	Variance Favorable (Unfavorable)	2009
<b>REVENUES</b>				
Occupancy Tax	\$ 456,950	\$ 550,999	\$ 94,049	\$ 458,343
Interest	200	(239)	(439)	(74)
<b>TOTAL REVENUES</b>	<u>457,150</u>	<u>550,760</u>	<u>93,610</u>	<u>458,269</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government:</i>				
Contributions to Local Organizations	326,450	<b>326,448</b>	2	348,444
<b>TOTAL EXPENDITURES</b>	<u>326,450</u>	<u>326,448</u>	<u>2</u>	<u>348,444</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>130,700</u>	<u>224,312</u>	<u>93,612</u>	<u>109,825</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(130,500)	<b>(130,500)</b>	-	(145,773)
<b>Net Change in Fund Balance</b>	200	<b>93,812</b>	93,612	(35,948)
<b>FUND BALANCE, OCTOBER 1</b>	<u>171,284</u>	<u>171,284</u>	<u>-</u>	<u>207,232</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 171,484</u>	<u>\$ 265,096</u>	<u>\$ 93,612</u>	<u>\$ 171,284</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
COLISEUM FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Final Budgeted Amounts	2010	Variance Favorable (Unfavorable)	2009
<b>REVENUES</b>				
Charges for Services	\$ 95,000	\$ 86,708	\$ (8,292)	\$ 96,380
Interest	2,000	530	(1,470)	2,817
Miscellaneous	-	355	355	-
<b>TOTAL REVENUES</b>	<b>97,000</b>	<b>87,593</b>	<b>(9,407)</b>	<b>99,197</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government/Facilities &amp; Grounds:</i>				
Current:				
Personnel Services	50,277	48,728	1,549	46,886
Contracted Services	146,275	145,067	1,208	137,698
Supplies	5,800	2,755	3,045	6,978
Other Services and Charges	5,590	2,312	3,278	38,398
Capital Outlay	227,639	158,817	68,822	-
<b>TOTAL EXPENDITURES</b>	<b>435,581</b>	<b>357,679</b>	<b>77,902</b>	<b>229,960</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(338,581)</b>	<b>(270,086)</b>	<b>68,495</b>	<b>(130,763)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	130,500	130,500	-	145,773
<b>Net Change in Fund Balance</b>	<b>(208,081)</b>	<b>(139,586)</b>	<b>68,495</b>	<b>15,010</b>
<b>FUND BALANCE, OCTOBER 1</b>	<b>327,639</b>	<b>327,639</b>	<b>-</b>	<b>312,629</b>
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>\$ 119,558</b>	<b>\$ 188,053</b>	<b>\$ 68,495</b>	<b>\$ 327,639</b>

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, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Final Budgeted Amounts	<b>2010</b>	Variance Favorable (Unfavorable)	2009
<b>REVENUES</b>				
Charges for Services	\$ 91,000	\$ 72,806	\$ (18,194)	\$ 94,956
Interest	50	11	(39)	27
<b>TOTAL REVENUES</b>	<u>91,050</u>	<u>72,817</u>	<u>(18,233)</u>	<u>94,983</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government/Facilities &amp; Grounds</i>				
Personnel Services	42,573	37,623	4,950	37,449
Contracted Services	29,800	21,148	8,652	29,335
Supplies	18,350	13,770	4,580	16,591
<b>TOTAL EXPENDITURES</b>	<u>90,723</u>	<u>72,541</u>	<u>18,182</u>	<u>83,375</u>
<b>Net Change in Fund Balance</b>	327	276	(51)	11,608
<b>FUND BALANCE, OCTOBER 1</b>	<u>23,137</u>	<u>23,137</u>	<u>-</u>	<u>11,529</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 23,464</u>	<u>\$ 23,413</u>	<u>\$ (51)</u>	<u>\$ 23,137</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
EMERGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Final Budgeted Amounts	2010	Variance Favorable (Unfavorable)	2009
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 858	\$ 858	\$ 25,336
Interest	16,000	9,820	(6,180)	25,600
Miscellaneous	-	530	530	78,566
<b>TOTAL REVENUES</b>	<u>16,000</u>	<u>11,208</u>	<u>(4,792)</u>	<u>129,502</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>Nondepartmental:</i>				
Supplies	<u>100,000</u>	<u>19,753</u>	<u>80,247</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>100,000</u>	<u>19,753</u>	<u>80,247</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(84,000)	(8,545)	75,455	129,502
<b>FUND BALANCE, OCTOBER 1</b>	<u>2,441,522</u>	<u>2,441,522</u>	<u>-</u>	<u>2,312,020</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 2,357,522</u>	<u>\$ 2,432,977</u>	<u>\$ 75,455</u>	<u>\$ 2,441,522</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
POLICE DONATIONS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2009)

	Final Budgeted Amounts	<b>2010</b>	Variance Favorable (Unfavorable)	2009
<b>REVENUES</b>				
Interest	\$ 500	\$ 145	\$ (355)	\$ 627
<b>TOTAL REVENUES</b>	<u>500</u>	<u>145</u>	<u>(355)</u>	<u>627</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government:</i>				
Supplies	-	1,393	(1,393)	1,254
Other Services and Charges	-	-	-	1,238
Capital Outlay	63,000	484	62,516	1,827
<b>TOTAL EXPENDITURES</b>	<u>63,000</u>	<u>1,877</u>	<u>61,123</u>	<u>4,319</u>
<b>Net Change in Fund Balance</b>	(62,500)	(1,732)	60,768	(3,692)
<b>FUND BALANCE, OCTOBER 1</b>	<u>72,317</u>	<u>72,317</u>	<u>-</u>	<u>76,009</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 9,817</u>	<u>\$ 70,585</u>	<u>\$ 60,768</u>	<u>\$ 72,317</u>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF NET ASSETS  
 UTILITY FUND  
 SEPTEMBER 30, 2010 AND 2009

<b>ASSETS</b>	<u>2010</u>	<u>2009</u>
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 403,585	\$ 86,649
Investments	14,325,565	11,863,537
Accounts Receivable (Net)	4,516,813	4,883,280
Miscellaneous Receivables	1,380,051	906,216
Due from Component Unit	13,252	14,804
Inventories	1,348,762	1,348,633
Prepaid Items	38,337	42,246
<i>Total Current Assets</i>	<u>22,026,365</u>	<u>19,145,365</u>
 Restricted Cash & Investments:		
Cash and Cash Equivalents	9,289	16,942
Investments	4,821,423	6,165,231
Net Pension Asset	114,350	36,622
Net Other Post Employment Benefit Asset	-	23,025
Bond Issuance Costs (Net)	402,267	431,814
Net Present Value of Lease Financing	714,567	748,412
Capital Assets	81,358,211	77,992,755
Accumulated Depreciation	(41,589,365)	(38,972,423)
<b>TOTAL ASSETS</b>	<u>\$ 67,857,107</u>	<u>\$ 65,587,743</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 2,294,633	\$ 2,372,510
Accrued Wages and Benefits	352,096	270,903
Net Other Post Employment Benefit Obligation	8,736	-
Due to Others	-	200
Due to Other Funds	-	33,673
Unearned Revenue	401,973	196,190
Customer Deposits	651,298	674,276
Capital Leases Payable-Current Portion	20,226	20,778
<i>Total Current Liabilities</i>	<u>3,728,962</u>	<u>3,568,530</u>
 <i>Payable from Restricted Assets:</i>		
Accrued Interest Payable	110,712	115,560
Revenue Bonds Due Within One Year	805,000	775,000
Capital Leases Payable (Net of Current Maturities)	144,320	164,546
Compensated Absences	109,881	109,605
Revenue Bonds Payable (Net of Current Maturities)	14,906,109	15,721,188
<i>Total Liabilities</i>	<u>19,804,984</u>	<u>20,454,429</u>
 <i>Net Assets:</i>		
Invested in Capital Assets, Net of Related Debt	26,030,163	25,817,049
Restricted for:		
Debt Service	1,884,617	1,088,411
Unrestricted	20,137,343	18,227,854
<i>Total Net Assets</i>	<u>48,052,123</u>	<u>45,133,314</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 67,857,107</u>	<u>\$ 65,587,743</u>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 UTILITY FUND  
 YEARS ENDED SEPTEMBER 30, 2010 AND 2009

<b>OPERATING REVENUES</b>	<u>2010</u>	<u>2009</u>
Charges for Services:		
Electric	\$ 26,354,966	\$ 28,275,677
Water	6,692,056	6,795,516
Sewer	4,394,886	4,495,387
Miscellaneous Revenues	1,848,423	1,664,672
<b>TOTAL OPERATING REVENUES</b>	<u>39,290,331</u>	<u>41,231,252</u>
 <b>OPERATING EXPENSES</b>		
Administration	1,447,343	1,501,453
Operation and Maintenance:		
Electric	20,485,867	22,300,908
Water Production	4,697,155	5,045,991
Water Distribution	2,980,335	2,638,316
Sewer	1,821,801	1,752,331
Economic Development	228,406	178,321
Facilities Maintenance	499,084	512,463
Information Technology	121,458	117,772
City Attorney	68,675	73,393
Nondepartmental	412,708	345,475
Indirect Cost Allocation	2,952,855	2,869,702
<b>TOTAL OPERATING EXPENSES</b>	<u>35,715,687</u>	<u>37,336,125</u>
 Operating Income (Loss)	<u>3,574,644</u>	<u>3,895,127</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	42,731	160,396
Gain (Loss) on Sale of Assets	-	3,538
Interest and Fiscal Charges	(714,449)	(744,488)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(671,718)</u>	<u>(580,554)</u>
 Net Income (Loss) before Contributions and Transfers	2,902,926	3,314,573
 Capital Contributions	87,917	490,976
Operating Transfers In (Out)	<u>(72,034)</u>	<u>-</u>
 Change in Net Assets	2,918,809	3,805,549
 Net Assets at Beginning of Year	<u>45,133,314</u>	<u>41,327,765</u>
Net Assets at End of Year	<u>\$ 48,052,123</u>	<u>\$ 45,133,314</u>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 UTILITY FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 39,365,768	\$ 41,386,349
Cash Paid for Employee Wages and Benefits	(4,381,142)	(4,486,458)
Cash Paid to Suppliers for Goods and Services	(25,837,491)	(28,596,120)
Cash Paid General Fund for Indirect Costs	(2,952,855)	(2,869,702)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,194,280</b>	<b>5,434,069</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfers (To) From Other Funds	(72,034)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(72,034)</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase/Construction of Capital Assets	(3,365,456)	(4,489,062)
Principal Payments on Long-Term Debt	(775,000)	(750,000)
Interest and Fiscal Charges Paid	(699,554)	(729,536)
Principal Payments on Capital Leases	(20,778)	(19,695)
Advances To (From) Component Unit	1,552	(743)
Proceeds from Sale of Capital Assets	-	3,538
Capital Contributions	87,917	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(4,771,319)</b>	<b>(5,985,498)</b>
<b>Cash Flows From Investing Activities:</b>		
Sale/(Purchase) of Investment Securities	(1,118,220)	360,125
Investment Interest Received	42,731	160,396
Lease Financing - Principal Payments Received	33,845	32,574
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,041,644)</b>	<b>553,095</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>309,283</b>	<b>1,666</b>
<b>Cash and Equivalents at Beginning of Year:</b>		
Cash and Cash Equivalents	86,649	100,943
Restricted Cash and Cash Equivalents	16,942	982
	<b>103,591</b>	<b>101,925</b>
<b>Cash and Equivalents at End of Year:</b>		
Cash and Cash Equivalents	403,585	86,649
Restricted Cash and Cash Equivalents	9,289	16,942
	<b>\$ 412,874</b>	<b>\$ 103,591</b>
<b>Transactions Not Affecting Cash and Cash Equivalents:</b>		
Contributions - Capital Assets	<b>\$ -</b>	<b>\$ 490,976</b>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)  
 UTILITY FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities:</b>		
Operating Income	\$ 3,574,644	\$ 3,895,127
Adjustments to reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation:		
Charged to Operations	2,616,943	2,397,270
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(107,368)	121,769
Inventory/Prepaid Items	3,780	(56,708)
Net Pension Asset	(77,728)	(36,622)
Net Other Postemployment Benefit Asset	23,025	(23,025)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(78,077)	(843,084)
Accrued Expenses	81,193	6,014
Interfund Payables	(33,673)	(60,000)
Net Other Postemployment Benefit Obligation	8,736	-
Unearned Revenue	205,783	(17,129)
Customer Deposits	(22,978)	50,457
	<u>6,194,280</u>	<u>5,434,069</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 6,194,280</b>	<b>\$ 5,434,069</b>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 UTILITY FUND  
 YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<i>Administration:</i>		
Personnel Services	\$ 1,238,817	\$ 1,276,047
Contracted Services	86,382	69,580
Supplies and Materials	72,714	79,568
Other Charges	22,847	22,868
Depreciation	<u>26,583</u>	<u>53,390</u>
<i>Total Administration</i>	<u>1,447,343</u>	<u>1,501,453</u>
 <i>Electric Production and Distribution:</i>		
Personnel Services	1,047,823	1,056,789
Contracted Services	1,289,445	1,252,664
Supplies and Materials	17,689,618	19,585,024
Other Charges	17,274	13,841
Depreciation	<u>441,707</u>	<u>392,590</u>
<i>Total Electric Production and Distribution</i>	<u>20,485,867</u>	<u>22,300,908</u>
 <i>Water Production:</i>		
Personnel Services	561,792	559,570
Contracted Services	3,734,854	4,113,336
Supplies and Materials	78,472	68,043
Other Charges	13,548	9,207
Depreciation	<u>308,489</u>	<u>295,835</u>
<i>Total Water Production</i>	<u>4,697,155</u>	<u>5,045,991</u>
 <i>Water/Sewer Maintenance:</i>		
Personnel Services	443,514	432,489
Contracted Services	986,479	940,653
Supplies and Materials	39,892	37,030
Other Charges	359,678	221,615
Depreciation	<u>1,150,772</u>	<u>1,006,529</u>
<i>Total Water/Sewer Maintenance</i>	<u>2,980,335</u>	<u>2,638,316</u>
 <i>Sewer Plant:</i>		
Personnel Services	340,685	338,327
Contracted Services	771,185	717,114
Supplies and Materials	50,839	52,418
Other Charges	3,913	3,885
Depreciation	<u>655,179</u>	<u>640,587</u>
<i>Total Sewer Plant</i>	<u>\$ 1,821,801</u>	<u>\$ 1,752,331</u>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)  
 UTILITY FUND  
 YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<i>Economic Development:</i>		
Personnel Services	\$ 199,922	\$ 164,066
Contracted Services	7,927	1,801
Supplies and Materials	1,887	1,015
Other Charges	17,620	9,339
Depreciation	1,050	2,100
<i>Total Economic Development</i>	<u>228,406</u>	<u>178,321</u>
 <i>Facilities Maintenance:</i>		
Personnel Services	467,179	483,069
Contracted Services	3,093	2,782
Supplies and Materials	22,573	20,234
Other Charges	-	139
Depreciation	6,239	6,239
<i>Total Facilities Maintenance</i>	<u>499,084</u>	<u>512,463</u>
 <i>Information Technology</i>		
Personnel Services	71,273	68,607
Contracted Services	47,403	46,622
Supplies and Materials	1,548	1,322
Other Charges	1,234	1,221
<i>Total Information Technology</i>	<u>121,458</u>	<u>117,772</u>
 <i>City Attorney:</i>		
Personnel Services	45,363	53,861
Contracted Services	21,930	18,180
Supplies and Materials	207	227
Other Charges	1,175	1,125
<i>Total City Attorney</i>	<u>68,675</u>	<u>73,393</u>
 <i>Nondepartmental:</i>		
Contracted Services	209,898	188,588
Supplies and Materials	(6,166)	(86,711)
Other Charges	182,052	243,598
Depreciation	26,924	-
<i>Total Nondepartmental</i>	<u>412,708</u>	<u>345,475</u>
 Indirect Cost Allocation	 <u>2,952,855</u>	 <u>2,869,702</u>
 Total Operating Expenses	 <u>\$ 35,715,687</u>	 <u>\$ 37,336,125</u>

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2010  
 (WITH COMPARATIVE AMOUNTS FOR 2009)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2010	2009*
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 108,544	\$ 1,930	\$ 36,783	\$ 147,257	\$ 28,563
Investments	162,502	117,776	174,636	454,914	388,110
Miscellaneous Receivables	469	6,059	-	6,528	647
<b>TOTAL ASSETS</b>	<b>\$ 271,515</b>	<b>\$ 125,765</b>	<b>\$ 211,419</b>	<b>\$ 608,699</b>	<b>\$ 417,320</b>
<b>LIABILITIES AND NET ASSETS</b>					
Accounts Payable	\$ 3,388	\$ 6,059	\$ -	\$ 9,447	\$ 85
Total Liabilities	3,388	6,059	-	9,447	85
Net Assets:					
Unrestricted	268,127	119,706	211,419	599,252	417,235
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 271,515</b>	<b>\$ 125,765</b>	<b>\$ 211,419</b>	<b>\$ 608,699</b>	<b>\$ 417,320</b>

\* 2009 has been restated to reflect prior period adjustments as detailed in the notes

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS – INTERNAL SERVICE FUNDS  
 YEAR ENDED SEPTEMBER 30, 2010  
 (WITH COMPARATIVE AMOUNTS FOR 2009)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2010	2009*
<b>OPERATING REVENUES</b>					
Charges for Premiums	\$ 1,772,668	\$ 33,795	\$ 179,665	<b>\$ 1,986,128</b>	\$ 2,070,314
Miscellaneous Revenues	40	-	19,069	<b>19,109</b>	3,255
<b>TOTAL OPERATING REVENUES</b>	<u>1,772,708</u>	<u>33,795</u>	<u>198,734</u>	<u><b>2,005,237</b></u>	<u>2,073,569</u>
<b>OPERATING EXPENSES</b>					
Premiums	1,697,221	68,438	167,630	<b>1,933,289</b>	2,093,031
Administration	43,000	-	-	<b>43,000</b>	36,234
<b>TOTAL OPERATING EXPENSES</b>	<u>1,740,221</u>	<u>68,438</u>	<u>167,630</u>	<u><b>1,976,289</b></u>	<u>2,129,265</u>
<b>OPERATING INCOME (LOSS)</b>	<u>32,487</u>	<u>(34,643)</u>	<u>31,104</u>	<u><b>28,948</b></u>	<u>(55,696)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Income	291	277	39	<b>607</b>	1,915
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>291</u>	<u>277</u>	<u>39</u>	<u><b>607</b></u>	<u>1,915</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	32,778	(34,366)	31,143	<b>29,555</b>	(53,781)
<b>Transfers In (Out)</b>	<u>100,000</u>	<u>52,462</u>	<u>-</u>	<u><b>152,462</b></u>	<u>31,000</u>
<b>CHANGE IN NET ASSETS</b>	132,778	18,096	31,143	<b>182,017</b>	(22,781)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>135,349</u>	<u>101,610</u>	<u>180,276</u>	<u><b>417,235</b></u>	<u>440,016</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 268,127</u>	<u>\$ 119,706</u>	<u>\$ 211,419</u>	<u><b>\$ 599,252</b></u>	<u>\$ 417,235</u>

\* 2009 has been restated to reflect prior period adjustments as detailed in the notes

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED SEPTEMBER 30, 2010  
 (WITH COMPARATIVE AMOUNTS FOR 2009)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2010	2009*
<b>Cash Flows From Operating Activities:</b>					
Cash Received from Interfund Services	\$ 1,305,742	\$ -	\$ 198,734	\$ 1,504,476	\$ 1,632,639
Cash Paid from Users	467,143	27,736	-	494,879	440,285
Cash Paid for Employee Benefits	(1,736,917)	(62,379)	(167,630)	(1,966,926)	(2,129,351)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>35,968</b>	<b>(34,643)</b>	<b>31,104</b>	<b>32,429</b>	<b>(56,427)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Operating Transfers from/to Other Funds	100,000	52,462	-	152,462	31,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>100,000</b>	<b>52,462</b>	<b>-</b>	<b>152,462</b>	<b>31,000</b>
<b>Cash Flows From Investing Activities:</b>					
Sale/(Purchase) of Investments	(33,040)	(16,195)	(17,569)	(66,804)	20,809
Investment Interest Received	291	277	39	607	1,915
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(32,749)</b>	<b>(15,918)</b>	<b>(17,530)</b>	<b>(66,197)</b>	<b>22,724</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>103,219</b>	<b>1,901</b>	<b>13,574</b>	<b>118,694</b>	<b>(2,703)</b>
<b>Cash and Equivalents at Beginning of Year:</b>	<b>5,325</b>	<b>29</b>	<b>23,209</b>	<b>28,563</b>	<b>31,266</b>
<b>Cash and Equivalents at End of Year</b>	<b>\$ 108,544</b>	<b>\$ 1,930</b>	<b>\$ 36,783</b>	<b>\$ 147,257</b>	<b>\$ 28,563</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 32,487	\$ (34,643)	\$ 31,104	\$ 28,948	\$ (55,696)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Increase (Decrease) in					
Miscellaneous Receivables	177	(6,059)	-	(5,882)	(647)
(Increase) Decrease in					
Accounts Payable	3,304	6,059	-	9,363	(86)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 35,968</b>	<b>\$ (34,643)</b>	<b>\$ 31,104</b>	<b>\$ 32,429</b>	<b>\$ (56,429)</b>

\* 2009 has been restated to reflect prior period adjustments as detailed in the notes

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF NET ASSETS  
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS  
 SEPTEMBER 30, 2010

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	<b>Total Private Purpose Trusts</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 48	\$ -	\$ 745	\$ 13	<b>\$ 806</b>
Investments	97,648	89,854	256,067	40,623	<b>484,192</b>
Notes Receivable	-	-	14,633	-	<b>14,633</b>
Inventory	-	-	359,431	-	<b>359,431</b>
<b>TOTAL ASSETS</b>	<b><u>\$ 97,696</u></b>	<b><u>\$ 89,854</u></b>	<b><u>\$ 630,876</u></b>	<b><u>\$ 40,636</u></b>	<b><u>\$ 859,062</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>					
<i>Liabilities:</i>					
Due to Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Held in Trust	<u>97,696</u>	<u>89,854</u>	<u>630,876</u>	<u>40,636</u>	<u><b>859,062</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 97,696</u></b>	<b><u>\$ 89,854</u></b>	<b><u>\$ 630,876</u></b>	<b><u>\$ 40,636</u></b>	<b><u>\$ 859,062</u></b>

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF CHANGES IN NET ASSETS  
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
<b>ADDITIONS</b>					
Interest	\$ 199	\$ 176	\$ 1,012	\$ 89	\$ 1,476
<b>TOTAL ADDITIONS</b>	<u>199</u>	<u>176</u>	<u>1,012</u>	<u>89</u>	<u>1,476</u>
<b>DEDUCTIONS</b>					
Distribution to Participants	6,600	176	-	6,625	13,401
<b>TOTAL DEDUCTIONS</b>	<u>6,600</u>	<u>176</u>	<u>-</u>	<u>6,625</u>	<u>13,401</u>
<b>Change in Net Assets</b>	(6,401)	-	1,012	(6,536)	(11,925)
<b>Net Assets, Beginning of Year</b>	<u>104,097</u>	<u>89,854</u>	<u>629,864</u>	<u>47,172</u>	<u>870,987</u>
<b>Net Assets, End of Year</b>	<u>\$ 97,696</u>	<u>\$ 89,854</u>	<u>\$ 630,876</u>	<u>\$ 40,636</u>	<u>\$ 859,062</u>

CITY OF SEGUIN, TEXAS  
STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Evidence/Abandoned Funds</u>	<u>Balance September 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2010</u>
<i>Assets:</i>				
Cash and Equivalents	\$ 8,100	\$ 1,416	\$ -	\$ 9,516
<i>Liabilities</i>				
Due to Others	\$ 8,100	\$ 1,416	\$ -	\$ 9,516



CITY OF SEGUIN, TEXAS  
STATISTICAL SECTION  
SEPTEMBER 30, 2010

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 EIGHT FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005*	2006
<i>Governmental Activities:</i>				
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
<i>Total Governmental Activities</i>				
<i>Net Assets</i>	<u>\$ 20,077,455</u>	<u>\$ 21,424,615</u>	<u>\$ 29,978,905</u>	<u>\$ 31,106,593</u>
<i>Business-Type Activities:</i>				
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
<i>Total Business-Type Activities</i>				
<i>Net Assets</i>	<u>\$ 33,433,992</u>	<u>\$ 33,299,147</u>	<u>\$ 33,595,814</u>	<u>\$ 36,707,356</u>
<i>Primary Government:</i>				
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
<i>Total Primary Government</i>				
<i>Net Assets</i>	<u>\$ 53,511,447</u>	<u>\$ 54,723,762</u>	<u>\$ 63,574,719</u>	<u>\$ 67,813,949</u>

\*Includes retroactive reporting of infrastructure assets.

\*\* Restated for effects of prior period adjustment

TABLE 1

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

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

<b>Expenses</b>	Fiscal Year			
	2003	2004	2005	2006
<i>Governmental Activities:</i>				
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
<i>Total Governmental Activities</i>	12,800,729	13,161,611	14,126,552	15,228,197
 <i>Business-Type Activities:</i>				
Utility	25,583,317	26,549,001	28,742,996	33,270,869
<i>Total Business-Type Activities</i>	25,583,317	26,549,001	28,742,996	33,270,869
<b>Total Primary Government Expenses</b>	<b>\$ 38,384,046</b>	<b>\$ 39,710,612</b>	<b>\$ 42,869,548</b>	<b>\$ 48,499,066</b>
 <b>Program Revenues</b>				
<i>Governmental Activities</i>				
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
<i>Total Governmental Activities</i>	6,018,770	6,517,229	6,334,032	7,011,127
 <i>Business-Type Activities</i>				
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
<i>Total Business-Type Activities</i>	25,194,476	26,397,026	28,901,446	36,141,813
<b>Total Primary Government Program Revenues</b>	<b>\$ 31,213,246</b>	<b>\$ 32,914,255</b>	<b>\$ 35,235,478</b>	<b>\$ 43,152,940</b>

TABLE 2

Fiscal Year			
2007	2008	2009*	2010
\$ 2,604,612	\$ 2,924,246	\$ 3,166,801	\$ 2,998,970
8,898,829	8,891,772	9,068,057	9,494,381
5,418,440	5,946,254	6,471,090	6,636,986
1,711,444	1,668,599	1,562,845	1,813,410
(2,437,684)	(2,798,522)	(2,869,702)	(2,952,855)
-	-	-	-
1,035,118	1,368,967	1,484,296	1,444,828
<u>17,230,759</u>	<u>18,001,316</u>	<u>18,883,387</u>	<u>19,435,720</u>
<u>32,201,030</u>	<u>38,003,981</u>	<u>38,080,613</u>	<u>36,430,136</u>
<u>32,201,030</u>	<u>38,003,981</u>	<u>38,080,613</u>	<u>36,430,136</u>
<u>\$ 49,431,789</u>	<u>\$ 56,005,297</u>	<u>\$ 56,964,000</u>	<u>\$ 55,865,856</u>
\$ 1,964,123	\$ 2,396,731	\$ 2,438,156	\$ 2,419,222
2,482,048	2,178,103	2,312,047	2,957,157
2,355,714	1,948,256	2,412,189	2,228,708
396,114	566,929	156,418	965,782
599,544	144,622	598,398	567,658
<u>7,797,543</u>	<u>7,234,641</u>	<u>7,917,208</u>	<u>9,138,527</u>
34,079,849	38,334,793	41,231,252	39,290,331
111,000	105,500	-	-
274,110	674,119	490,976	87,917
<u>34,464,959</u>	<u>39,114,412</u>	<u>41,722,228</u>	<u>39,378,248</u>
<u>\$ 42,262,502</u>	<u>\$ 46,349,053</u>	<u>\$ 49,639,436</u>	<u>\$ 48,516,775</u>

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

	Fiscal Year			
	2003	2004	2005*	2006
<b>Net (Expense)/Revenue</b>				
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)	<u>\$ (7,170,800)</u>	<u>\$ (6,796,357)</u>	<u>\$ (7,634,070)</u>	<u>\$ (5,346,126)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
<i>Governmental Activities:</i>				
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
<i>Total Governmental Activities</i>	<u>7,827,252</u>	<u>7,991,542</u>	<u>9,039,749</u>	<u>9,815,615</u>
<i>Business-Type Activities Charges for Services:</i>				
Interest and Investment Earnings	145,252	167,130	292,971	537,526
Gain (Loss) on Sale of Capital Assets	-	-	40,092	2,510
Transfers	(103,000)	(150,000)	(194,846)	(44,681)
<i>Total Business-Type Activities</i>	<u>42,252</u>	<u>17,130</u>	<u>138,217</u>	<u>495,355</u>
<b>Total Primary Government</b>	<u>\$ 7,869,504</u>	<u>\$ 8,008,672</u>	<u>\$ 9,177,966</u>	<u>\$ 10,310,970</u>
<b>Change in Net Assets</b>				
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	<u>\$ 698,704</u>	<u>\$ 1,212,315</u>	<u>\$ 1,543,896</u>	<u>\$ 4,964,844</u>

\*\* Restated for effects of prior period adjustment

TABLE 2 (CONT.)

Fiscal Year			
2007	2008	2009**	2010
\$ (9,433,216)	\$(10,766,675)	\$(10,966,179)	\$(10,297,193)
2,263,929	1,110,431	3,641,615	2,948,112
<u>\$ (7,169,287)</u>	<u>\$ (9,656,244)</u>	<u>\$ (7,324,564)</u>	<u>\$ (7,349,081)</u>
\$ 4,582,576	\$ 5,049,451	\$ 5,620,048	\$ 5,694,180
620,386	625,509	691,665	920,524
4,096,755	4,355,410	4,256,246	4,473,399
457,310	523,108	458,343	550,999
1,056,068	684,611	201,373	55,460
-	-	-	-
(45,385)	-	-	-
-	(1,330,867)	-	-
(229,454)	584,000	-	72,034
<u>10,538,256</u>	<u>10,491,222</u>	<u>11,227,675</u>	<u>11,766,596</u>
771,998	565,238	160,396	42,731
243,192	20,167	3,538	-
229,454	(584,000)	-	(72,034)
<u>1,244,644</u>	<u>1,405</u>	<u>163,934</u>	<u>(29,303)</u>
<u>\$ 11,782,900</u>	<u>\$ 10,492,627</u>	<u>\$ 11,391,609</u>	<u>\$ 11,737,293</u>
\$ 1,105,040	\$ (275,453)	\$ 261,496	\$ 1,469,403
3,508,573	1,111,836	3,805,549	2,918,809
<u>\$ 4,613,613</u>	<u>\$ 836,383</u>	<u>\$ 4,067,045</u>	<u>\$ 4,388,212</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<i>General Fund:</i>				
Reserved	\$ 35,597	\$ 57,090	\$ 55,380	\$ 49,326
Unreserved	4,933,617	5,268,598	4,613,883	4,232,587
<i>Total General Fund</i>	\$ 4,969,214	\$ 5,325,688	\$ 4,669,263	\$ 4,281,913
<i>All other Governmental Funds:</i>				
Reserved	\$ 5,225,807	\$ 9,057,189	\$ 6,520,289	\$ 8,747,338
Unreserved, reported in:				
Special revenue funds	2,669,632	2,787,276	2,954,865	3,207,276
Capital projects funds	2,106,563	2,571,922	3,466,009	2,954,110
<i>Total Other Governmental Funds</i>	\$ 10,002,002	\$ 14,416,387	\$ 12,941,163	\$ 14,908,724

*Financial data prior to fiscal year 2003 was not available.*

TABLE 3

Fiscal Year			
2007	2008	2009	2010
\$ 59,612	\$ 66,379	\$ 61,015	\$ 56,899
<u>4,336,225</u>	<u>5,060,246</u>	<u>5,256,260</u>	<u>6,222,327</u>
<u>\$ 4,395,837</u>	<u>\$ 5,126,625</u>	<u>\$ 5,317,275</u>	<u>\$ 6,279,226</u>
\$ 5,576,509	\$ 10,642,833	\$ 8,386,683	\$ 4,821,973
2,566,682	3,305,843	3,467,357	3,521,429
<u>2,278,642</u>	<u>2,196,305</u>	<u>2,259,074</u>	<u>1,940,052</u>
<u>\$ 10,421,833</u>	<u>\$ 16,144,981</u>	<u>\$ 14,113,114</u>	<u>\$ 10,283,454</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
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
<b>Total Revenues</b>	<u>13,620,590</u>	<u>14,416,683</u>	<u>14,935,041</u>	<u>15,984,900</u>
<b>Expenditures</b>				
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
<b>Total Expenditures</b>	<u>14,440,319</u>	<u>16,848,824</u>	<u>17,730,072</u>	<u>23,086,255</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(819,729)</u>	<u>(2,432,141)</u>	<u>(2,795,031)</u>	<u>(7,101,355)</u>
<b>Other Financing Sources (Uses)</b>				
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
<b>Total Other Financing Sources (Uses)</b>	<u>(289,640)</u>	<u>7,223,000</u>	<u>663,382</u>	<u>8,681,566</u>
<b>Special Items</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u><u>\$(1,109,369)</u></u>	<u><u>\$ 4,790,859</u></u>	<u><u>\$(2,131,649)</u></u>	<u><u>\$ 1,580,211</u></u>
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
\$ 9,823,009	\$ 10,578,794	\$ 11,000,334	\$ 11,586,011
313,206	542,193	273,991	329,009
1,007,956	999,436	1,467,479	2,253,478
3,770,273	4,260,013	4,942,725	5,127,519
719,521	964,752	818,794	1,366,173
1,041,605	674,264	201,149	54,851
975,127	455,465	329,079	129,349
<u>17,650,697</u>	<u>18,474,917</u>	<u>19,033,551</u>	<u>20,846,390</u>
2,550,851	2,930,937	3,047,345	3,043,817
8,164,911	8,277,544	8,532,673	8,862,366
4,300,974	3,907,102	4,087,284	4,541,940
1,221,472	1,416,615	1,310,186	1,491,764
(2,437,684)	(2,798,522)	(2,869,702)	(2,952,855)
12,469,055	5,705,912	4,970,168	5,751,957
961,856	1,189,174	1,414,361	1,466,258
1,037,116	1,307,381	1,465,362	1,428,424
143,930	249,427	22,500	-
<u>28,412,481</u>	<u>22,185,570</u>	<u>21,980,177</u>	<u>23,633,671</u>
<u>(10,761,784)</u>	<u>(3,710,653)</u>	<u>(2,946,626)</u>	<u>(2,787,281)</u>
1,537,142	1,747,357	811,222	631,000
(1,793,596)	(1,194,357)	(811,222)	(711,428)
<u>6,645,271</u>	<u>9,380,927</u>	<u>1,105,409</u>	<u>-</u>
<u>6,388,817</u>	<u>9,933,927</u>	<u>1,105,409</u>	<u>(80,428)</u>
<u>-</u>	<u>230,662</u>	<u>-</u>	<u>-</u>
<u><u>\$(4,372,967)</u></u>	<u><u>\$ 6,453,936</u></u>	<u><u>\$ (1,841,217)</u></u>	<u><u>\$ (2,867,709)</u></u>
13.4%	16.7%	17.1%	16.2%

CITY OF SEGUIN, TEXAS  
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS  
LAST EIGHT 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

*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
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
2001	-	-	-	-	-	690,972,247	0.3947

*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 2009 tax roll was \$1,102,225,475*

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

TABLE 7

Fiscal Year	City Direct Rates			Overlapping Rates	
	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	0.03895

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

TABLE 8

Taxpayer	Fiscal Year 2010 (2009 Tax Levy)			Fiscal Year 2001 (2000 Tax Levy)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Rio Nogales Power Project LP	\$ 68,399,281	1	5.35%	\$ 11,508,930	4	1.67%
Temic Automotive (Motorola)	33,865,156	2	2.65%	103,266,869	1	14.95%
Hexcel Corporation	14,231,137	3	1.11%	15,760,097	2	2.28%
Tyson Foods, Inc.	11,160,255	4	0.87%	11,246,858	5	1.63%
ITW Minigrip/Zip-Pak Inc.	10,946,752	5	0.86%	5,369,117	9	0.78%
Wal-Mart Real Estate Business Trust	7,436,059	6	0.58%	-	0	-
Frontier Land Limited	7,076,106	7	0.55%	5,931,792	8	0.86%
Ameritex Pipe & Products LLC	6,731,801	8	0.53%	-	0	-
Wesco Inc.	6,640,415	9	0.52%	-	0	-
Mojave & 395 LLC & Malibu Coastline LLC	5,911,107	10	0.46%	-	0	-
Wal-Mart Store	-		-	12,135,439	3	1.76%
Alamo Group Inc/Terrain King	-		-	9,698,228	6	1.40%
HE Butt Grocery Co.	-		-	5,247,405	10	0.76%
Southwestern Bell Telephone	-		-	8,151,853	7	1.18%
<b>Total</b>	<b>\$ 172,398,069</b>		<b>13.48%</b>	<b>\$ 188,316,588</b>		<b>27.25%</b>

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
2001	\$ 2,658,602	\$ 2,619,580	98.5%	\$ 33,298	\$ 2,652,878	99.8%
2002	3,010,830	2,903,070	96.4%	99,833	3,002,903	99.7%
2003	3,264,913	3,148,767	96.4%	107,047	3,255,814	99.7%
2004	3,461,322	3,314,635	95.8%	133,914	3,448,549	99.6%
2005	3,670,226	3,560,194	97.0%	93,118	3,653,312	99.5%
2006	4,043,713	3,854,709	95.3%	166,961	4,021,670	99.5%
2007	4,527,973	4,325,674	95.5%	168,027	4,493,701	99.2%
2008	5,061,063	4,855,402	95.9%	169,639	5,025,041	99.3%
2009	5,618,105	5,443,556	96.9%	71,188	5,514,744	98.2%
2010	5,676,104	5,524,035	97.3%	-	5,524,035	97.3%

*Amount collected includes discounts*

CITY OF SEGUIN, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST EIGHT FISCAL YEARS  
(UNAUDITED)

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita	Percentage of Personal Income
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases					
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%

*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 131.*

*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 EIGHT FISCAL YEARS  
(UNAUDITED)

TABLE 11

Fiscal Year	General Bonded Debt		Available in Debt Service Funds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
	General Obligation Bonds	Notes Payable					
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

*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 131.*

CITY OF SEGUIN, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2010  
(UNAUDITED)

TABLE 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Guadalupe County	\$ 18,680,000	13.87%	\$ 2,590,916
Seguin Independent School District	79,293,214	52.55%	<u>41,668,584</u>
Subtotal, Overlapping Debt			44,259,500
Seguin Direct Debt (Net)			<u>30,243,922</u>
Total Direct and Overlapping Debt			<u><u>\$74,503,422</u></u>

Source: Municipal Advisory Council of Texas.

*Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses 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  
 SEPTEMBER 30, 2010  
 (UNAUDITED)

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed Value	\$ 1,279,059,508
* Debt limit (10% of assessed value)	127,905,951
Outstanding Debt <sup>[1]</sup>	31,312,520
Less amount set aside for repayment of general obligation debt	(1,068,598)
Total net debt applicable to limit	30,243,922
Economic Debt Margin	\$ 97,662,029

	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

<sup>[1]</sup> 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
\$ 97,233,367	\$ 111,553,781	\$ 121,476,868	\$ 127,905,951
(24,472,348)	(32,522,934)	(31,798,781)	(30,243,922)
<u>\$ 72,761,019</u>	<u>\$ 79,030,847</u>	<u>\$ 89,678,087</u>	<u>\$ 97,662,029</u>



CITY OF SEGUIN, TEXAS  
 PLEDGED REVENUE COVERAGE  
 LAST EIGHT 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

\* 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
2001	22,011	22,075	\$ 36,931	\$ 13,740	32.6	7,541	3.8
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

*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

<u>Employer</u>	2010			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Seguin Independent School District	1,180	1	10.49%	1,220	2	11.47%
Continental AG (Motorola)	1,174	2	10.43%	1,395	1	13.11%
CMC Steel	905	3	8.04%	838	3	7.88%
Tyson Foods	865	4	7.69%	472	6	4.44%
Texas Power Systems/CAT	818	5	7.27%	---		---
Guadalupe Regional Medical Center	699	6	6.21%	697	4	6.55%
Guadalupe County	524	7	4.66%	514	5	4.83%
Wal-Mart Super Center	400	8	3.55%	400	7	3.76%
Texas Lutheran University	297	9	2.64%	308	8	2.89%
City of Seguin	287	10	2.55%	279	9	2.62%
HEB	280	11	2.49%	250	10	2.35%
Total	7,429		66.02%	6,373		59.90%

*Source: Seguin Area Chamber of Commerce, Texas Workforce Commission, and US Dept. of Labor.*

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

Function	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Police</b>					
Physical arrests	1,444	1,200	1,210	1,019	1,062
Traffic citations	13,027	14,456	17,612	7,922	9,314
Parking citations	517	615	850	1,485	828
<b>Fire/EMS</b>					
Emergency responses	3,578	3,738	3,578	3,661	3,429
Non-emergency response/Service Calls	74	604	609	813	580
Inspections	654	728	670	564	556
<b>Refuse collection (by private contractor)</b>					
# of customers	7,609	7,486	7,450	7,346	7,200
<b>Parks and Recreation</b>					
Park and sport facility rentals	721	690	709	689	778
Sport league participants	2,611	2,073	2,008	2,117	2,005
Program participants	4,782	5,875	6,214	5,800	5,220
Wave Pool admissions	10,504	13,693	14,015	13,453	12,525
<b>Library</b>					
Volumes in collection	76,440	76,805	75,202	72,755	69,864
Total volumes borrowed	233,609	226,206	218,206	192,701	199,148
<b>Electric</b>					
# of customers	8,011	8,014	8,069	8,075	8,053
Sales (millions of \$)	26.4	28.2	25.6	23.2	23.6
<b>Water</b>					
# of customers	7,019	7,044	7,036	7,036	6,998
Average daily production (millions of gal.)					
Surface water	2.139	2.005	2.317	2.586	3.148
Well water	3.163	4.122	3.789	3.228	3.145
Total	5.302	6.127	6.106	5.814	6.293
Water main repairs (main sizes from 3/4" to 16")	97	76	70	102	86
<b>Wastewater</b>					
Average daily sewage treatment (millions of g	3.326	3.220	3.020	3.456	3.420

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				
2005	2004	2003	2002	2001
1,347	1,396	677	719	641
9,518	8,434	6,418	8,914	9,055
292	878	1,341	2,208	856
3,235	3,288	3,067	2,909	3,170
606	592	498	529	538
299	235	247	218	189
7,126	7,122	7,056	6,929	9,872
686	740	423	414	364
1,994	1,765	1,527	1,541	889
4,775	4,391	3,874	3,962	3,145
13,356	11,683	10,941	8,104	2,453
70,638	67,820	64,868	65,531	65,500
198,528	191,885	175,882	157,586	171,821
7,903	7,824	7,848	7,824	7,754
18.8	17.1	16.3	14.5	14.8
6,924	6,834	6,816	6,779	6,707
3,069	1,812	1,302	4,428	4,041
2,986	2,596	2,150	NA	NA
6.055	4.408	3.452	4.428	4.041
70	51	64	(a)	(a)
3.259	3.645	4.036	(a)	(a)

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

Function	Fiscal Year				
	2010	2009	2008	2007	2006
Police					
Stations	1	1	1	1	1
Police vehicles	62	61	60	61	60
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	174.91	174.63	174.52	173.81	172.10
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)	118.63	118.28	117.64	117.14	117.14
Fire hydrants	978	978	976	973	967
Storage capacity (millions of gallons)	7.79	7.79	7.79	7.79	7.79
Wastewater					
Sanitary sewers (miles)	124.27	123.84	119.25	118.70	118.52

Notes:

(a) Data not available

TABLE 18

Fiscal Year				
2005	2004	2003	2002	2001
1	1	1	1	1
56	55	55	(a)	(a)
3	3	3	3	3
162.62	161.92	161.02	160.70	153.16
10	10	10	10	10
289.41	273.94	273.94	261.50	261.50
116.50	115.39	113.55	113.55	107.25
955	934	883	825	776
7.79	7.79	7.79	7.79	5.79
111.79	109.72	107.36	107.36	103.50

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

TABLE 19

Function	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Government</b>									
Financial Administration	7	7	8	8	8	8	8	8	8
City Manager	3	5	5	4	4	4	5	6	4
Human Resources	5	5	6	5	6	5	5	6	7
Planning and Zoning	9	9	9	10	10	10	10	10	10
City Secretary	1	1	1	1	1	1	1	1	1
Information Systems	2	-	-	-	-	-	-	-	-
Facilities and Grounds	11	9	10	12	11	12	11	11	10
<b>Public Safety</b>									
Police	68	64	63	64	64	63	61	56	61
Fire/EMS	49	47	50	48	48	46	46	46	41
Legal & Judicial	4	4	4	3	4	4	4	8	7
Animal Control	3	3	3	3	3	3	3	4	5
<b>Public Service</b>									
Public Works	18	18	17	19	19	18	18	17	18
Vehicle Maintenance	3	3	3	3	3	3	3	3	3
Library	8	8	8	8	6	8	8	8	7
Parks and Recreation	8	7	8	8	8	8	13	15	12
Golf Course	9	9	8	9	9	8	3	3	3
DownTown & Main St. Program	2	2	2	2	2	2	1	1	1
Coliseum	1	1	1	1	1	1	1	1	1
<b>Utility Fund</b>									
Administration	2	2	4	6	3	3	3	3	3
Electric Production/Distribution	17	18	19	19	18	19	19	18	16
Water Production	17	15	17	11	17	17	16	17	17
Water/Sewer Maintenance	10	11	9	11	9	10	8	9	10
Sewer Plant	8	8	8	8	8	8	8	8	8
Economic Development	3	2	2	2	2	2	2	2	2
Facilities Maintenance	13	13	14	13	10	11	11	11	11
Utility Billing	6	6	6	6	5	6	6	6	6
<b>Total</b>	<b>287</b>	<b>277</b>	<b>285</b>	<b>284</b>	<b>279</b>	<b>280</b>	<b>274</b>	<b>278</b>	<b>272</b>

Source: City Human Resources Department

## COMPLIANCE SECTION



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

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, 2010, which collectively comprise the City of Seguin, Texas, basic financial statements and have issued our report thereon dated February 14, 2011. We conducted our audit in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Seguin, Texas, in a separate letter dated February 14, 2011.

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.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Assoc, P.C." in a cursive script.

Armstrong, Vaughan & Assoc., P.C.

February 14, 2011



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council  
City of Seguin, Texas

Compliance

We have audited the City of Seguin, Texas's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Seguin, Texas's major federal programs for the year ended September 30, 2010. Seguin, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Seguin, Texas's management. Our responsibility is to express an opinion on the City of Seguin, Texas's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Seguin, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Seguin, Texas's compliance with those requirements.

In our opinion, the City of Seguin, Texas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of the City of Seguin, Texas, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Seguin, Texas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Seguin, Texas's internal control over compliance.

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

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

This report is intended solely for the information and use of management, City Council, others within the entity, 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 & Assoc, P.C.*

San Antonio, Texas  
February 14, 2011

CITY OF SEGUIN, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
SEPTEMBER 30, 2010

FINDING 2009 - None

CITY OF SEGUIN, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Seguin, Texas.
2. No instances of noncompliance material to the financial statements of Seguin, Texas were disclosed during the audit.
3. The auditor's report on compliance with requirements that could have a direct and material effect on each major program for Seguin, Texas expresses an unqualified opinion on all major federal programs.
4. Major programs tested are as follows:
  - A) U.S. Department of Transportation
    1. Highway Planning and Construction CFDA 20.205
  - B) U.S. Department of Housing and Urban Development
    2. Neighborhood Stabilization CFDA 14.228
5. The threshold used to distinguish between Type A and Type B federal programs was \$300,000.
6. The City was not classified as a low-risk auditee in the context of OMB Circular A-133.
7. No significant deficiencies or material weaknesses were identified in internal control over financial reporting in accordance with GAAS were found.
8. There were no significant deficiencies or material weaknesses or reportable conditions identified over major programs in accordance with OMB Circular A-133.

B. Findings Relating to the Financial Statement Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None.

C. Findings and Questioned Costs for Federal Awards

None.

CITY OF SEGUIN, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Passed Through Texas Department of Transportation Highway Planning and Construction - Safe Routes to Schools	20.205	\$ 429,417
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Direct Award Bullet Proof Vests	16.607	4,097
Passed Through Alamo Area Council of Governments VAWA - ARRA	16.588	18,354
JAG Border Security - ARRA	16.803	264,097
Byrne JAG Grant - ARRA	16.804	32,210
Passed Through Office of the Attorney General Victim Coordinator and Liaison Grant	16.588	25,424
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Passed Through Office of Rural and Community Affairs Neighborhood Stabilization	14.228	232,326
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
Animal Pens/Generator	97.073	88,519
<b>TOTAL FEDERAL AWARDS EXPENDED</b>		<b>\$ 1,094,444</b>

CITY OF SEGUIN, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Basis of Presentation

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

