



### *A Message From The City Manager*

*I am pleased to present to you the City of Seagoville Popular Annual Financial Report (PAFR) for the year ended September 30, 2014. This report is intended to increase awareness throughout the community of the financial operations of the City. As such, this report is written in a manner that will summarize and communicate, in a user friendly manner, the City's financial condition.*

*As we strive to keep citizens informed about the City's financial position, we understand the importance of being accountable for the receipt and expenditure of public funds. Through easier, more user friendly financial reporting, the PAFR is another example of our commitment to improve communication with our citizens and increase public confidence in the City of Seagoville. I want to thank the directors and their staff for their commitment to develop a budget that provides funding support for a quality level of service delivery while maintaining expenditures within fiscally conservative parameters. I also wish to express appreciation to you, citizens of Seagoville, and to the Mayor and City Council, for your commitment to this municipal organization.*

*I welcome any feedback, comments, or concerns regarding the information included in this report.*

*Sincerely,*

*Larry Graves*

*Larry Graves, City Manager*



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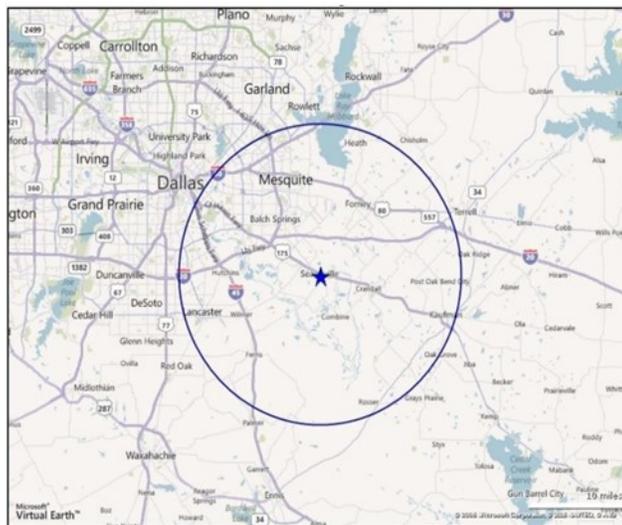
# Seagoville





## INTRODUCTION

Seagoville, a suburban residential community, is on State Highway 175 and the Southern Pacific line ten miles southeast of Mesquite in southeastern Dallas County. Interstate Highway 635, State Highway 75, and Interstate Highway 20 all skirt the community.



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Seagoville is on the original land grant of J. D. Merchant. One of the first recorded settlers in the area was Hugh L. Buchanan, who arrived in the 1860s. By 1867 John A. Brinegar had constructed a one-room log school with seats made of split logs. The early 1870s saw the arrival of the next group of settlers, which included the Cravens, Sorrells, Peaks, Moores, and Hawthornes, as well as the town's founder, T. K. Seago, who built a general store there in 1876. A community began to develop around the store, and in 1876 it was known as Seago. In that year B. F. Peak built a cotton gin, and two years later the community's first Baptist church was completed. Freight was shipped and received from locks on the Trinity River. In 1910 the community's first brick school was constructed; it had ten grades and fifteen students. That year the post office name was changed to Seagoville to avoid confusion with the town of Sego. In 1925 Seagoville secured electrical service, and in 1926 it incorporated.

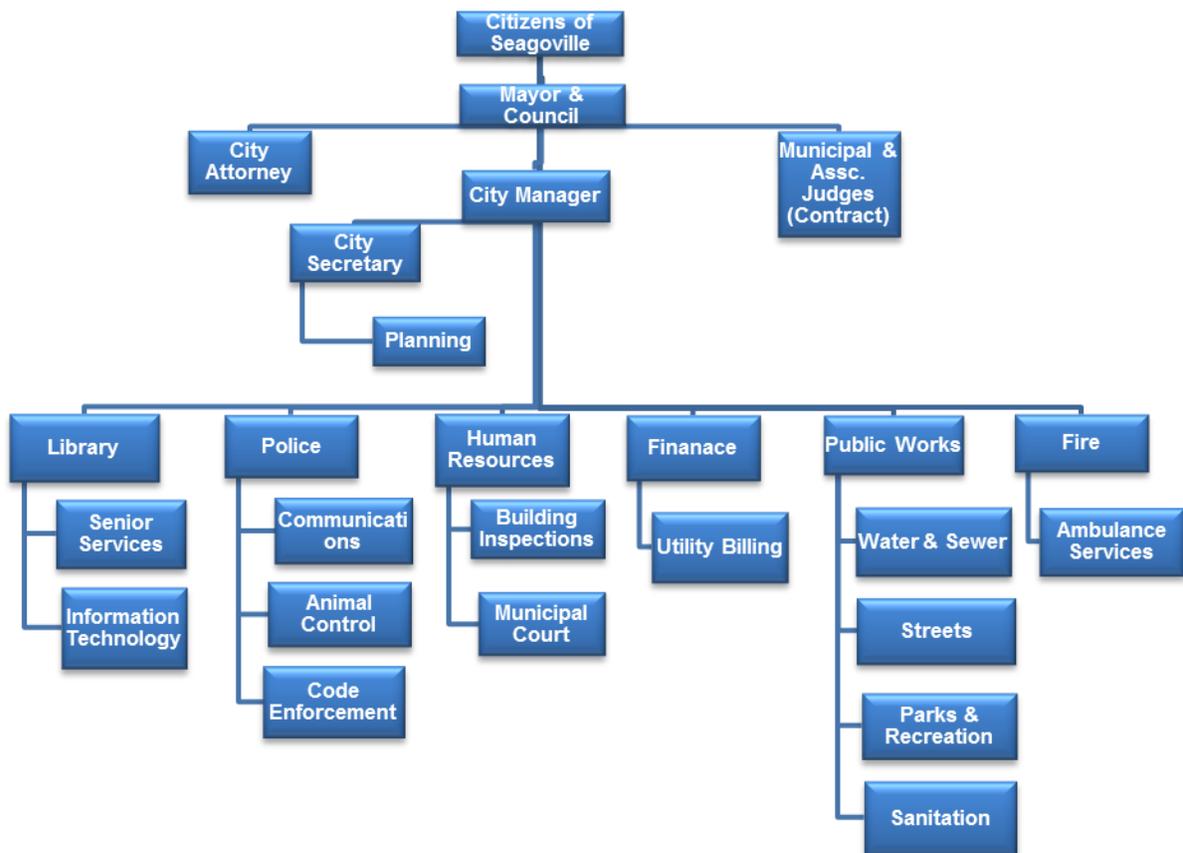
The City of Seagoville is a Home rule city which operates under a Council/City Manager form of government, serving an estimated population of 15,130. The Council consists of the Mayor and five Council members. Council members serve two- year terms and are responsible for appointing the City Manager, Municipal Judge and City Secretary. The City Manager serves as the administrative head of the government and is responsible for implementing and carrying out the goals and objectives set forth by the City Council; and is responsible for the overall operations of the entire city. The City provides a full range of services, general administrative services, public safety services, to include: police and fire protection, communications, ambulance services, an animal shelter and code enforcement; community services: municipal court, library, senior center, health and sanitation; community development: building inspection, planning, streets, parks and recreation; additionally, water and sewer utility services.

# Seagoville





## ORGANIZATION CHART





## ABOUT THIS FINANCIAL REPORT

As part of our continuous effort to keep you informed of how your tax dollars are being spent, we are pleased to present the 2014 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City's governmental funds and was drawn from information found in the Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by Fox, Byrd & Company, P.C.

Unlike the CAFR, the PAFR is unaudited and presented on a non-GAAP basis. The GAAP basis presentation in the CAFR includes the City's component unit and the presentation of individual funds, as well as, full disclosure of all material events, financial and non-financial, in the notes to the financial statements. Seagoville's CAFR can be viewed by the public at City Hall, at the Public Library and online at [www.seagoville.us](http://www.seagoville.us).

## AWARDS

The City received the following awards (valid for one year only) from the Government Finance Officers Association (GFOA):

- Certificate of Achievement for Excellence in Financial Reporting for the CAFR for the year ended September 30, 2013.
- Award for Distinguished Budget Presentation for the fiscal year beginning October 1, 2013.
- Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2013.

## FINANCIAL HIGHLIGHTS

- The City's combined net position (difference between assets and liabilities in governmental business-type activities) at September 30, 2014 totaled \$30,215,652 as follows: \$24,019,313 net investment in capital assets, \$131,494 restricted and \$6,064,846 unrestricted (can be used to meet the government's ongoing obligations to the citizens and creditors). Net position is the residual of all other financial statement elements presented in a statement of financial position. Net investment in capital assets is one of three components of net position, consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets (assets whose use is subject to external constraints or constraints imposed by law) reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the difference between total net position and net investment in capital assets and restricted net position.
- Total revenues for all governmental funds were \$7,601,371 and total spending was \$8,185,205. The fund balances for these funds were \$2,708,739 in FY 2014 and \$3,079,600 in FY 2013.
- Total revenues for business-type activities at the end of FY 2014 were \$4,829,101 and total spending was \$3,964,149. Total net position was \$14,378,304 as compared to \$13,936,547 in FY 2013.



The City of Seagoville under the directive of the City Council undertook a number of initiatives during the fiscal year to provide for and improve the quality of governmental service, the citizens of Seagoville have come to expect. These improvements were identified after a systematic review of all activities of the City in which each program was analyzed to ensure that it was needed and wanted by the community and that it was being provided with maximum efficiency at the lowest cost possible.

Public safety improvements enhanced the quality of life for Seagoville residents. This year, the city added three patrol vehicles and a new criminal investigation vehicle. The City improved the quality of street infrastructure through the reconstruction of Alto Road, Farmers Road and Simonds Road in conjunction with Dallas County Public Works.

This year's budget allowed for the replacement of the sound system in the City Council Chambers. In addition, public safety services were enhanced by the replacement of the in car cameras in several patrol vehicles. The City's utility system service delivery was improved by the completion of the Fly Street wastewater rehabilitation project, Kleberg Road water line improvements, Ballard Road water line installation and the Cain Street water storage tank rehabilitation project.

Throughout the year the City operated with an extremely lean budget and reduced service costs without sacrificing quality or impacting critical core areas.

## **MISSION STATEMENT AND FOCUS AREAS**

The long-term goals of the City of Seagoville are to provide quality municipal services to all our citizens and to respond in the most appropriate and fiscally responsible manner to citizen needs and concerns with the active participation of those citizens. These services include general government, public safety, community services and community development. Our focus areas in support of the long term goals are:

1. Provide quality safety services
2. Open, transparent and responsive governance and business services
3. Provide quality leisure opportunities to the community
4. Support economic and community development initiatives
5. Infrastructure operations and maintenance
6. Retain and attract quality employees



## GENERAL FINANCIAL INFORMATION

Most City services and projects are accounted for in a general category known as Governmental Funds. These concise descriptions should provide you with a better understanding of the accounts.

### GOVERNMENTAL FUNDS

- ◆ **General Fund** - Accounts for revenues and expenditures associated with the general operations of the City that are not required to be accounted for in separate funds.
- ◆ **Special Revenue Funds** – Account for proceeds of specific revenue sources that are legally restricted for specific purposes (e.g. public safety).
- ◆ **Debt Service Fund** – Account for the payment of principal, interest and related costs on general long-term debt.
- ◆ **Capital Projects Funds** – Account for the financial resources used for the construction and/or acquisition of major capital facilities.

### PROPRIETARY FUNDS

Proprietary Funds account for activities the City operates similar to private businesses. The City of Seagoville has two proprietary funds: the Water and Sewer Fund and the Group Insurance Trust Fund.

*This Popular Annual Financial Report (PAFR) focuses on the City's two largest funds, (General and Water and Sewer) which are of the most interest to citizens.*

### GOVERNMENTAL FUNDS' FINANCIAL ACTIVITIES

At September 30, 2014 the City's governmental funds reflected a combined fund balance of \$2,708,739, a \$370,861 decrease from the previous year at \$3,079,600. These financial activities comprise the major changes in governmental fund balances:

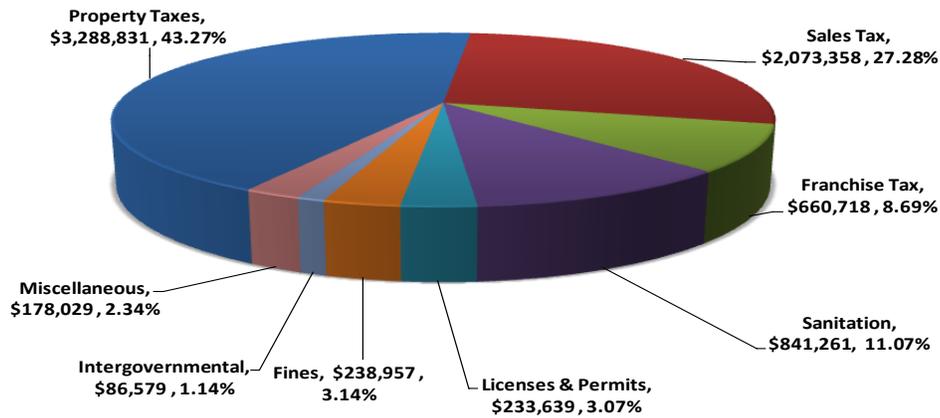
# Seagoville





## GENERAL FINANCIAL INFORMATION (continued)

### GOVERNMENTAL REVENUES



Total revenues for the governmental funds (\$7,601,371) showed an increase of 4.22% or \$308,150 compared to the prior year (\$7,293,221). The primary reasons for the increase were due to an increase in the overall property tax rate from \$0.690853 in the prior fiscal year to \$0.713794 in FY 2014, a full year imposition of the storm water fee in FY 2014, and increases in sales and franchise taxes.



# Seagoville





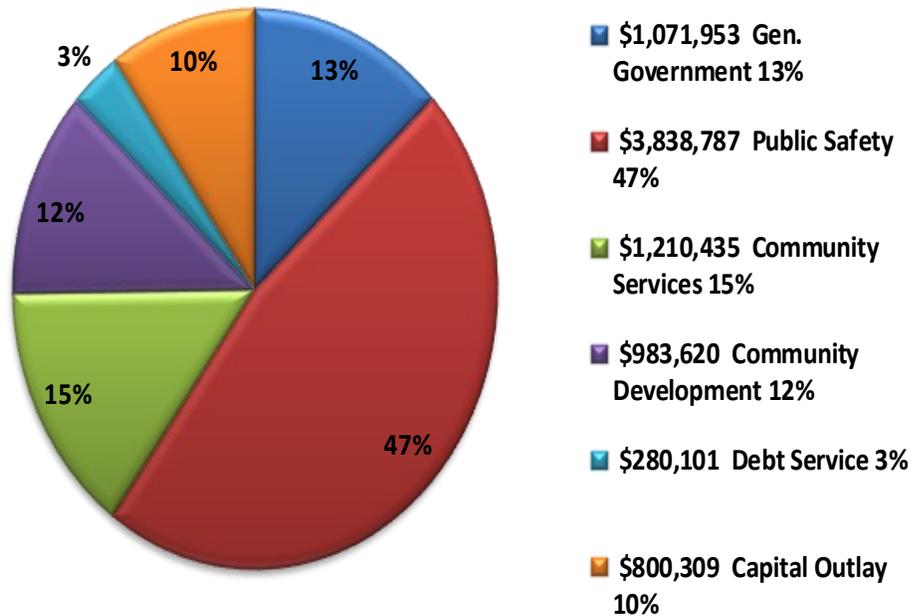
## GENERAL FINANCIAL INFORMATION (continued)

### GOVERNMENTAL EXPENDITURES

Total governmental expenditures increased by \$863,049 (11.78%) in fiscal year 2014 (\$8,185,205) from 2013 (\$7,322,156). The major contributing factors include:

- A salary increase of 5% to uniformed personnel salaries and a 3% increase in salaries to civilian staff.
- The City's capital outlay increased (\$687,564) in FY 2014 from FY 2013. FY 2014 capital outlay expenditures include three patrol vehicles were added (\$37,382, \$36,782, and \$41,760 respectively) along with a criminal investigation vehicle (\$24,829). In the infrastructure category, the City reconstructed Alto Road (\$46,945), Farmers Road and Simonds Road (\$569,370 and \$144,493, respectively) with the assistance of Dallas County Public Works.

### *FY 2014 GOVERNMENTAL FUND EXPENDITURES*



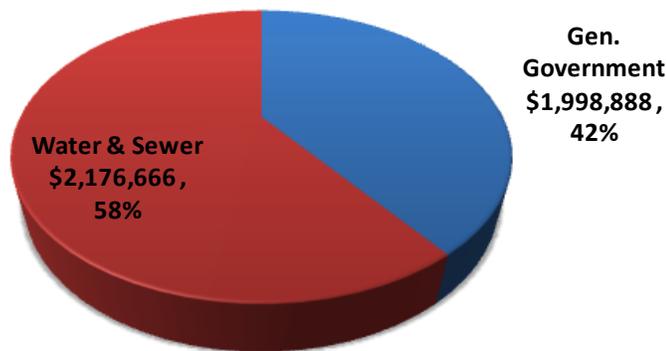


## GENERAL FINANCIAL INFORMATION (continued)

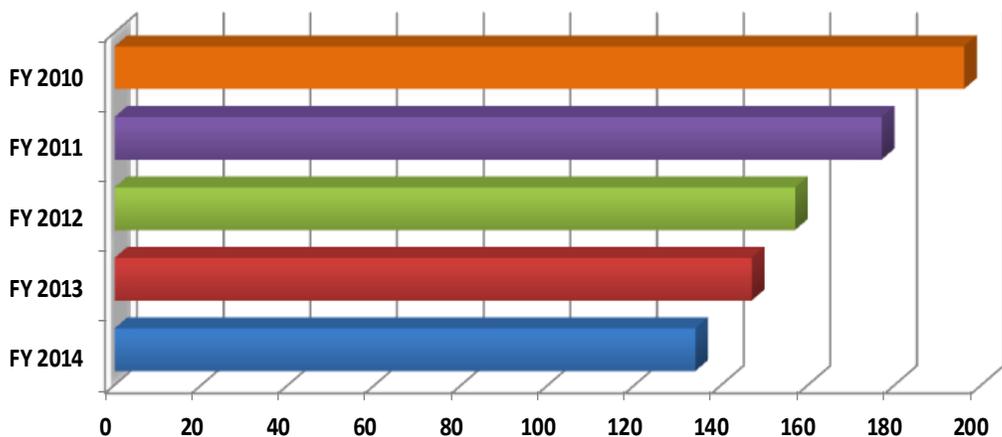
### LONG-TERM DEBT

As of the fiscal year end, the City had \$4,813,257 in long-term debt outstanding compared to \$5,142,377 in 2013 (\$329,120 decrease or 6.83%). This decrease represents FY 2014 scheduled payments on debt service, as no new debt was added during the fiscal year.

### OUTSTANDING DEBT BY TYPE



### DEBT PER CAPITA



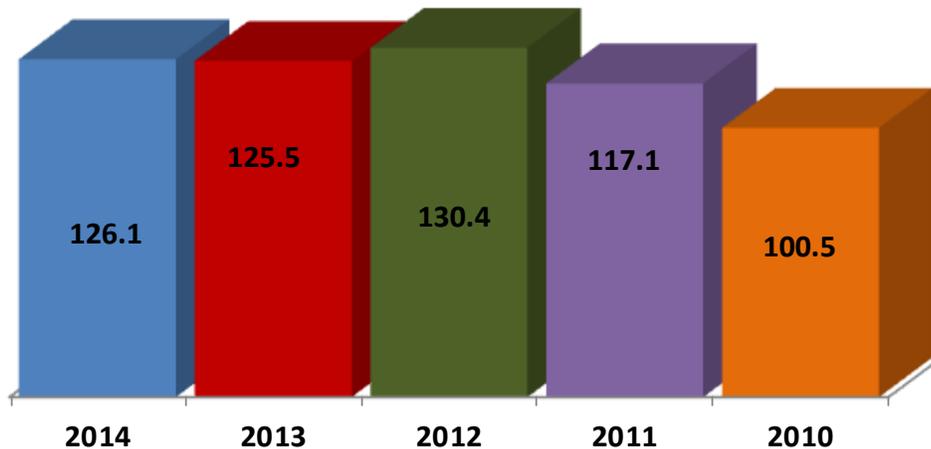
The City's current bond rating is A1 (Moody's). The rating recommendation reflects the stable local economy benefitting from the Dallas/Fort Worth location, the affordability despite low wealth levels, and management's maintenance of a low debt profile, healthy general fund balance and manageable pension burden. The rating also reflects the relatively small tax base and moderate taxpayer concentration present.



## GENERAL FUND FUND BALANCE

Fund balance is the excess of what is owned (assets) over what is owed (debts or liabilities). Because the General Fund reports only a subset of related assets (i.e., financial assets) and liabilities (i.e., those normally expected to be liquidated with current financial resources), the difference (fund balance) between the two is more of a measure of liquidity. The Financial Policies of the City of Seagoville require the General Fund to maintain a minimum 60 day reserve of budgeted expenditures. The City has consistently exceeded this goal. The General Fund reported a fund balance at September 30, 2014 of \$2,508,684, an increase of \$171,680 (7.35%) in comparison with the prior year of \$2,337,004 (Governmental Funds' combining ending fund balances were \$2,708,739 compared to FY 2012 at \$3,079,600 producing a \$370,861 or 12.05% decrease. This decrease was primarily due to capital project spending on street improvements throughout the City, as mentioned earlier in the section on Governmental Expenditures. Of this fund balance, \$2,415,417 constitutes the unassigned fund balance, which is available for spending at the government's discretion (referred to as unassigned fund balance). Comparative days of fund balance is an indication of how many days of reserve the City has available to fund operations. The chart below provides fund balance comparisons:

**COMPARATIVE DAYS OF GENERAL FUND BALANCE**





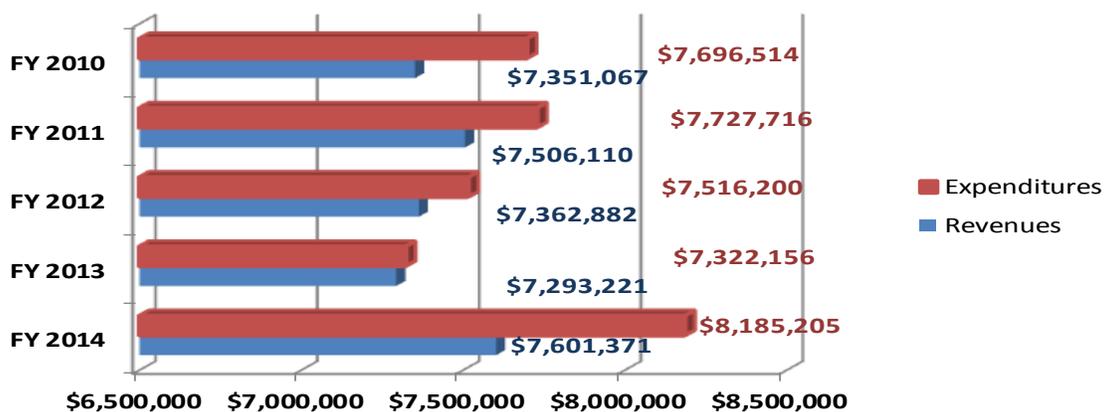
## GENERAL FUND CONTINUED

### GENERAL FUND EXPENDITURES

General Fund expenditures totaling \$7,404,060 for FY 2014, an increase of \$554,591 or 8.10% compared with FY 2013 (\$6,849,469). In addition to the increased capital expenditures, there were also increases in part time pay and overtime pay for first responders and dispatch operations to meet minimum staffing requirements, as well as increased fringe benefits for retirement, medical and dental insurance. Other increases in expenditures can be attributed to attorney fees, third party costs associated with maintenance of the City's software systems and sanitation services, and the privatization of transportation services for the Senior Center. Increases or decreases for major functions are as follows:

Major Functions	Amount	Percent of Total	Increase (Decrease) over 2013
General Government	\$ 1,045,757	14.12%	\$ 17,996
Public Safety	3,783,724	51.10%	263,030
Community Services	1,163,321	15.71%	(1,636)
Community Development	983,620	13.28%	(47,587)
Capital Outlay	427,638	5.78%	322,788
<b>Total</b>	<b>\$ 7,404,060</b>	<b>100.00%</b>	<b>\$ 554,591</b>

### Trend Analysis of Governmental Funds Revenues and Expenditures

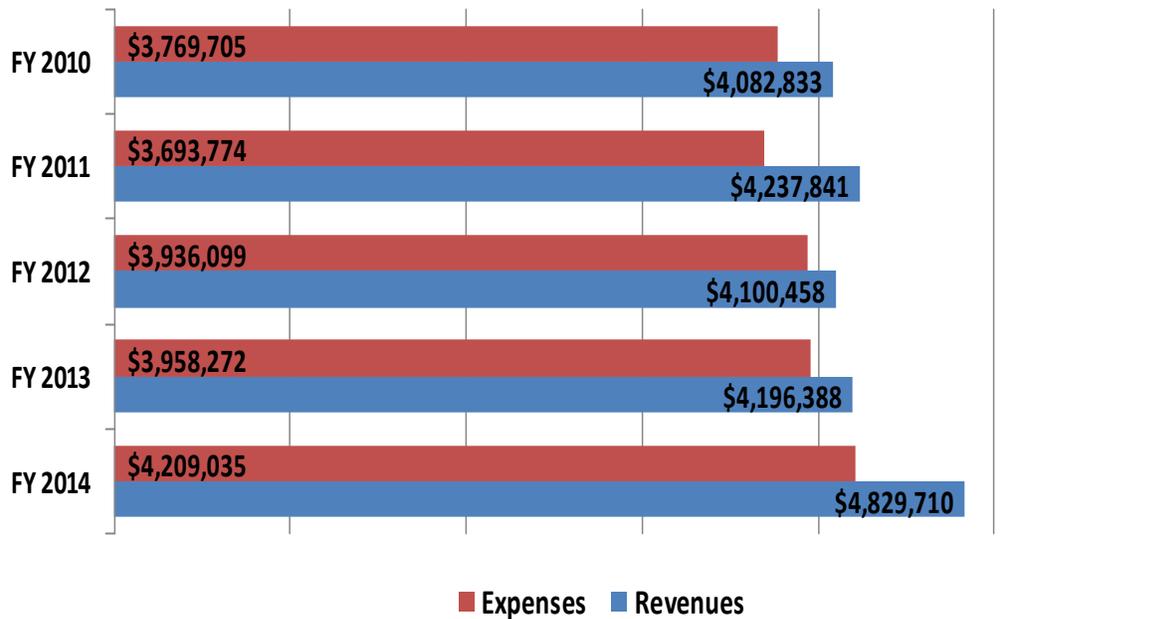




## WATER AND SEWER FUND

The City's Water and Sewer Fund has experienced steady growth and the customer base has grown to approximately 3,952 water customers and 3,664 sewer customers. The operating income on customer sales for FY 2014 totaled \$864,952 compared to last year's amount of \$432,189. The increase in operating income results from increased consumption and increased water and sewer rates. FY 2014's net income from customer sales totaled \$441,757.

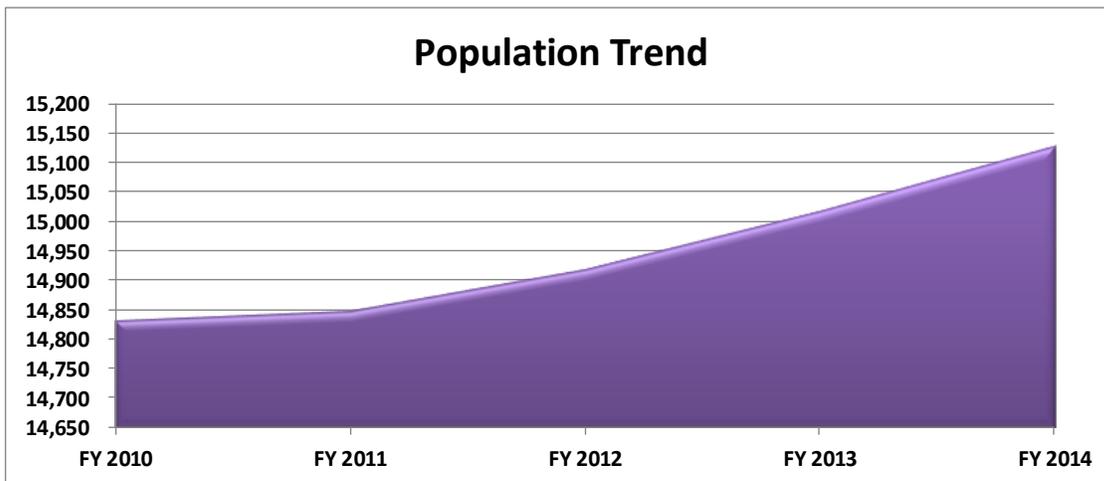
Water and sewer operations are reflected as follows:





## OTHER INFORMATION

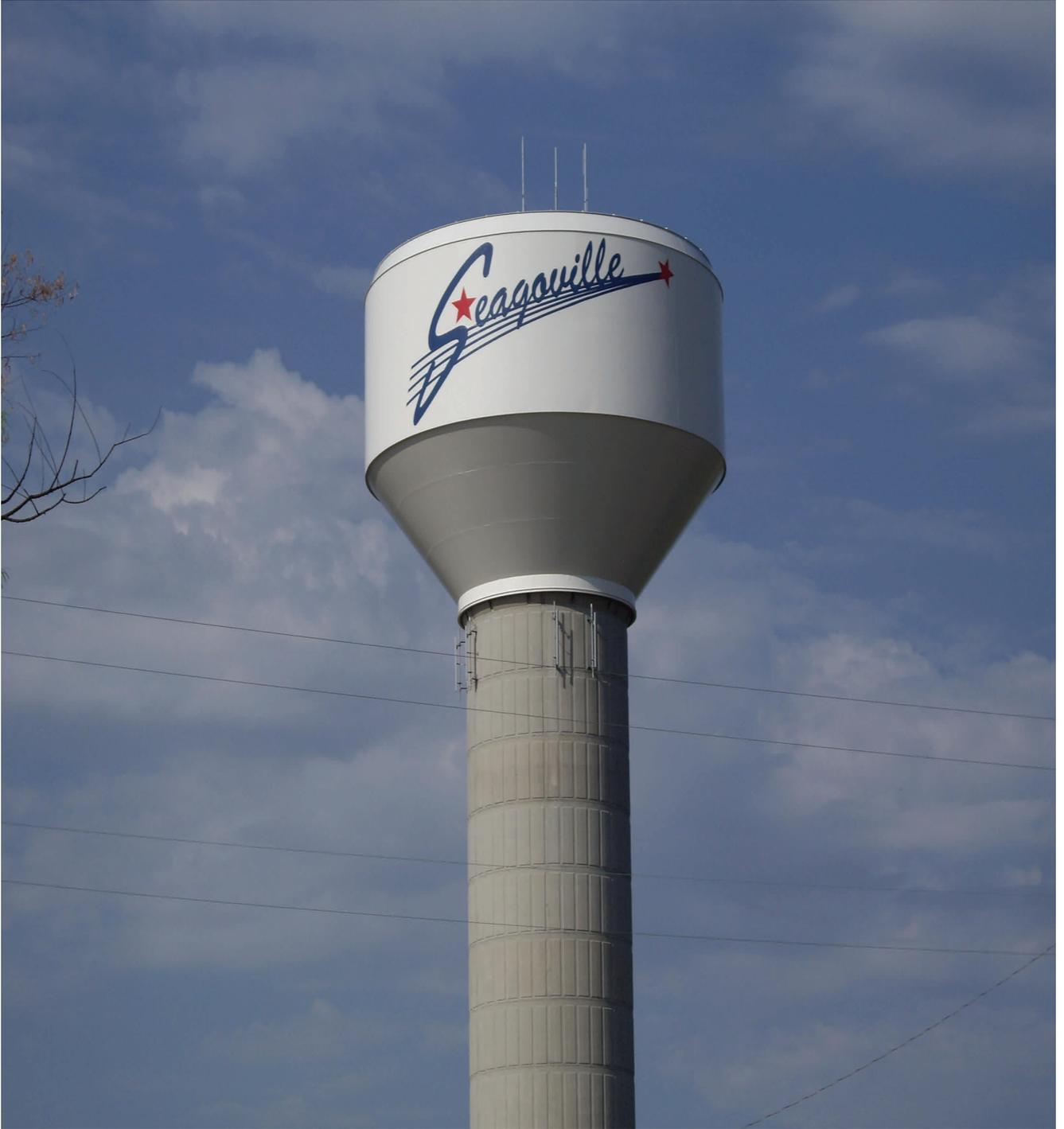
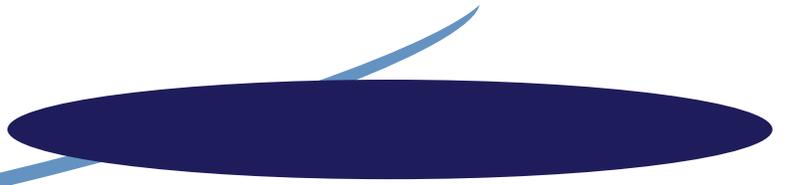
The following charts provides a look at population trends and the top ten taxpayers of the City.



Taxpayer Name	Type of Business	2014 Assessed Value	Percentage of Total Assessed Value**	Percentage of Top Ten Taxpayers to Assessed Value
OReilly Auto Parts	Distribution	\$39,137,315	8.30%	41.09%
WalMart	Retailer	16,700,620	3.50	17.53
Oncor Electric Delivery	Public Utility	10,928,410	2.30	11.47
Yes Companies EXP2 LLC	Mobile Home Park	9,896,640	2.10	10.39
TSCA 240 LP	Property Management	4,700,000	1.00	4.93
Round Hill LTD PS	Mobile Home Park	3,231,170	0.69	3.39
Villas of Seagoville, LP	Aging Services	2,947,370	0.63	3.09
FGG Retail Portfolio II	Property Management	2,650,000	0.57	2.78
AT&T Corporation	Public Utility	2,537,410	0.54	2.67
Equity Development	Property Management	2,516,600	0.54	2.66
<b>TOTAL</b>		<b>\$ 95,245,535</b>	<b>20.17 %</b>	<b>100.00%</b>

# Seagoville







## NEED MORE INFORMATION?

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Seagoville, Patrick Harvey, Director of Finance, 702 N. Hwy. 175, Seagoville, Texas, 75159.

