

CITY OF SEAGOVILLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OCTOBER 1, 2014- SEPTEMBER 30, 2015



CITY OF SEAGOVILLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

As Prepared By
Finance Department
City of Seagoville, Texas

Seagoville ★

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INTRODUCTORY SECTION

Seagoville ★



March 14, 2016

To the Honorable Mayor,
Members of the City Council
And the Citizens of the City of Seagoville, Texas

The comprehensive annual financial report (“CAFR”) of the City of Seagoville, Texas, for the fiscal year ending September 30, 2015 is hereby submitted. The City accepts full responsibility for the accuracy of the data, as well as, the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City charter requires an annual audit to be conducted of the financial records by an independent public accountant. This requirement has been fulfilled and the report of the independent auditor is included in this report. Fox, Byrd and Company, P.C, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Seagoville’s financial statements as of and for the year ended September 30, 2015. The independent auditors’ report is located at the front of the financial section of this report.

The Management’s Discussion and Analysis (MD&A) can be found immediately following the independent auditors’ report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Reporting Entity

The accompanying financial statements present the City (the primary government) and its component unit. Component units are classified as either discretely presented or blended. The City of Seagoville’s component unit, the Economic Development Corporation, is discretely presented, which means that the component unit is an entity

that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would be misleading or incomplete.

This report includes the financial statements of the funds required to account for those activities, as well as organizations and functions which are related to the City and are controlled by or dependent upon the City's governing body, the City Council. The criteria used by the City for including activities in preparing its financial statements are set forth in Governmental Accounting Standards Board (GASB) Statements. Based on these criteria, all municipal services listed are included in the City's 2015 financial statements.

The City of Seagoville

Seagoville, Texas, incorporated in 1926, sits at the southeast corner of Dallas County, bordering the Southern Pacific line ten miles from Mesquite, with Kaufman County to the east, and the City of Dallas on the northwest. The City of Seagoville has grown from a small rural town of 8,969 in 1990 to a suburban city with approximately 15,000 citizens.

The City of Seagoville is home to a Federal Correctional Institution, an Army Reserve Center, O' Reilly Distribution Center, the 334 acre Post Oak Preserve, the 500 acre Dallas Independent School District's Environmental Center, and the 200 acre North Texas Municipal Water District Water Reclamation Facility, one of the largest water reclamation projects in the country. This natural water filtration system attracts wild life; and is designed to be a tourist destination for bird watchers.



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.

The City of Seagoville is a Home rule city which operates under a Council/City Manager form of government. 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 key to Seagoville's success as a thriving suburb which has managed to retain its own identity and down-home atmosphere is its citizenry. From its churches of every denomination to its active parent-teacher organizations, active senior life, civic groups, and sports teams, to its owner-operated personalized service companies; Seagoville's outstanding feature is the caring and involvement of the people who call it home.

Economic Outlook and Conditions

The City of Seagoville is expected to reach build-out in 2025 and has experienced planned and sustainable growth. Prudent financial planning, oversight, and flexibility have enabled the City to weather the economic slowdown in a comparably favorable or better position than many other cities in the Dallas/Fort Worth Metropolitan Statistical Area. The homebuilding market in Seagoville mirrors the overall slowing economy.

Despite this trend, Seagoville has been able to provide affordable housing and sufficient availability; each new home being built in new and existing subdivisions continues to support City-provided service. Economic development is evidenced in the major retail outlets and small manufacturers that have acquired property and established a presence in the City. Wal-Mart is one of the dominant retail businesses opening in the last few years. Wal-Mart has served as an anchor along the Highway 175 corridor attracting two other retail centers in the same geographical area. The result has been that the City's economic position has been improved. The additional revenue stream from sales tax has helped to augment the City's ad valorem tax revenue.

In order to provide for orderly growth and aggressively improve on the City's infrastructure, the City Council approved a multi-year Capital Improvement Program (CIP). The CIP funding has resulted in significant infrastructure improvements over the last three years with both tax-supported and self-supported debt. Working in concert with accurate five year revenue and expense projections has enabled the City to plan for and meet the need for infrastructure improvements. With the City's first CIP in 2006, the City of Seagoville received a rating upgrade from Baa2 to A1, reflecting the City's growing tax base, favorable tax position, and solid financial operation. The rating upgrade was maintained through Moody's Investor Service with the subsequent 2015 \$3,915,000 bond issue.

An increase in the industrial development area of the City has experienced a road expansion of nearly one-half mile. Although the character of the Highway 175 will undoubtedly change in coming decades, Seagoville is positioned to become a dynamic gateway in the southeastern sector of Dallas County. The proposed future Loop 9 Toll Road through the eastern portion of the City is a significant highway expansion which will allow the city to realize its full economic potential in the coming years.

Major Initiatives

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 public safety vehicles and two new Code Enforcement vehicles.

The City received utility infrastructure through developer's contributions in the Highland Meadows subdivision, and through the development of wastewater rehabilitation projects along the Highway 175 corridor and in the Woodhaven subdivision.

This year's budget allowed for the demolition of unsafe structures on Hitt Street, renovations to the City's fire station, and for asphalt street repair. Additionally the FY 2015 budget provided resources to initiate water improvements on Elizabeth and Tunnel streets and in the Woodhaven subdivision.

Long-Term Financial Planning

Unassigned fund balance in the general fund (36.78% of total general fund expenditures, not including capital outlay) falls within the policy guidelines set by the Council for budgetary and planning purposes (approximately 16.7 % of total general fund expenditures).

Other Information

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seagoville for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2014. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Respectfully Submitted,

Patrick Stallings

Patrick Stallings
City Manager

Patrick Harvey

Patrick Harvey
Finance Director





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

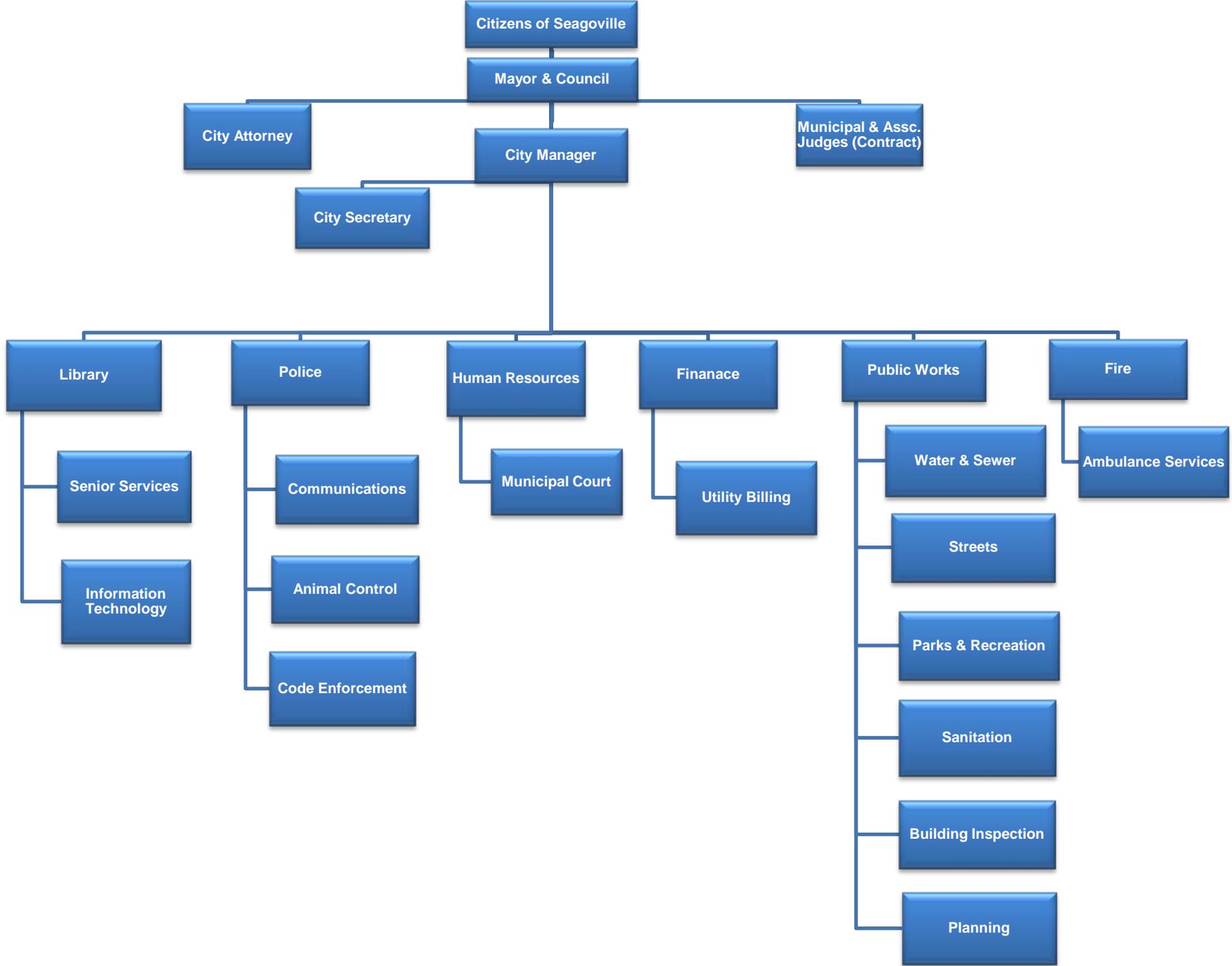
**City of Seagoville
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

Seagoville ★



City of Seagoville, Texas

Principal City Officials

2014-2015

City Council

Dennis Childress	Mayor	Term Expires May, 2017
Tommy Lemond	Mayor Pro-Tem, Place 3	Term Expires May, 2016
Rick Howard	Council Member, Place 1	Term Expires May, 2016
Jose Hernandez	Council Member, Place 2	Term Expires May, 2017
Mike Fruin	Council Member, Place 4	Term Expires May, 2017
Jon Epps	Council Member, Place 5	Term Expires May, 2016

City Executive Staff

Pat Stallings	City Manager
Patrick J. Harvey	Director of Finance
Ray Calverley	Police Chief
Todd Gilcrease	Fire Chief
Cindy Brown	Director of Human Resources
Dara Crabtree	City Secretary
Liz Gant	Director of Library
Phil DeChant	Public Works Director

FINANCIAL SECTION

Seagoville ★

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Seagoville, 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 City of Seagoville, Texas (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the

discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seagoville, Texas as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-17), the General Fund budgetary comparison information (pages 81-82), and the schedule of funding progress for participation in Texas Municipal Retirement System (page 86) 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.

Supplementary Information

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

Other Information

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.

Tox, Byrd + Company, P.C.

Dallas, Texas
March 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

As management of the City of Seagoville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities and position of the City of Seagoville for the fiscal year ended September 30, 2015. 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. Management's Discussion and Analysis has comparative data for the current year with the prior year.

Financial Highlights

- The assets of the City of Seagoville exceeded its liabilities at the close of the fiscal year ended September 30, 2015 by \$31,807,654 (net position). Of this amount, \$3,251,543 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Seagoville's governmental funds reported combined ending fund balances of \$2,981,708. Approximately 91% of this amount, \$2,702,694 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,702,694 or 30% of the general fund expenditures.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Seagoville's basic financial statements. The City of Seagoville'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. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Seagoville's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Seagoville's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Seagoville is improving or deteriorating.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Seagoville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Seagoville include general government, public safety, community services departments, community development departments and other non-departmental expenses. The business-type activities of the City of Seagoville include water and sewer utilities.

The government-wide financial statements include not only the City of Seagoville itself (known as the *primary government*), but also a legally separate economic development corporation, which is a component unit of the City of Seagoville. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The water and sewer utilities, although also legally separate, functions for all practical purposes as departments of the City of Seagoville, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 21-25 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 Seagoville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Seagoville can be divided into two categories: governmental funds and proprietary 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 on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Seagoville maintains eleven individual governmental funds. 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 and the Capital Projects Fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Seagoville adopts an annual appropriated budget for its General Fund and governmental Debt Service Fund. Budgetary comparison statements have been provided for both funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 29-34 of this report.

Proprietary funds. The City of Seagoville maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Seagoville uses an enterprise fund to account for its water and sewer utilities. *Internal Service funds* are used to report the collections of other fund expenses and subsequent payments to suppliers. The City of Seagoville uses an internal service fund to account for other funds expenses and payments to insurance providers for employee and dependent care insurance coverage.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, customer service and other non-departmental activity, which makes up a major fund of the City of Seagoville.

The basic proprietary fund financial statements can be found on pages 35-40 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

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

financial statements. The notes to the financial statements can be found on pages 41-76 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 of Seagoville's (1) General Fund budgetary compliance, and (2) progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 77-86 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining fund statements and schedules can be found on pages 87-94 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Seagoville, assets exceeded liabilities by \$31,807,654 as compared to net position for the prior year of \$30,215,652.

A large portion of the City of Seagoville's net position, \$25,742,508 (81 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Seagoville uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Seagoville'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. The following table presents a comparative summary of the City's assets, liabilities, and net position as of September 30, 2015 and September 30, 2014.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	City of Seagoville's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 3,810,709	\$ 3,567,528	\$ 6,485,115	\$ 4,143,350	\$ 10,295,824	\$ 7,710,878
Capital assets	16,656,443	14,984,458	15,244,579	13,925,034	31,901,022	28,909,492
Total assets	<u>20,467,152</u>	<u>18,551,986</u>	<u>21,729,694</u>	<u>18,068,384</u>	<u>42,196,845</u>	<u>36,620,370</u>
Deferred outflows of resources	377,842	-	66,678	-	444,520	-
Long-term liabilities	2,144,701	2,302,491	6,870,167	3,113,944	9,014,868	5,416,435
Other liabilities	1,130,979	412,147	611,447	576,136	1,742,426	988,283
Total liabilities	<u>3,275,680</u>	<u>2,714,638</u>	<u>7,481,614</u>	<u>3,690,080</u>	<u>10,757,294</u>	<u>6,404,718</u>
Deferred inflows of resources	64,955	-	11,463	-	76,418	-
Net position:						
Net investment in capital assets	14,812,747	12,952,871	10,929,761	11,066,442	25,742,508	24,019,313
Restricted for capital assets	63,204	51,339	2,587,737	-	2,650,941	51,339
Restricted for debt service	8,671	4,135	30,262	40,297	38,933	44,432
Restricted for community development	28,092	-	-	-	28,092	-
Restricted for public safety	9,434	9,081	-	-	9,434	9,081
Restricted for other	86,203	26,642	-	-	86,203	26,642
Unrestricted	<u>2,496,008</u>	<u>2,793,280</u>	<u>755,535</u>	<u>3,271,565</u>	<u>3,251,543</u>	<u>6,064,845</u>
Total net position	<u>\$ 17,504,359</u>	<u>\$ 15,837,348</u>	<u>\$ 14,303,295</u>	<u>\$ 14,378,304</u>	<u>\$ 31,807,654</u>	<u>\$ 30,215,652</u>

An additional portion of the City's net position (8.8%) represents resources that are subject to external restriction on how they may be used. The remaining balance of *unrestricted net position* (\$3,251,543) 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 Seagoville is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City of Seagoville's net position by \$2,142,717. The following table presents a comparative summary of the City's operations for the years ended September 30, 2015 and September 30, 2014.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

City of Seagoville Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,538,808	\$ 1,469,375	\$ 5,385,478	\$ 4,829,101	\$ 6,924,286	\$ 6,298,477
Operating grants and contributions	47,179	46,263	-	-	47,179	46,263
Capital grants and contributions	639,262	325,001	809,663	41,200	1,448,925	366,201
General revenues:						
Property taxes	3,350,955	3,222,817	-	-	3,350,955	3,222,817
Sales taxes	2,098,855	2,093,769	-	-	2,098,855	2,093,769
Other	713,561	662,817	2,372	609	715,933	663,426
Total revenues	8,388,620	7,820,042	6,197,513	4,870,910	14,586,133	12,690,952
Expenses:						
General government	1,158,100	1,105,185	-	-	1,158,100	1,105,185
Public safety	4,246,256	4,082,494	-	-	4,246,256	4,082,494
Community services	1,235,828	1,212,182	-	-	1,235,828	1,212,182
Community development	1,375,088	1,287,368	-	-	1,375,088	1,287,368
Interest on long-term debt	90,101	154,957	-	-	90,101	154,957
Water and sewer	-	-	4,329,104	4,209,035	4,329,104	4,209,035
Total expenses	8,105,373	7,842,186	4,329,104	4,209,035	12,434,477	12,051,221
Increase (decrease) in net position before transfers	283,247	(22,144)	1,868,409	661,875	2,151,656	639,731
Transfers	1,859,470	220,118	(1,859,470)	(220,118)	-	-
Increase (Decrease) in net assets	2,142,717	197,974	8,939	441,757	2,151,656	639,731
Net position - Beginning	15,837,348	15,646,519	14,378,304	13,936,547	30,215,652	29,583,066
Prior period adjustment	(475,706)	(7,145)	(83,948)	-	(559,654)	(7,145)
Net position - Ending	\$ 17,504,359	\$ 15,837,348	\$ 14,303,295	\$ 14,378,304	\$ 31,807,654	\$ 30,215,652

Total key elements in Governmental Activities revenues for 2015 are as follows:

- Property taxes of \$3,367,504 were recognized on a tax base of \$468,560,132 in gross taxable valuations at a rate of 71.4 cents per each \$100 of property value.
- Other tax revenues were \$2,098,855, representing 27 percent of governmental program revenues and other governmental revenues.
- Franchise taxes were \$711,433, or 9 percent of governmental program revenues and other governmental revenues.

Total key elements in expenses for 2015 are as follows:

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

- Public safety expenses totaled \$4,246,256, of which \$3,546,153 (84 percent) was for personnel services. The increase in expenses can be attributed to an 8% increase in pay for first responders and dispatch operations, as well as increased fringe benefit expenditures for retirement, medical and dental insurance.
- The City of Seagoville contracts with Republic Services for its sanitation services, which accounts for all of the \$686,551 of expenses in Sanitation Department.
- General Government expenses of \$1,158,100 include costs for City Council, City Manager/Human Resources, City Secretary, Finance, and non-departmental activities. The increase in expenses is attributed to the City's 4% salary increase to general government civilian personnel. This overall increase was mitigated by management staff turnover and a decrease in third party legal services.
- Community Services expenses of \$1,235,828 include costs for Municipal Court, Library, Senior Center and Sanitation. The increase in expenses is due to third party contractor payments for sanitation services, and the City's 4% salary increase to general government civilian personnel.
- Community Development expenses of \$1,375,088 include costs for Building Inspection, Streets, Parks and Planning. The increase in expenses is due to the City's 4% salary increase to general government civilian personnel.
- Interest on long term debt of \$90,101 decreased from the previous year due to the final payment on debt in FY 2015 for City facility construction bonds.

Business-type activities. Business-type activities net position increased by \$8,939. Including a \$2,142,717 net position increase for governmental activities, the total increase in net position for the City was \$2,151,656. Key elements of the business-type activities are as follows:

- Charges for services for business-type activities account for a significant portion of the revenue sources. The water and sewer utilities total charges for service, \$5,385,478, represent 99 percent of the total business-type revenue. The revenue sources for this fund represent increased rates recommended by a revenue rate study approved by City Council in FY 2015 budget.
- Likewise, the expenses for the water and sewer utilities total, \$4,329,104, which is 100 percent of the overall business-type expenditures. The increase in expenses is primarily due to increase cost of purchases of raw water from Dallas Water Utilities, and the City's 4% salary increase to utility personnel, and credit card processing fees for customer payments both in person and online.
- Revenues exceeded expenses, before net transfers and capital contributions, by \$1,058,746.

**CITY OF SEGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Seagoville's governmental funds reported combined ending fund balances of \$2,981,708, an increase of \$272,969 in comparison with the prior year. The Capital Projects fund balance decreased by \$66,392, the result of a planned transfer to provide resources for City debt service. Approximately 91 percent of the total combined fund balance (\$2,702,694) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$5,082), 2) restricted for particular purposes (\$115,586), committed for particular purposes (\$133,764), or 4) assigned for particular purposes (\$24,582).

The general fund is the chief operating fund of the City of Seagoville. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,702,694. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 36 percent of total general fund expenditures.

The general fund balance of the City of Seagoville increased by \$264,608 during the current fiscal year, as a result of revenues exceeding prior year by \$156,812 and expenditures increasing from the prior year by \$1,598,527. The overall increase in fund balance was largely generated by increases in property tax revenues due to an increase in assessed valuations, sanitation services reflecting community growth and increased commercial and residential development enhancing licenses, permits and fees revenue. The overall expenditure increases were previously highlighted in key elements in expenses above.

Proprietary funds. The City of Seagoville's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. The unrestricted net position of the City of Seagoville's Enterprise Fund at the end of the year is \$755,535, a decrease of \$2,516,030 to the unrestricted net position at September 30, 2014. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**CITY OF SEGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$264,424, due to increased sales taxes generated by the local option for beer and wine sales, improved local demand for utility services (franchise fees), development activity (licenses, permits and fees and sanitation), and intergovernmental revenues. Actual expenditures (excluding capital outlay) were below budgeted appropriations by \$261,881, from unfilled positions and attrition in the Police, Fire, Streets and City Manager programs, with citywide strong budgetary controls over program operations resulting in multiple other departments having gone under budget as well.

Capital Asset and Debt Administration

Capital assets. The City of Seagoville's investment in capital assets for its governmental and business-type activities, net of accumulated depreciation, as of September 30, 2015 amounts to \$31,901,022. This investment in capital assets includes land, buildings, system expansion, improvements, machinery and equipment, park facilities, streets and drainage. The capital assets, net of depreciation, for governmental activities totaled \$16,656,443 and for the business-type activities totaled \$15,244,579.

There were a few capital assets and projects acquired during the year. For governmental activities there was **Land:** stabilization of the basketball court on Elmo Drive (\$7,600.00), **Machinery and Equipment:** acquisition of two Chevrolet Tahoes for the Police department (\$82,422.72), a brush truck for the Fire Department (\$109,999.86), along with two Ford F-150's vehicles for Code Enforcement (\$41,603.32) and a Voice recorder for the Police department (\$18,249.00), **Infrastructure:** the developer of Highland Meadows Phase II donated \$606,470.00 of paving improvements. For the business type activities **Infrastructure,** the City received water and sewer infrastructure developer contributions in the Highland Meadows subdivision Phase II A (\$809,663.15) and completed the Highway 175 Wastewater rehabilitation project (68,902.50) and the FY 2015 Woodhaven Wastewater rehabilitation project (\$670,801.90). **Machinery and Equipment:** The City acquired an electric gate for the Service Center (\$5,950.00), a jetter trailer (\$64,479.72) and electric improvements to the lift station (\$5,685.00). The following table presents a comparative summary of the City's capital assets as of September 30, 2015 and September 30, 2014.

**CITY OF SEGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

City of Seagoville's Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land (not depreciated)	\$ 2,617,405	\$ 2,609,805	\$ 97,912	\$ 97,912	\$ 2,715,317	\$ 2,707,717
Construction in Progress: (not depreciated)	1,411,569	-	108,979	-	1,520,548	-
Buildings	1,141,471	1,179,171	78,826	81,414	1,220,297	1,260,585
Improvements other than buildings	245,398	270,573	14,036	14,036	259,434	284,609
Machinery and Equipment	816,242	782,925	194,181	162,667	1,010,423	945,592
Infrastructure	10,424,358	10,141,984	14,750,645	13,569,005	25,175,003	23,710,989
	<u>\$ 16,656,443</u>	<u>\$ 14,984,458</u>	<u>\$ 15,244,579</u>	<u>\$ 13,925,034</u>	<u>\$ 31,901,022</u>	<u>\$ 28,909,492</u>

Additional information on the City of Seagoville's capital assets can be found in note 3 on pages 62-63 of this report.

Long-term debt. At the end of the current fiscal year, the City of Seagoville had total bonded debt outstanding of \$8,394,999. Of this amount, \$1,813,332 comprises general certificates of obligation and \$6,581,667 is for proprietary fund debt. The following table presents a comparative summary of the city long term bonded debt for September 30, 2015 and September 30, 2014

City of Seagoville Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Certificates of obligation	\$ 1,813,332	\$ 1,998,888	\$ -	\$ -	\$ 1,813,332	\$ 1,998,888
Combination tax and revenue refunding bonds	-	-	6,581,667	2,814,369	6,581,667	2,814,369
	<u>\$ 1,813,332</u>	<u>\$ 1,998,888</u>	<u>\$ 6,581,667</u>	<u>\$ 2,814,369</u>	<u>\$ 8,394,999</u>	<u>\$ 4,813,257</u>

The City of Seagoville's total bonded debt increased by \$3,581,742 during the current fiscal year due to the FY 2015 bond sale of \$3,915,000 offset by scheduled principal payments of \$333,258 during the fiscal year.

Additional information on the City of Seagoville's long-term debt can be found in note 4 on pages 64-66 of this report.

**CITY OF SEGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Economic Factors and Next Year's Budgets and Rates

These and other factors were considered in preparing the City of Seagoville's budget for the 2015-2016 fiscal year.

Charges for services are the City's largest revenue source, representing 48% of total budgeted revenues. They consist of revenue earned by the City in exchange for specific types of services provided. Examples of services include water sales, sewer service charges, sanitation fees, and delinquent payment penalty fees. Water and sewer sales are increased to reflect the new rates proposed in the recently completed water and sewer rate study. For the average monthly user of 5,000 gallons, the increase in the combined water/sewer rate is \$1.36 monthly. For the average monthly user of 10,000 gallons, the increase in the combined water/sewer rate is \$2.71 monthly. The increased rates are estimated to yield an additional \$155,227 in water and sewer revenues. The increase in sanitation revenue reflects a \$.75 increase to provide resources for a two person litter crew. The 2016 budget also applies a Council approved storm water fee of \$.75 per impervious surface area to properties in the City, an increase of \$.25 over the FY 2015 fee. This will provide an estimated \$27,600 in revenue to be transferred to the General fund to provide resources for a two person litter crew.

Property Taxes represent 27% of total budgeted revenues. Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within the City. Assessed values represent the appraised value less applicable exemptions. Appraised values are established by the Dallas Central Appraisal District and the Kaufman County Appraisal District at 100% of market value and certified by the Chief Appraisers of each district. The 2015 certified taxable value of \$494,621,920 is a 5.56% increase from the 2014 certified taxable value of \$468,560,132. The City has adopted a property tax rate of \$0.713800 per \$100 of valuation. This is the same as the prior fiscal year tax rate of \$0.713800 per \$100 of valuation. There are two components of the tax rate. The first component is for maintenance and operations (M&O) while the second component relates to debt service interest and sinking fund requirements. The City has adopted a tax rate of \$0.67581 for operations and maintenance, which is a 2.5 cent decrease over the previous fiscal year. The operations and maintenance portion of the property tax is collected through the General Fund. The City has adopted a tax rate of \$0.03800 for debt service interest and sinking fund requirements, which is collected through the Debt Service Fund. This is an increase of 1.8348 cents from last year.

Sales Taxes represent 16% of total budgeted revenues. With the impact of a new Wal-Mart opening in a neighboring city on the sales of the Seagoville Wal-Mart in FY 2014, sales taxes are conservatively estimated to experience a slight increase in FY 2016.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Franchise Fees are charged to specific businesses that conduct business in the City of Seagoville. Utilities (electric, water, sanitation, telephone, gas and cable) that operate in the City pay this fee for their use of the City's right of way to conduct their business. Franchise fees are based on a percentage of gross receipts. Projections are conservatively based on historical trends. Franchise fees for the 2016 fiscal year are estimated to increase approximately \$30,800 from the FY 2015 budget of \$617,500. This increased estimate considers the impact of the new Ace Hardware and new residential development in the City, increasing utility consumption.

CITY EXPENDITURES - BY CATEGORY

Description	2014 Actual	2015 Budget	2015 Projected	2016 Budget	\$ Increase (Decrease)	% Change
Personnel	5,281,602	5,950,998	5,955,727	6,130,417	179,419	3%
Supplies	561,802	753,695	750,875	888,620	134,925	18%
Contractual Services	4,873,090	4,851,368	4,937,387	5,110,750	259,382	5%
Capital Outlay	1,121,544	2,911,068	2,898,503	3,074,838	163,770	6%
Debt Service	795,645	869,455	1,033,673	785,964	(83,491)	-10%
Total Expenditures	12,633,681	15,336,584	15,576,165	15,990,589	654,005	4%

Total fiscal year 2016 expenditures are budgeted to increase \$654,005, a 4% increase from the budget of fiscal year 2015. Personnel, Supplies and Contractual Services increased \$179,419, \$134,925 and \$259,382 respectively. Capital Outlay increased \$163,770 (6%) and debt decreased \$83,491 (10%) respectively.

A summary of City-wide expenditure highlights appears below:

The increase in **Personnel** reflects the addition of a dispatcher for the Police Department - Support Services.

There are resources provided for the deployment of a two person litter crew (\$75,335). Additionally, there is a 14.6% increase in budgeted expenditures for employer contribution to health insurance. There is additional funding provided to the Fire Department part time pay to improve staffing (\$35,219).

Supplies include increases for vehicle fuel and maintenance, traffic signs and park maintenance and provides resources for additional sewer main maintenance.

Contractual Services include a 6% increase in third party sanitation services, 10% increase in raw water purchases from Dallas Water Utilities and a 22% increase in sewer treatment expense to North Texas Municipal Water District.

Capital Outlay expenditures include resources allocated for the completion of the FY 2015 Street Improvements Program (\$2,034,500), repairing Robinwood Addition, Woodhaven, Shadybrook, Elizabeth/Tunnell and Bowers/Elmo Seago streets. It also provides for the acquisition of a patrol vehicle (\$53,000), an asphalt roller for the Street Department (\$44,000), emergency siren replacement (\$25,000) and the first year of four year funding to replace the Library roof (\$47,412). Water & Sewer fund capital outlay includes an estimated \$669,000 for the Woodhaven water improvements, the Highway 175 water line improvements from Water Street to Bluff Road, the Kleberg Road Improvements and Elizabeth/Tunnel improvements.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Requests for Information

This financial report is designed to provide a general overview of the City of Seagoville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Seagoville, Finance Department, 702 N. Hwy. 175, Seagoville, Texas, 75159.

Seagoville ★

BASIC FINANCIAL STATEMENTS

Seagoville ★

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Seagoville ★

**CITY OF SEAGOVILLE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,932,946	\$ 5,130,094	\$ 8,063,040	\$ 833,255
Restricted assets				
Cash and cash equivalents	-	623,457	623,457	-
Receivables				
Taxes, net of allowance	810,578	-	810,578	121,258
Accounts, net of allowance	39,522	731,564	771,086	-
Prepaid items	5,082	-	5,082	-
Due from component unit	22,581	-	22,581	-
Assets held for incentive	-	-	-	108,597
Capital assets, net of accumulated depreciation:				
Non-depreciable	4,028,974	206,891	4,235,865	322,816
Depreciable (net)	12,627,469	15,037,688	27,665,157	396,792
	\$ 20,467,152	\$ 21,729,694	\$ 42,196,846	\$ 1,782,718
Deferred Outflows of Resources				
Pension Contributions after 12/31/2014	272,814	48,144	320,958	-
Investment Experience - Pensions	105,028	18,534	123,562	-
Total Deferred Outflows of Resources	377,842	66,678	444,520	-
Liabilities				
Accounts payable	\$ 193,362	\$ 120,476	\$ 313,838	\$ 321
Accrued expenses	204,767	54,422	259,189	-
Due to primary government	-	-	-	22,581
Customer deposits	-	307,222	307,222	700
Pension liability	732,850	129,327	862,177	-
Noncurrent liabilities:				
Due within one year	185,770	319,648	505,418	155,791
Due in more than one year	1,958,931	6,550,519	8,509,450	316,015
	3,275,680	7,481,614	10,757,294	495,408
Deferred Inflows of Resources				
Actual Experience vs. Assumptions - Pensions	64,955	11,463	76,418	-
Total Deferred Inflows of Resources	64,955	11,463	76,418	-
Net Position				
Net investment in capital assets	14,812,747	10,929,761	25,742,508	670,135
Restricted for:				
Capital asset acquisition/construction	63,204	2,587,737	2,650,941	-
Debt service	8,671	30,262	38,933	-
Community services	28,092	-	28,092	-
Public safety	9,434	-	9,434	-
Other	86,203	-	86,203	-
Unrestricted	2,496,008	755,535	3,251,543	617,175
	\$ 17,504,359	\$ 14,303,295	\$ 31,807,654	\$ 1,287,310

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF SEAGOVILLE, TEXAS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2015

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
General government	\$ 1,158,100	\$ 19,199	\$ -	\$ -
Public safety	4,246,256	239,417	3,196	15,000
Community services	1,235,828	865,990	43,983	-
Community development	1,375,088	414,202	-	624,262
Interest on long term debt	90,101	-	-	-
Total governmental activities	<u>8,105,373</u>	<u>1,538,808</u>	<u>47,179</u>	<u>639,262</u>
Business-type activities				
Water and sewer	4,329,104	5,385,478	-	809,663
Total business-type activities	<u>4,329,104</u>	<u>5,385,478</u>	<u>-</u>	<u>809,663</u>
Total primary government	<u>12,434,477</u>	<u>6,924,286</u>	<u>47,179</u>	<u>1,448,925</u>
Component unit:				
Economic Development Corporation	144,095	68,680	-	-
Total component units	<u>\$ 144,095</u>	<u>\$ 68,680</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Ad valorem

Other Local Taxes

Franchise taxes

Investment income

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position - ending

The Notes to Basic Financial Statements are an integral part of this statement.

Net (Expenses) Revenue and Changes in Net Position

Governmental Activities	Business - type Activities	Total	Component Unit
\$ (1,138,902)	\$ -	\$ (1,138,902)	\$ -
(4,003,644)	-	(4,003,644)	-
(325,855)	-	(325,855)	-
(321,624)	-	(321,624)	-
(90,101)	-	(90,101)	-
<u>(5,880,124)</u>	<u>-</u>	<u>(5,880,124)</u>	<u>-</u>
-	1,866,037	1,866,037	-
-	1,866,037	1,866,037	-
<u>(5,880,124)</u>	<u>1,866,037</u>	<u>(4,014,087)</u>	<u>-</u>
-	-	-	(75,415)
-	-	-	(75,415)
3,350,955	-	3,350,955	-
2,098,855	-	2,098,855	686,395
711,433	-	711,433	-
2,128	2,372	4,500	884
1,859,470	(1,859,470)	-	-
<u>8,022,841</u>	<u>(1,857,098)</u>	<u>6,165,743</u>	<u>687,279</u>
<u>2,142,717</u>	<u>8,939</u>	<u>2,151,656</u>	<u>611,864</u>
<u>15,837,348</u>	<u>14,378,304</u>	<u>30,215,652</u>	<u>673,856</u>
<u>(475,706)</u>	<u>(83,948)</u>	<u>(559,654)</u>	<u>1,590</u>
<u>\$ 17,504,359</u>	<u>\$ 14,303,295</u>	<u>\$ 31,807,654</u>	<u>\$ 1,287,310</u>

Seagoville ★

FUND FINANCIAL STATEMENTS

Seagoville ★

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Seagoville ★

**CITY OF SEAGOVILLE, TEXAS
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2015**

	<u>General</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,721,863	\$ 211,083	\$ 2,932,946
Receivables			
Ad valorem taxes	407,772	39,032	446,804
Sales taxes	363,774	-	363,774
Other	33,078	6,444	39,522
Due from other funds	2,310	-	2,310
Prepaid items	5,082	-	5,082
Due from component unit	22,581	-	22,581
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,556,460</u>	<u>\$ 256,559</u>	<u>\$ 3,813,019</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 186,602	\$ 6,761	\$ 193,363
Accrued liabilities	197,297	623	197,920
Due to Other Funds	-	2,310	2,310
Total Liabilities	<u>383,899</u>	<u>9,694</u>	<u>393,593</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>399,269</u>	<u>38,449</u>	<u>437,718</u>
Total Deferred Inflows of Resources	<u>399,269</u>	<u>38,449</u>	<u>437,718</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	5,082	-	5,082
Restricted:			
Restricted for debt service	-	15,518	15,518
Restricted for other	-	4,489	4,489
Restricted for court improvements	-	28,092	28,092
Restricted for police operations	-	4,283	4,283
Restricted for capital expenditures	63,204	-	63,204
Committed:			
Community development	-	133,764	133,764
Assigned:			
Workforce development	-	971	971
Vehicle replacement	2,312	-	2,312
Police operations	-	10,860	10,860
Community services	-	10,439	10,439
Unassigned	<u>2,702,694</u>	<u>-</u>	<u>2,702,694</u>
Total fund balances	<u>2,773,292</u>	<u>208,416</u>	<u>2,981,708</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,556,460</u>	<u>\$ 256,559</u>	<u>\$ 3,813,019</u>

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF SEAGOVILLE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
September 30, 2015

Total fund balances - governmental funds	\$ 2,981,708
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	16,656,443
Deferred Outflows of Resources are not considered available funds and are not recorded in governmental funds	377,842
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(6,847)
Revenues earned but not available within sixty days of the year end are not recognized as revenue in the fund financial statements.	437,718
Deferred Inflows of Resources are not considered available funds and are not recorded in governmental funds	(64,955)
Compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.	(301,004)
Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Pension liability	732,850
Bond premium	30,364
Long term debt	<u>1,813,332</u>
	<u>(2,576,546)</u>
Net position of governmental activities	<u><u>\$ 17,504,359</u></u>

The Notes to Basic Financial Statements are an integral part of this statement.

**CITY OF SEAGOVILLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended September 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes				
Ad valorem	\$ 3,265,582	\$ -	\$ 101,922	\$ 3,367,504
Sales	2,073,505	-	-	2,073,505
Franchise	711,433	-	-	711,433
Hotel/motel	-	-	25,350	25,350
Sanitation collection charges	857,513	-	-	857,513
Licenses, permits and fees	345,472	-	113,770	459,242
Municipal court fines	181,349	-	7,429	188,778
Intergovernmental	58,983	-	3,196	62,179
Investment income	2,103	17	8	2,128
Miscellaneous	23,639	-	9,635	33,274
	<u>7,519,579</u>	<u>17</u>	<u>261,310</u>	<u>7,780,906</u>
Total revenues				
Expenditures:				
Current:				
General government	1,121,117	-	25,350	1,146,467
Public safety	4,018,590	-	15,448	4,034,038
Community services	1,192,561	-	45,252	1,237,813
Community development	1,016,667	-	-	1,016,667
Debt Service:				
Principal	-	-	185,556	185,556
Interest	-	-	93,214	93,214
Capital outlay	1,653,652	-	-	1,653,652
	<u>9,002,587</u>	<u>-</u>	<u>364,820</u>	<u>9,367,407</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(1,483,008)</u>	<u>17</u>	<u>(103,510)</u>	<u>(1,586,501)</u>
Other financing sources (uses):				
Transfers in	1,748,416	-	180,598	1,929,014
Transfers out	(800)	(66,409)	(2,335)	(69,544)
	<u>1,747,616</u>	<u>(66,409)</u>	<u>178,263</u>	<u>1,859,470</u>
Total other financing sources (uses)				
Net change in fund balances	264,608	(66,392)	74,753	272,969
Fund Balances - beginning	<u>2,508,684</u>	<u>66,392</u>	<u>133,663</u>	<u>2,708,739</u>
Fund Balances - ending	<u>\$ 2,773,292</u>	<u>\$ -</u>	<u>\$ 208,416</u>	<u>\$ 2,981,708</u>

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF SEAGOVILLE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2015

Net change in fund balances - total governmental funds	\$ 272,969
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	1,653,652
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(602,030)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds	
o Change in deferred revenue	(16,549)
The issuance of long-term debt (e.g. bonds and capital lease) 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 effect of issuance costs, premiums, and deferred losses on refunding when debt is first issued; however the amounts are deferred and amortized in the government-wide financial statements. This amount represents the net effect of the the following items:	
o Amortization on Bond Premium - 2,335	
o Repayments on Bonds - 185,556	
	187,891
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
o Change in Accrued Compensated Absences	(30,101)
o Pension Expense	55,744
o Loss on Disposal of Assets	(3,899)
The effect of transactions involving contributions of capital assets, increasing net assets	624,262
Current year changes in accrued interest payable do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>778</u>
Change in net position of governmental activities	<u><u>\$ 2,142,717</u></u>

The Notes to Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

Seagoville ★

**CITY OF SEAGOVILLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015**

EXHIBIT 7

	Enterprise
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,130,094
Receivables	
Accounts receivable, net	731,564
Total current assets	5,861,658
Noncurrent assets:	
Restricted cash and cash equivalents	623,457
Capital assets	
Land	97,912
Construction in Progress	108,979
Buildings	129,763
Improvements other than buildings	198,496
Machinery and equipment	759,952
Infrastructure	25,112,147
Accumulated depreciation	(11,162,670)
Total noncurrent assets	15,868,036
TOTAL ASSETS	\$ 21,729,694
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions after 12/31/2014	48,144
Pension investment experience	18,534
TOTAL DEFERRED OUTFLOWS OF RESOURCES	66,678
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 120,476
Accrued expenses	54,422
Customer deposits	307,222
Compensated absences-current	3,413
Bonds payable-current	316,235
Total current liabilities	801,768
Noncurrent Liabilities:	
Bonds payable	6,519,805
Pension liability	129,327
Compensated absences	30,714
Total noncurrent liabilities	6,679,846
TOTAL LIABILITIES	7,481,614
DEFERRED INFLOWS OF RESOURCES	
Pension actual experience vs. assumptions	11,463
NET POSITION	
Net investment in capital assets	10,929,761
Restricted for debt service	30,262
Restricted for construction	2,587,737
Unrestricted	755,535
TOTAL NET POSITION	\$ 14,303,295

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF SEAGOVILLE, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Enterprise
	Water and Sewer Fund
OPERATING REVENUES	
Charges for service:	
Water sales	\$ 2,428,637
Sewer sales	2,759,876
Tap fees	12,950
Penalties and interest	111,315
Reconnect fees	34,940
Miscellaneous	37,760
Total operating revenue	5,385,478
OPERATING EXPENSES	
Water operations	1,408,864
Sewer operations	1,558,218
Water and sewer administration	235,208
Customer service operations	238,039
Other expenses	117,645
Depreciation	414,916
Total operating expenses	3,972,890
Operating income	1,412,588
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,372
Interest expense	(356,214)
Total nonoperating revenues (expenses)	(353,842)
Income before capital contributions and transfers	1,058,746
Capital contributions	809,663
Transfers out	(1,859,470)
Change in net position	8,939
NET POSITION, beginning	14,378,304
Prior period adjustment - Pension Contributions	(83,948)
NET POSITION, ending	\$ 14,303,295

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF SEAGOVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Enterprise
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 5,219,103
Cash paid to employees	(816,823)
Cash paid to suppliers	(2,837,444)
Net cash provided by operating activities	1,564,836
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(465,693)
Net cash used in noncapital financing activities	(465,693)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on debt	(147,704)
Proceeds from debt	4,131,627
Capital asset acquisitions	(2,318,579)
Interest paid on debt	(585,892)
Net cash used in capital and related financing activities	1,079,452
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	2,372
Net cash provided by investing activities	2,372
Net increase in cash	2,180,967
Cash and cash equivalents, beginning of year	3,572,584
Cash and cash equivalents, end of year	\$ 5,753,551
Cash and cash equivalents	\$ 5,130,094
Restricted cash and cash equivalents	623,457
TOTAL CASH AND CASH EQUIVALENTS	\$ 5,753,551

The Notes to Basic Financial Statements are an integral part of this statement.

**CITY OF SEAGOVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015**

	Enterprise
	Water and Sewer Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,412,588
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	414,916
Increase in accounts receivable	(168,994)
Decrease in prepaid items	8,196
Decrease in accounts payable	(110,909)
Decrease in accrued expenses	14,274
Decrease in pension liability	(9,837)
Increase in customer deposits	2,619
Increase in compensated absences	1,983
Net cash provided by operating activities	\$ 1,564,836
Schedule of non-cash capital and related financing activities:	
Contributions of capital assets:	\$ 809,663

The Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Seagoville ★

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Seagoville, Texas (City) is incorporated as a municipal corporation under the laws of the State of Texas. The City operates under a home rule charter with a City Manager-City Council form of government. The accompanying financial statements present the City's primary government and its discretely presented component unit, for which the City is considered to be financially accountable. The component unit is reported in a separate column in the government-wide financial statement to emphasize that it is legally separate from the City.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

Financial Reporting Entity

The City is governed by an elected mayor and a five-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity", as amended by GASB 39 "Determining Whether Certain Organizations Are Component Units".

Under GASB 14 component units are organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity-Continued

Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component unit may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Based on these criteria, the financial information of the following entity has been presented discretely in a separate column from the primary government in the government-wide financial statements:

The Seagoville Economic Development Corporation (Corporation) promotes and develops industrial and manufacturing enterprises to promote and encourage employment and the public welfare within the City and the State of Texas.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity-Continued

There are seven directors, all of whom are appointed by the City Council. The Corporation provides financial benefits to the City in the form of an annual cash payment. The Corporation is authorized to sell bonds or other forms of indebtedness for any purpose authorized by Section 4B of the Development Corporation Act of 1979, Article 5190.6, Vernon's Revised Civil Statutes of Texas as amended. In the event of the dissolution of the Corporation, the assets of the Corporation shall be distributed to the City. Copies of the Corporation's financial statement may be obtained from the Corporation's office at 105 N. Kaufman Street, Seagoville, Texas, 75159.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of inter fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements-Continued

funds and proprietary funds. These statements present each major fund as a separate column in the fund financial statement; all non-major funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources.

The government reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Capital Projects Fund** is used to account for resources used for the acquisition and/or construction of capital facilities by the City, except those financed by proprietary funds.

In addition, the City reports the following non-major governmental funds:

Special Revenue Funds:

The **Hotel/Motel Occupancy Tax Fund** was established to account for local hotel and motel occupancy tax receipts.

The **Special Police Fund** was established to account for resources required to be utilized by the police department.

The **Miscellaneous Grants Fund** is used to account for contributions from corporations and others.

The **Municipal Court Technology Fund** was established to account for a portion of municipal court fees earmarked to help fund technology and security purchases.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation-Continued

The ***Park Development Fund*** accounts for resources acquired from residential development firms to be used for construction of neighborhood parks.

The ***Revenue Recycling Fund*** was established to account for disposal fees and expenditures from the sale of recyclable materials.

The ***Animal Shelter Fund*** accounts for the resource inflows and outflows associated with the operation of the City animal shelter and the accumulation of resources for the construction of a new animal shelter.

The ***Storm Water Fund*** was established to account for city activities mandated by the City's storm sewer permit.

The ***Debt Service Fund*** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund signifies the amounts that are restricted exclusively for debt service expenditures.

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position.

The City reports the following major proprietary fund:

Water and Sewer Enterprise Fund

Water and Sewer Enterprise Fund is used to account for the operation of the water distribution system, wastewater treatment plant, and wastewater pumping and collection systems which are supported primarily by user charges to the public.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Water and Sewer Enterprise Fund-Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Group Insurance Trust

In August 2008, the City passed a resolution establishing a Single Non-Profit Trust which enables the City to receive a discount on premiums it pays to its insurance carrier. The Group Insurance Trust is used for the payment of insurance premiums and is funded by the governmental funds and the enterprise fund.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting-Continued

modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available.

“Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City considers all revenues as available if they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales taxes, franchise taxes, and interest are all considered to be susceptible to accrual. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Cash, Cash Equivalents and Investments

City funds are deposited in an authorized depository bank. All deposits are fully collateralized (100%) with depository insurance; direct obligations of the United States of America backed by its full faith and credit; obligations guaranteed by the United States of America; evidence of indebtedness guaranteed by Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperative, Federal Farm Credit System, Federal Home Loan Banks, Federal National Mortgage Association; or any general or special obligation (approved by the Attorney General of Texas) issued by a State of Texas public agency payable from taxes, revenues, either or both, provided all of such obligations are rated A or better by a generally recognized national bank-rating agency. The collateral is held in a bank other than the one in which the deposit was made.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash, Cash Equivalents and Investments-Continued

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date of acquisition for classification in the statement of cash flows for proprietary fund types.

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Dallas Central Appraisal District at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the tax year 2014 levy was based was \$465,554,466. Taxes are due on October 1 and are delinquent after the following January 31.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2014 was \$0.713794 per \$100 of assessed valuation.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes-Continued

to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

Inter fund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Transactions Between Funds

Inter fund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses in the fund reimbursed. All other Inter fund transfers are recorded as transfers.

Restricted Assets

Certain proceeds of the Water and Sewer Enterprise Fund’s 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.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as required.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life is not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20
Machinery and equipment	5-10
Infrastructure	75

Deferred Outflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items of deferred outflows of resources both related to the implementation of the GASB statements on pension accounting. One is for pension contributions after the measurement date and the other is for pension investment experience (difference in projected and actual

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows of Resources-Continued

earnings on pension assets). The amount deferred for pension contributions is recognized in the following fiscal year. The amount deferred for pension investment experience will be amortized over a closed five year period. These items appear on the Statement of Net Position in the government wide financial statements.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item appearing on the Statement of Position in the government wide financial statements reflecting the implementation of the GASB statements on pension accounting. This amount deferred for the difference in expected and actual pension experience will be recognized over the estimated average remaining lives of all members determined as of the measurement date. The City has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. 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.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the Finance Director to assign fund balance. The City Council may also assign fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporary. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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/expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2014 up through March 14, 2016, the date the financial statements were issued. During this period there were no subsequent events requiring disclosure.

NOTE 2. CASH AND INVESTMENTS

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a

NOTE 2. CASH AND INVESTMENTS – CONTINUED

day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2015 the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included as cash and cash equivalents) was \$8,686,497 and the bank balance was

\$8,777,348. The City's cash deposits at September 30, 2015 and during the year ended September 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Legal and contractual provisions governing deposits and investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the table below:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	1 year	None	None
U.S. Agencies Securities	1 year	None	None
Certificates of Deposits	1 year	None	None
TexPool		None	None

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 2. CASH AND INVESTMENTS - CONTINUED

is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 8,063,040
Restricted cash and cash equivalents	<u>623,457</u>
Total Primary Government	8,686,497
Component Unit:	
Cash and cash equivalents	833,255
Restricted cash and cash equivalents	<u>-</u>
Total Component Unit	833,255
Total cash and investments	<u><u>\$ 9,519,752</u></u>

Cash and cash equivalents as of September 30, 2015 consist of the following:

Cash on hand	\$ 1,900
Deposits with financial institutions	3,776,382
Investments	<u>5,741,470</u>
Total cash and investments	<u><u>\$ 9,519,752</u></u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 2. CASH AND INVESTMENTS - CONTINUED

combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2015, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
Texstar	\$ 2,587,739	56 days
Texpool	<u>3,153,731</u>	40 days
Total	<u>\$ 5,741,470</u>	

As of September 30, 2015 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of yearend for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Texstar	\$ 2,587,739	N/A	AAAM
Texpool	<u>3,153,731</u>	N/A	AAAM
Total	<u>\$ 5,741,470</u>		

NOTE 2. CASH AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2015 other than external investment pools the City did not have 5% or more of its investment with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. As of September 30, 2015 the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

Investment in State Investment Pools

The City is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 2. CASH AND INVESTMENTS - CONTINUED

Investment in State Investment Pools-Continued

of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 2,609,805	\$ 7,600	\$ -	\$ -	\$ 2,617,405
Construction-in-progress	-	1,411,569	-	-	1,411,569
	<u>2,609,805</u>	<u>1,419,169</u>	<u>-</u>	<u>-</u>	<u>4,028,974</u>
Capital assets being depreciated:					
Buildings	2,341,636	-	-	-	2,341,636
Improvements other than buildings	1,052,035	-	-	-	1,052,035
Machinery & equipment	2,364,184	252,275	(18,833)	-	2,597,626
Infrastructure	19,364,402	606,470	-	-	19,970,872
	<u>25,122,257</u>	<u>858,745</u>	<u>(18,833)</u>	<u>-</u>	<u>25,962,169</u>
Accumulated depreciation:					
Buildings	1,162,465	37,700	-	-	1,200,165
Improvements other than buildings	781,462	25,174	-	-	806,636
Machinery & equipment	1,581,259	215,059	(14,934)	-	1,781,384
Infrastructure	9,222,418	324,097	-	-	9,546,515
	<u>12,747,604</u>	<u>602,030</u>	<u>(14,934)</u>	<u>-</u>	<u>13,334,700</u>
Capital assets being depreciated, net	<u>12,374,653</u>	<u>256,715</u>	<u>(3,899)</u>	<u>-</u>	<u>12,627,469</u>
Governmental activities capital assets, net	<u>\$ 14,984,458</u>	<u>\$ 1,675,884</u>	<u>\$ (3,899)</u>	<u>\$ -</u>	<u>\$ 16,656,443</u>

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 3. CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital Assets not being depreciated:					
Land	\$ 97,912	\$ -	\$ -	\$ -	\$ 97,912
Construction-In-Progress	-	108,979	-	-	108,979
	<u>97,912</u>	<u>108,979</u>	<u>-</u>	<u>-</u>	<u>206,891</u>
Capital Assets Being Depreciated:					
Buildings	129,763	-	-	-	129,763
Improvements Other Than Buildings	198,496	-	-	-	198,496
Machinery & Equipment	683,837	76,115	-	-	759,952
Infrastructure	23,562,780	1,549,367	-	-	25,112,147
	<u>24,574,876</u>	<u>1,625,482</u>	<u>-</u>	<u>-</u>	<u>26,200,358</u>
Capital Assets Including Land	<u>24,672,788</u>	<u>1,734,461</u>	<u>-</u>	<u>-</u>	<u>26,407,249</u>
Accumulated Depreciation:					
Buildings	48,349	2,588	-	-	50,937
Improvements Other Than Buildings	184,460	-	-	-	184,460
Machinery & Equipment	521,170	44,601	-	-	565,771
Infrastructure	9,993,775	367,727	-	-	10,361,502
	<u>10,747,754</u>	<u>414,916</u>	<u>-</u>	<u>-</u>	<u>11,162,670</u>
Capital Assets Being Depreciated, Net	<u>13,827,122</u>	<u>1,210,566</u>	<u>-</u>	<u>-</u>	<u>15,037,688</u>
Business Type Activities Capital Assets, Net	<u>\$ 13,925,034</u>	<u>\$ 1,319,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,244,579</u>

Depreciation expense was charged as a direct expense to functions of the primary government as follows:

Governmental activities:

General government	\$ 26,433
Public safety	213,734
Community services	987
Community development	<u>360,876</u>

Total depreciation expense- governmental activities	<u>\$ 602,030</u>
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Business-type activities:

Water and sewer	<u>\$ 414,916</u>
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CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 4. LONG-TERM DEBT

The City issues certificates of obligation and combination tax and revenue bonds to provide for the acquisition and construction of major capital facilities and infrastructure. Certificates of obligation pledge the full faith and credit of the City. Combination tax and revenue bonds are payable from the net revenues of the water and sewer system and general debt service tax. Details of long-term debt outstanding as of September 30, 2015 are as follows:

Primary Government:

Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/15
Governmental activities:					
Certificates of obligation					
Improvements	\$ 1,000,000	1996	2016	5.20%-7.50%	\$ 40,000
Improvements	1,250,000	2006	2026	4.00%-5.50%	833,332
Improvements	1,250,000	2008	2028	3.50%-5.125%	<u>940,000</u>
Total governmental activities					<u>\$ 1,813,332</u>
Business-type activities:					
Combination tax and revenue refunding bonds					
Improvements	1,000,000	2006	2006	4.00%-5.50%	666,667
Improvements	2,000,000	2008	2008	4.50%-5.125%	2,000,000
Improvements	3,915,000	2015	2035	2.00%-4.00%	<u>3,915,000</u>
Total business-type activities					<u>\$ 6,581,667</u>

Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due Within One year
Notes payable	<u>\$ 730,220</u>	<u>\$ -</u>	<u>\$ (258,414)</u>	<u>\$ 471,806</u>	<u>\$ 155,791</u>

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 4. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term transactions for the year ended September 30, 2015:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due Within One year
Governmental activities:					
Certificates of obligation	\$ 1,998,888	\$ -	\$ (185,556)	\$ 1,813,332	\$ 153,334
Premium on bonds	32,699	-	(2,335)	30,364	2,335
Compensated absences	270,904	40,938	(10,837)	301,005	30,101
Total governmental activities	<u>\$ 2,302,491</u>	<u>\$ 40,938</u>	<u>\$ (198,728)</u>	<u>\$ 2,144,701</u>	<u>\$ 185,770</u>
Business-type activities:					
Combination tax and revenue refunding bonds	\$ 2,814,369	\$ 3,915,000	\$ (147,702)	\$ 6,581,667	\$ 301,667
Accreted interest	223,204	18,541	(241,745)	-	-
Premium on bonds	52,314	216,627	(14,567)	254,373	14,568
Total bonds payable	<u>3,089,887</u>	<u>4,150,168</u>	<u>(404,014)</u>	<u>6,836,041</u>	<u>316,235</u>
Compensated absences	32,145	5,358	(3,377)	34,126	3,413
Total business-type activities	<u>\$ 3,122,032</u>	<u>\$ 4,155,525</u>	<u>\$ (407,392)</u>	<u>\$ 6,870,167</u>	<u>\$ 319,648</u>

Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due Within One year
Notes payable	<u>\$ 730,220</u>	<u>\$ -</u>	<u>\$ (258,414)</u>	<u>\$ 471,806</u>	<u>\$ 155,791</u>

Compensated absences are liquidated in the General Fund for general government employees and to the Water and Sewer Fund for business type activities.

Annual debt service requirements as of September 30, 2015 are as follows:

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 4. LONG-TERM DEBT – CONTINUED

Primary Government:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Bonds Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2016	153,333	82,170	301,667	246,232
2017	116,111	74,726	308,889	235,965
2018	123,889	69,532	321,111	225,359
2019	129,444	63,901	330,556	212,665
2020	137,222	58,049	342,778	198,093
2021-2025	788,889	190,526	1,946,111	750,583
2026-2030	364,444	28,764	1,815,555	338,599
2031-2035			1,215,000	117,100
	<u>\$ 1,813,332</u>	<u>\$ 567,668</u>	<u>\$ 6,581,667</u>	<u>\$ 2,324,596</u>

Component Unit:

Year Ending September 30,	Notes Payable	
	Principal	Interest
2016	155,791	11,282
2017	111,973	7,786
2018	115,310	4,449
2019	88,732	1,088
	<u>\$471,806</u>	<u>\$ 24,605</u>

NOTE 5. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2015 were as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Water & Sewer	\$ 74,826	In lieu of franchise fees - water
General Fund	Water & Sewer	79,034	In lieu of franchise fees - sewer
General Fund	Water & Sewer	198,444	General and admin - indirect costs
General Fund	Special Fire	2,335	Eliminate fund
General Fund	Water & Sewer	1,393,777	Transfer of construction in progress
Water & Sewer	General Fund	800	Establish change fund
Debt Service	Water & Sewer	114,189	Resources for debt service
Debt Service	Capital Projects	66,409	Resources for debt service
	Totals	<u>\$ 1,929,814</u>	

NOTE 6. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Benefits Provided (continued)

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating
Annuity increase (to retirees)	0% of CPI

Employees covered by benefit terms –

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	52
Active employees	<u>92</u>
Total	<u><u>192</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the actuary annually determines the City contribution rate, using the Entry Age Normal (EAN) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Seagoville were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Seagoville were 9.82% and 9.88% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the fiscal year ended September 30, 2015 were \$418,484.43, and were equal to the required contributions.

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 12,930,616	\$ 12,078,731	\$ 851,885
Changes for the year:			
Service cost	552,231	-	552,231
Interest	901,226	-	901,226
Change of benefit terms	-	-	-
Difference between expected and actual experience	(98,674)	-	(98,674)
Changes of assumptions	-	-	-
Contributions - employer	-	383,407	(383,407)
Contributions - employee	-	277,832	(277,832)
Net investment income	-	691,059	(691,059)
Benefit payments, including refunds of employee contributions	(664,148)	(664,148)	-
Administrative expense	-	(7,214)	7,214
Other changes	-	(593)	593
Net changes	690,635	680,343	10,292
Balance at 12/31/2014	\$ 13,621,251	\$ 12,759,074	\$ 862,177

Sensitivity of the net pension liability to changes in the discount rate –

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
City's net pension liability	\$ 2,849,578	\$ 862,177	\$ (770,491)

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$346,555. This amount is included as part of personnel service expenses within the functional activities.

At September 30, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actuarial assumptions and actual experience	\$ -	\$ 76,418
Changes in actuarial assumptions used	-	-
Difference between projected and actual investment earnings	123,562	-
Contributions subsequent to the measurement date	<u>320,958</u>	<u>-</u>
Total	<u>\$ 444,520</u>	<u>\$ 76,418</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$320,958 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e. recognized in the city's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Measurement Year ended <u>Dec 31</u>	
2015	\$ 8,634
2016	8,634
2017	8,634
2018	<u>21,242</u>
Total	<u><u>\$ 47,144</u></u>

Other Post-Employment Benefits

Supplemental Death Benefits Plan

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (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 postemployment benefit," or OPEB.

The City offers supplemental death to:	Plan Year 2014	Plan Year 2015
Active employees	Yes	Yes
Retirees	Yes	Yes

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Other Post-Employment Benefits (continued)

Contributions

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 that 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 employee's entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$1,273, \$667 and \$643, respectively, which equaled the required contributions each year.

NOTE 7. COMMITMENTS AND CONTINGENCIES

In 2005, the City entered into a contract with the North Texas Municipal Water District (the "District") for the transportation, treatment and disposal of sanitary sewage and other waste. The contract will continue in force at least until all bonds issued by the District pursuant to the contract have been paid in full and will remain in force thereafter throughout the useful life of the District's sanitary sewer system. The contract requires the City to pay varying amounts based on the costs associated with sewage transported and/or treated and disposed of. The cost includes the City's proportionate share of the District's operating and maintenance expenses and related debt service costs. During 2015, the City's share of these costs was \$1,236,912.

NOTE 8. RISK FINANCING AND INSURANCE

The City places all of its property, liability, and workers' compensation coverage with Texas Municipal League, a public entity risk pool currently operating as a common risk management and insurance program for over 1,869 members. The City pays an annual premium to Texas Municipal League for its general insurance coverage. The risk pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$1,000,000 for workers' compensation, \$250,000 for

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 8. RISK FINANCING AND INSURANCE - CONTINUED

property, and \$1,000,000 for liability damages. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

The limits of liability and deductible are:

	Limit	Deductible
General Liability	\$ 1,000,000 Each Occurrence \$ 2,000,000 Annual	\$ 1,000
Auto Liability	\$ 1,000,000 Each Occurrence	\$ -
Law Enforcement Liability	\$ 1,000,000 Annual \$ 2,000,000	\$ 1,000
Errors and Omissions Liability	\$ 2,000,000 Each Occurrence \$ 4,000,000 Annual	\$ 1,000
Auto Physical Damage	A. C. V. Per Vehicle Each Occurrence	\$ 500 \$ 10,000
Real and Personal Property	\$13,621,227	\$ 500
Mobile Equipment	\$ 688,632	\$ 500
Workers' Compensation	Statutory	

NOTE 9. NEW FINANCIAL REPORTING REQUIREMENT

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Pensions" which became effective for fiscal year 2015. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point in time liability or asset that is reflected in the employer's financial statements for any actuarially unfunded or funded portion of pension benefits earned to date.

The implementation of Statement No. 68 resulted in the restatement of beginning net pension liability and the beginning deferred outflow of contributions made after the measurement date. Prospectively applying this change results in the adjustment below:

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2015

NOTE 9. NEW FINANCIAL REPORTING REQUIREMENT (continued)

	Government-wide		Fund Level
	Statement of Activities		Statement of Revenues, Expenses and Changes in Net Position
	Governmental Activities	Business-type Activities	Proprietary Fund W&S Fund
Net position at September 30, 2014 as previously reported	\$ 15,837,348	\$ 14,378,304	\$ 14,378,304
Recording of net pension liability as of September 30, 2014	(724,102)	(127,783)	(127,783)
Deferral for pension contributions made after the measurement date	<u>248,396</u>	<u>43,835</u>	<u>43,835</u>
Net position at September 30, 2014 as restated	<u>\$ 15,361,642</u>	<u>\$ 14,294,356</u>	<u>\$ 14,294,356</u>

NOTE 10. SUBSEQUENT EVENT

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change.

REQUIRED SUPPLEMENTARY INFORMATION

Seagoville ★

BUDGETARY COMPARISON GENERAL FUND

Seagoville ★

CITY OF SEAGOVILLE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes				
Ad valorem	\$ 3,319,850	\$ 3,319,850	\$ 3,265,582	\$ (54,268)
Sales	1,978,535	1,980,990	2,073,505	92,515
Franchise	617,500	617,500	711,433	93,933
Sanitation collection charges	836,000	856,000	857,513	1,513
Licenses, permits and fees	188,315	193,815	345,472	151,657
Municipal court fines	250,000	250,000	181,349	(68,651)
Intergovernmental	20,000	20,000	58,983	38,983
Investment income	1,500	1,500	2,103	603
Miscellaneous revenues	15,500	15,500	23,639	8,139
Total revenues	7,227,200	7,255,155	7,519,579	264,424
Expenditures:				
Current				
General government				
City council	5,450	5,450	1,810	3,640
City manager	155,306	131,306	130,654	652
City secretary	114,824	114,824	106,475	8,349
Finance	319,247	314,147	306,570	7,577
Human Resources	104,878	104,878	101,888	2,990
Non-departmental	371,025	400,125	400,087	38
Information Technology	76,000	76,000	73,633	2,367
Total general government	1,146,730	1,146,730	1,121,117	25,613
Public safety				
Police	1,871,704	1,871,704	1,783,379	88,325
Fire	1,483,093	1,483,093	1,443,916	39,177
EMS	164,080	164,080	164,080	-
Support Services	540,148	540,148	513,271	26,877
Animal Control	126,587	126,587	113,944	12,643
Total public safety	\$ 4,185,612	\$ 4,185,612	\$ 4,018,590	\$ 167,022

**CITY OF SEAGOVILLE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Services				
Municipal court	172,450	153,150	153,081	69
Library	165,477	166,681	166,681	-
Senior center	187,965	187,965	186,248	1,717
Sanitation	646,000	686,551	686,551	-
Total community services	1,171,892	1,194,347	1,192,561	1,786
Community development				
Building inspection	191,333	191,333	177,451	13,882
Code enforcement	164,104	169,604	169,141	463
Streets	418,642	418,642	397,997	20,645
Parks	230,699	230,699	213,505	17,194
Planning	73,849	73,849	58,573	15,276
Total community development	1,078,627	1,084,127	1,016,667	67,460
Capital Outlay	111,643	111,643	1,653,652	(1,542,009)
Total expenditures	7,694,504	7,722,459	9,002,587	(1,280,127)
Excess (deficiency) of revenues over expenditures	(467,304)	(467,304)	(1,483,008)	(1,015,703)
Other financing sources (uses)				
Transfers in	352,304	352,304	1,748,416	1,396,112
Transfers out	-	-	(800)	(800)
Total other financing sources (uses)	352,304	352,304	1,747,616	1,395,312
Net change in fund balance	(115,000)	(115,000)	264,608	379,609
Fund Balances - beginning	2,508,684	2,508,684	2,508,684	-
Fund Balances - ending	\$ 2,393,684	\$ 2,393,684	\$ 2,773,292	\$ 379,609

**CITY OF SEAGOVILLE, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2015**

Budgetary Data

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Each year the City Manager is required to submit to the City Council, between sixty and ninety days prior to the beginning of each fiscal year, a proposed budget for the General and Debt Service Fund for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4. During the fiscal year, the City Council may transfer funds allocated to a department to another department or re-estimate revenues or expenditures. The City Manager may transfer budgeted funds within a fund. Expenditures should not exceed appropriations at the fund level. Supplemental appropriations to amend the budget during the year were not material to total appropriations.

Annually appropriated budgets are consistent with U.S. generally accepted accounting principles.

CITY OF SEGOVILLE, TEXAS EXHIBIT A-2
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST FISCAL YEAR (PREVIOUS YEARS ARE NOT AVAILABLE)

Plan Year	<u>2014</u>
A. Total Pension Liability	
Service Cost	\$ 552,231
Interest (on the Total Pension Liability)	901,226
Changes of benefit terms	-
Difference between expected and actual experience	(98,674)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(664,148)</u>
Net Change in Total Pension Liability	690,635
Total Pension Liability - Beginning	<u>12,930,616</u>
Total Pension Liability - Ending (a)	<u><u>\$ 13,621,251</u></u>
B. Plan Fiduciary Net Position	
Contributions - Employer	\$ 383,407
Contributions - Employee	277,832
Net Investment Income	691,059
Benefit payments, including refunds of employee contributions	(664,148)
Administrative Expense	(7,214)
Other	<u>(593)</u>
Net Change in Plan Fiduciary Net Position	680,343
Plan Fiduciary Net Position - Beginning	<u>12,078,731</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 12,759,074</u></u>
C. Net Pension Liability - Ending (a) - (b)	\$ 862,177
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.67%
E. Covered Employee Payroll	3,969,024
F. Net Pension Liability as a Percentage of Total Pension Liability	21.72%

Data presented is based on December 31, 2014

**CITY OF SEAGOVILLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
PARTICIPATION IN TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL)		Covered Payroll (c)	UAAL (Excess) as a Percentage of Covered Payroll ((b - a) / c)	City Contribution (d)	Average City Rate (d / c)
			(Excess of Assets over AAL) (b - a)	Funded Ratio (a / b)				
12/31/05	3,957,144	5,102,953	1,145,809	77.5%	3,023,550	37.9%	297,131	9.83%
12/31/06	4,618,603	6,443,130	1,824,527	71.7%	3,401,950	53.6%	296,199	8.71%
12/31/07	4,996,695	6,836,484	1,839,789	73.1%	3,622,340	50.8%	376,490	10.39%
12/31/08	5,487,445	7,347,266	1,859,821	74.7%	3,993,787	46.6%	452,446	11.33%
12/31/09	6,344,356	8,273,715	1,929,359	76.7%	4,178,736	46.2%	440,856	10.55%
12/31/10	8,551,609	10,147,941	1,596,332	84.3%	4,101,364	38.9%	408,532	9.96%
12/31/11	9,472,245	10,845,293	1,373,048	87.3%	3,915,927	35.1%	401,314	10.25%
12/31/12	10,348,351	11,411,550	1,063,199	90.7%	4,075,542	26.1%	396,866	9.74%
12/31/13	11,400,716	12,930,616	1,529,900	88.2%	3,973,912	38.5%	386,476	9.73%
12/31/14	12,241,726	13,621,251	1,379,525	89.9%	3,969,024	34.8%	383,407	9.66%

COMBINING SCHEDULES AND STATEMENTS

Seagoville ★

**CITY OF SEAGOVILLE, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes.

Hotel/Motel Occupancy Tax Fund – Established to account for local hotel and motel occupancy tax receipts.

Special Police Fund – Established to account for resources required to be utilized by the police department.

Miscellaneous Grants Fund – Established to account for contributions from corporations and others.

Municipal Court Technology Fund – Established to account for a portion of municipal court fees earmarked to help fund technology and security purchases.

Park Development Fund – Established to account for resources provided by the park development fee utilized for the development of amenities and improvements on park dedicated land to meet the standards of a neighborhood park.

Revenue Recycling Fund – Established to account for disposal fees and expenditures from the sale of recyclable materials.

Animal Shelter – Established to account for donations received and utilized for the operations of the City's animal shelter.

Storm Water Grant Fund – Established to account for contributions received for storm water drainage.

DEBT SERVICE FUND

The Debt Service Fund is utilized to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs arising from the issuance of bonds.

**CITY OF SEAGOVILLE, TEXAS
COMBINING BALANCE SHEET -
NON MAJOR GOVERNMENTAL FUNDS
September 30, 2015**

	<u>Special Revenue</u>			
	<u>Hotel/Motel Occupancy Tax</u>	<u>Special Police</u>	<u>Miscellaneous Grants</u>	<u>Municipal Court Technology</u>
ASSETS				
Cash and cash equivalents	\$ 1,434	\$ 8,146	\$ 10,588	\$ 28,092
Accounts receivable:				
Customers	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	1,910	-	-
TOTAL ASSETS	<u>\$ 1,434</u>	<u>\$ 10,056</u>	<u>\$ 10,588</u>	<u>\$ 28,092</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,434	\$ -	\$ 149	\$ -
Due to other funds	-	-	-	-
Accrued liabilities	-	623	-	-
TOTAL LIABILITIES	<u>1,434</u>	<u>623</u>	<u>149</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted				
Restricted for debt service	-	-	-	-
Restricted for other	-	-	-	-
Restricted for court improvements	-	-	-	28,092
Restricted for police operations	-	4,283	-	-
Restricted for animal shelter	-	-	-	-
Committed				
Community development	-	-	-	-
Assigned				
Workforce development	-	-	-	-
Police operations	-	5,150	-	-
Community services	-	-	10,439	-
TOTAL FUND BALANCES	<u>-</u>	<u>9,433</u>	<u>10,439</u>	<u>28,092</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,434</u>	<u>\$ 10,056</u>	<u>\$ 10,588</u>	<u>\$ 28,092</u>

<u>Park Development</u>	<u>Revenue Recycling</u>	<u>Animal Shelter</u>	<u>Storm Water</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service</u>	<u>Total Non Major Governmental Funds</u>
\$ 60,310	\$ 1,103	\$ 10,199	\$ 76,276	\$ 196,148	\$ 14,935	\$ 211,083
-	-	-	4,534	4,534	-	4,534
-	-	-	-	-	39,032	39,032
				1,910	-	1,910
<u>\$ 60,310</u>	<u>\$ 1,103</u>	<u>\$ 10,199</u>	<u>\$ 80,810</u>	<u>\$ 202,592</u>	<u>\$ 53,967</u>	<u>\$ 256,559</u>
\$ -	\$ 132	\$ -	\$ 5,046	\$ 6,761	\$ -	\$ 6,761
2,310	-	-	-	2,310	-	2,310
-	-	-	-	623	-	623
<u>2,310</u>	<u>132</u>	<u>-</u>	<u>5,046</u>	<u>9,694</u>	<u>-</u>	<u>9,694</u>
-	-	-	-	-	38,449	38,449
-	-	-	-	-	38,449	38,449
-	-	-	-	-	15,518	15,518
-	-	-	-	-	-	-
-	-	-	-	28,092	-	28,092
-	-	-	-	4,283	-	4,283
-	-	4,489	-	4,489	-	4,489
58,000	-	-	75,764	133,764	-	133,764
-	971	-	-	971	-	971
-	-	5,710	-	10,860	-	10,860
-	-	-	-	10,439	-	10,439
<u>58,000</u>	<u>971</u>	<u>10,199</u>	<u>75,764</u>	<u>192,898</u>	<u>15,518</u>	<u>208,416</u>
<u>\$ 60,310</u>	<u>\$ 1,103</u>	<u>\$ 10,199</u>	<u>\$ 80,810</u>	<u>\$ 202,592</u>	<u>\$ 53,967</u>	<u>\$ 256,559</u>

CITY OF SEAGOVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON MAJOR
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	<u>Special Revenue</u>			
	<u>Hotel/Motel Occupancy Tax</u>	<u>Special Police</u>	<u>Miscellaneous Grants</u>	<u>Municipal Court Technology</u>
Revenues				
Taxes:				
Hotel/ motel taxes	\$ 25,350	\$ -	\$ -	\$ -
Ad valorem	-	-	-	-
Municipal court fines	-	-	-	7,429
Investment income	-	-	-	-
Donations	-	-	-	-
Other revenue	-	4,263	3,196	-
Total revenues	<u>25,350</u>	<u>4,263</u>	<u>3,196</u>	<u>7,429</u>
Expenditures:				
Current:				
General government	25,350	-	-	-
Public safety	-	3,613	2,442	5,979
Community services	-	-	1,689	-
Capital Outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Total expenditures	<u>25,350</u>	<u>3,613</u>	<u>4,131</u>	<u>5,979</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>650</u>	<u>(935)</u>	<u>1,450</u>
Other financing sources (uses):				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	650	(935)	1,450
Fund Balances - beginning	<u>-</u>	<u>8,783</u>	<u>11,374</u>	<u>26,642</u>
Fund Balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 9,433</u></u>	<u><u>\$ 10,439</u></u>	<u><u>\$ 28,092</u></u>

<u>Park Development</u>	<u>Revenue Recycling</u>	<u>Animal Shelter</u>	<u>Storm Water Grant</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service</u>	<u>Total Non Major Governmental Funds</u>
\$ -	\$ -	-	\$ -	\$ 25,350	\$ -	\$ 25,350
-	-	-	-	-	101,922	101,922
-	-	-	-	7,429	-	7,429
-	-	-	-	-	8	8
-	-	4,940	-	4,940	-	4,940
<u>58,000</u>	<u>432</u>	<u>-</u>	<u>55,770</u>	<u>121,661</u>	<u>-</u>	<u>121,661</u>
<u>58,000</u>	<u>432</u>	<u>4,940</u>	<u>55,770</u>	<u>159,380</u>	<u>101,930</u>	<u>261,310</u>
-	897	-	-	26,247	-	26,247
-	-	3,414	-	15,448	-	15,448
-	-	-	42,666	44,355	-	44,355
-	-	-	-	-	-	-
-	-	-	-	-	185,556	185,556
-	-	-	-	-	93,214	93,214
<u>-</u>	<u>897</u>	<u>3,414</u>	<u>42,666</u>	<u>86,050</u>	<u>278,770</u>	<u>364,820</u>
<u>58,000</u>	<u>(465)</u>	<u>1,526</u>	<u>13,104</u>	<u>73,330</u>	<u>(176,840)</u>	<u>(103,510)</u>
-	-	-	-	-	180,598	180,598
-	-	-	-	(2,335)	-	(2,335)
-	-	-	-	(2,335)	180,598	178,263
<u>58,000</u>	<u>(465)</u>	<u>1,526</u>	<u>13,104</u>	<u>70,995</u>	<u>3,758</u>	<u>74,753</u>
<u>-</u>	<u>1,436</u>	<u>8,673</u>	<u>62,660</u>	<u>121,903</u>	<u>11,760</u>	<u>133,663</u>
<u>\$ 58,000</u>	<u>\$ 971</u>	<u>\$ 10,199</u>	<u>\$ 75,764</u>	<u>\$ 192,898</u>	<u>\$ 15,518</u>	<u>\$ 208,416</u>

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	\$ 96,000	101,922	\$ 5,922
Interest Income	25	8	(17)
	<u>96,025</u>	<u>101,930</u>	<u>5,906</u>
Total revenues	96,025	101,930	5,906
Expenditures:			
Debt Service			
Principal	185,556	185,556	-
Interest and service charges	167,758	93,214	74,544
	<u>353,314</u>	<u>278,770</u>	<u>74,544</u>
Total Expenditures	353,314	278,770	74,544
Excess (deficiency) of revenues over expenditures	<u>(257,289)</u>	<u>(176,840)</u>	<u>80,448</u>
Other financing sources (uses)			
Transfers in	366,385	180,598	(185,787)
Net change in fund balance	109,096	3,758	(105,339)
Fund Balances - beginning of year	<u>11,760</u>	<u>11,760</u>	<u>-</u>
Fund Balances - end of year	<u><u>\$ 120,856</u></u>	<u><u>\$ 15,518</u></u>	<u><u>\$ (105,339)</u></u>

STATISTICAL SECTION

This part of the City of Seagoville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1, 2, 3 & 4
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	5, 6, 7 & 8
Debt Capacity These tables 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.	9, 10, 11 & 12
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	13 & 14
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	15, 16 & 17

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

NET ASSETS BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net Investment in Capital Assets	\$ 11,096,269	\$ 12,280,692	\$ 10,989,258	\$ 11,976,087	\$ 12,031,436	\$ 12,211,638	\$ 13,131,435	\$ 12,263,442	\$ 12,952,871	\$ 14,812,747
Restricted for debt service	101,309	116,316	120,590	133,609	102,826	82,539	600,366	236,378	4,135	8,671
Unrestricted	3,083,194	2,841,049	4,250,738	2,555,649	2,672,837	2,319,600	1,880,895	2,609,561	2,793,280	2,496,008
Restricted for other	-	-	-	-	-	43,512	-	537,138	87,062	186,933
Total governmental activities net assets	\$ 14,280,772	\$ 15,238,057	\$ 15,360,586	\$ 14,665,345	\$ 14,807,099	\$ 14,657,289	\$ 15,612,696	\$ 15,646,519	\$ 15,837,348	\$ 17,504,359
Business-type activities										
Net Investment in Capital Assets	\$ 11,370,891	\$ 11,821,765	\$ 9,788,858	\$ 9,692,891	\$ 9,694,536	\$ 10,050,136	\$ 10,296,997	\$ 10,488,488	\$ 11,066,442	\$ 10,929,761
Restricted for debt service	223,129	222,719	158,103	161,694	87,821	87,687	87,972	40,126	40,297	30,262
Unrestricted	3,378,839	3,342,263	3,275,618	3,332,715	3,463,834	3,429,257	3,531,320	3,407,933	3,271,565	755,535
Restricted for other	-	-	-	-	-	-	-	-	-	2,587,737
Total business-type activities net assets	\$ 14,972,859	\$ 15,386,747	\$ 13,222,579	\$ 13,187,300	\$ 13,246,191	\$ 13,567,080	\$ 13,916,289	\$ 13,936,547	\$ 14,378,304	\$ 14,303,295
Primary government										
Net Investment in Capital Assets	\$ 22,467,160	\$ 24,102,457	\$ 20,778,116	\$ 21,668,978	\$ 21,725,972	\$ 22,261,774	\$ 23,428,432	\$ 22,751,930	\$ 24,019,313	\$ 25,742,508
Restricted for debt service	324,438	339,035	278,693	295,303	190,647	170,226	688,338	276,504	104,852	38,933
Unrestricted	6,462,033	6,183,312	7,526,356	5,888,364	6,136,671	5,748,857	5,412,215	6,017,494	6,064,846	3,251,543
Restricted for other	-	-	-	-	-	43,512	-	537,138	26,642	2,774,670
Total primary governmental net assets	\$ 29,253,631	\$ 30,624,804	\$ 28,583,165	\$ 27,852,645	\$ 28,053,290	\$ 28,224,369	\$ 29,528,985	\$ 29,583,066	\$ 30,215,653	\$ 31,807,654

Source: Comprehensive Annual Financial Report

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 1,044,553	\$ 1,073,921	\$ 1,214,815	\$ 1,331,400	\$ 1,531,896	\$ 1,175,176	\$ 1,023,213	\$ 1,079,154	\$ 1,105,185	\$ 1,158,100
Public safety	3,091,888	3,350,968	3,500,767	3,653,761	3,598,398	3,889,013	3,842,926	3,894,917	4,082,494	4,246,256
Community services	844,118	919,770	969,199	1,060,379	1,059,095	1,095,077	1,137,186	1,164,392	1,212,182	1,235,828
Community development	1,619,816	1,475,536	1,457,928	1,923,442	1,336,002	1,271,429	1,228,934	1,326,012	1,287,368	1,375,088
Interest on long-term debt	86,524	127,778	123,459	169,274	84,276	143,485	126,691	111,743	154,957	90,101
Total governmental activities expenses	6,686,899	6,947,973	7,266,168	8,138,256	7,609,667	7,574,180	7,358,950	7,576,218	7,842,186	8,105,373
Business-type activities:										
Water and sewer	3,162,630	3,503,216	3,972,794	3,942,737	3,769,705	3,693,774	3,936,099	3,958,272	4,209,035	4,329,104
Total business-type activities expenses	3,162,630	3,503,216	3,972,794	3,942,737	3,769,705	3,693,774	3,936,099	3,958,272	4,209,035	4,329,104
Total primary government expenses	\$ 9,849,529	\$ 10,451,189	\$ 11,238,962	\$ 12,080,993	\$ 11,379,372	\$ 11,267,954	\$ 11,295,049	\$ 11,534,490	\$ 12,051,221	\$ 12,434,477
Program Revenues										
Governmental activities:										
General Government						65,271	11,448	34,849	44,723	19,199
Public Safety	56,149	62,578	59,746	60,578	61,636	303,064	318,220	343,961	318,775	239,417
Community Services	922,695	968,543	963,167	946,664	994,133	858,254	829,979	849,191	850,564	865,990
Community Development	206,257	199,254	124,514	61,999	169,086	251,834	151,962	186,482	255,313	414,202
Charges for services	\$ 1,185,101	\$ 1,230,375	\$ 1,147,427	\$ 1,069,241	\$ 1,224,855	\$ 1,478,423	\$ 1,311,609	\$ 1,414,483	\$ 1,469,375	\$ 1,538,808
Operating grants and contributions	81,736	167,532	70,258	117,005	304,485	255,705	92,997	88,935	46,263	47,179
Capital grants and contributions	1,796,428	824,102	104,051	201,965	25,160	-	894,854	96,100	325,001	639,262
Total governmental activities program revenues	3,063,265	2,222,009	1,321,736	1,388,211	1,554,500	1,734,128	2,299,460	1,599,518	1,840,639	2,225,249
Business-type activities:										
Charges for services	3,564,455	3,402,082	3,631,160	4,036,498	4,082,833	4,237,841	4,100,458	4,196,388	4,829,101	5,385,478
Capital grants and contributions	845,268	450,548	-	-	-	-	401,995	-	41,200	809,663
Total business-type activities program revenues	4,409,723	3,852,630	3,631,160	4,036,498	4,082,833	4,237,841	4,502,453	4,196,388	4,870,301	6,195,141
Total primary government program revenues	\$ 7,472,988	\$ 6,074,639	\$ 4,952,896	\$ 5,424,709	\$ 5,637,333	\$ 5,971,969	\$ 6,801,913	\$ 5,795,906	\$ 6,710,940	\$ 8,420,390
Net (Expenses) Revenue										
Governmental activities	\$ (3,623,634)	\$ (4,725,964)	\$ (5,944,432)	\$ (6,750,045)	\$ (6,055,167)	\$ (5,840,052)	\$ (5,059,490)	\$ (5,976,700)	\$ (6,001,547)	\$ (5,880,124)
Business-type activities	1,247,093	349,414	(341,634)	93,761	313,128	544,067	566,354	238,116	661,266	1,866,037
Total primary government net expenses	\$ (2,376,541)	\$ (4,376,550)	\$ (6,286,066)	\$ (6,656,284)	\$ (5,742,039)	\$ (5,295,985)	\$ (4,493,136)	\$ (5,738,584)	\$ (5,340,281)	\$ (4,014,087)
General Revenues and Other Changes in Net Position										
Governmental activities:										

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes:										
Property taxes	\$ 2,539,587	\$ 2,819,773	\$ 3,019,148	\$ 3,164,449	\$ 3,136,646	\$ 2,857,199	\$ 3,219,875	\$ 3,142,526	\$ 3,222,817	\$ 3,350,955
Sales taxes	1,793,598	1,786,791	2,058,226	2,001,793	1,967,218	1,998,294	1,945,982	2,030,123	2,093,769	2,098,855
Other taxes	586,896	599,534	589,119	614,469	605,005	655,294	624,731	615,497	660,718	711,433
Investment income	160,025	236,308	146,798	42,116	6,759	4,684	4,191	2,259	2,099	2,128
Miscellaneous revenues	70,323	54,860	40,876	60,129	220,175	226,783	220,118	220,118	220,118	1,859,470
Transfers	174,099	185,985	181,943	171,848	261,118	-	-	-	-	-
Total governmental activities	5,324,528	5,683,251	6,036,110	6,054,804	6,196,921	5,742,254	6,014,897	6,010,523	6,199,521	8,022,841
Business-type activities:										
Other	132,417	250,459	127,098	42,808	6,880	3,606	2,973	2,260	609	2,372
Special Items			(1,790,333)							
Transfers	(174,099)	(185,985)	(181,943)	(171,848)	(261,118)	(226,783)	(220,118)	(220,118)	(220,118)	(1,857,098)
Total business-type activities	(41,682)	64,474	(1,845,178)	(129,040)	(254,238)	(223,177)	(217,145)	(217,858)	(219,509)	(6,165,743)
Total primary government	\$ 5,282,846	\$ 5,747,725	\$ 4,190,932	\$ 5,925,764	\$ 5,942,683	\$ 5,519,077	\$ 5,797,752	\$ 5,792,665	\$ 5,980,012	\$ 1,857,098
Change in Net Position										
Governmental activities	\$ 1,700,894	\$ 957,287	\$ 91,678	\$ (695,241)	\$ 141,754	\$ (97,798)	\$ 955,407	\$ 33,823	\$ 197,974	\$ 2,142,717
Business-type activities	1,205,411	413,888	(2,186,812)	(35,279)	58,890	320,890	349,209	20,258	441,757	8,939
Total primary government	\$ 2,906,305	\$ 1,371,175	\$ (2,095,134)	\$ (730,520)	\$ 200,644	\$ 223,092	\$ 1,304,616	\$ 54,081	\$ 639,731	\$ 2,151,656

Source: Comprehensive Annual Financial Report

Seagoville ★

CITY OF SEAGOVILLE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved ^a	\$ 25,674	\$ 47,805	\$ -	\$ -
Unreserved	2,139,866	1,919,427	1,963,454	1,611,850
Nonspendable	-	-	-	-
Restricted for Capital Expenditures	-	-	-	-
Assigned for Vehicle Replacement	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 2,165,540</u>	<u>\$ 1,967,232</u>	<u>\$ 1,963,454</u>	<u>\$ 1,611,850</u>
All Other Governmental Funds				
Reserved for:				
Tourism & Promotion	-	-	-	-
Crime prevention	-	-	-	-
Construction	1,724,205	1,471,738	2,770,492	1,103,150
Debt service	59,391	70,841	75,456	74,694
Restricted for:				
Debt Service	-	-	-	-
Other	-	-	-	-
Court improvements	-	-	-	-
Police operations	-	-	-	-
Animal shelter	-	-	-	-
Capital expenditures	-	-	-	-
Assigned for Capital projects	-	-	-	-
Committed:				
Community development	-	-	-	-
Debt service	-	-	-	-
Assigned:				
Workforce development	-	-	-	-
Police operations	-	-	-	-
Community services	-	-	-	-
Unassigned:				
Special revenue funds	42,479	57,264	72,313	37,490
Capital projects funds	-	-	-	-
General funds	-	-	-	-
Total all other governmental funds	<u>\$ 1,826,075</u>	<u>\$ 1,599,843</u>	<u>\$ 2,918,261</u>	<u>\$ 1,215,334</u>

Source: Comprehensive Annual Financial Report

Notes: a Includes encumbrances

Table 3

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,851,626	-	-	-	-	-
-	38,108	-	-	46,417	5,082
-	-	28,339	35,466	46,850	63,204
-	-	-	-	-	2,312
-	2,063,613	2,342,501	2,301,538	2,415,417	2,702,694
<u>\$ 1,851,626</u>	<u>\$ 2,101,721</u>	<u>\$ 2,370,840</u>	<u>\$ 2,337,004</u>	<u>\$ 2,508,684</u>	<u>\$ 2,773,292</u>
-	-	-	-	-	-
-	-	-	-	-	-
910,874	-	-	-	-	-
42,154	-	-	-	-	-
-	17,596	184,033	189,033	11,760	15,518
-	9,208	16,593	72,295	2,335	4,489
-	43,055	47,898	45,008	26,642	28,092
-	31,156	4,679	2,753	6,746	4,283
-	7,193	9,203	10,651	-	-
-	-	-	-	4,489	-
-	614,530	255,171	421,047	-	-
-	-	-	-	62,660	133,764
-	-	-	-	66,392	-
-	-	-	-	1,436	971
-	-	-	-	6,221	10,860
-	-	-	-	11,374	10,439
63,798	(2,842)	-	1,809	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,016,826</u>	<u>\$ 719,896</u>	<u>\$ 517,577</u>	<u>\$ 742,596</u>	<u>\$ 200,055</u>	<u>\$ 208,416</u>

CITY OF SEAGOVILLE, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES					
Ad valorem taxes	\$ 2,493,768	\$ 2,747,656	\$ 2,979,862	\$ 3,115,546	\$ 3,123,007
Sales taxes	1,793,598	1,786,791	2,058,226	2,001,793	1,967,218
Franchise taxes	569,449	631,199	598,896	600,359	590,509
Hotel/motel	17,447	14,713	13,726	14,110	14,496
Sanitation collection charges	636,097	661,123	684,831	707,250	718,481
Licenses, permits & fees	275,048	269,704	190,793	135,816	236,736
Municipal Court Fines	272,007	287,890	259,828	222,434	266,774
Inter-governmental ^a	45,435	48,532	49,431	251,497	76,473
Contributions	-	-	-	-	-
Investment Income	160,025	236,308	146,798	42,116	6,759
Grant revenue	35,301	119,000	18,436	66,374	247,910
Miscellaneous	107,404	62,344	135,789	64,969	102,704
Total revenues	6,405,579	6,865,260	7,136,616	7,222,264	7,351,067
EXPENDITURES					
Current:					
General government	950,866	1,021,403	1,157,665	1,240,817	1,231,869
Public safety	3,097,115	3,256,449	3,438,030	3,774,950	3,714,197
Community services	836,656	913,635	964,943	994,267	1,028,645
Community development	1,122,396	1,301,901	1,195,937	1,217,567	1,084,295
Non-Departmental	-	-	-	-	-
Other services	-	-	-	-	-
Debt Service:					
Principal	251,037	193,889	203,889	246,667	264,445
Interest	84,340	127,684	117,645	171,301	153,701
Capital Outlay	332,603	660,824	222,519	1,887,781	219,362
Total expenditures	6,675,013	7,475,785	7,300,628	9,533,350	7,696,514
Excess (deficiency) of revenues over expenditures	(269,434)	(610,525)	(164,012)	(2,311,086)	(345,447)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease obligation	-	-	-	84,707	125,597
Proceeds from certificates of obligations	1,250,000	-	1,250,000	-	-
Transfer from other funds	852,424	485,985	261,943	187,207	304,068
Transfer to other funds	(678,325)	(300,000)	(80,000)	(15,359)	(42,950)
Total other financing sources (uses)	1,424,099	185,985	1,431,943	256,555	386,715
NET CHANGE IN FUND BALANCES	\$ 1,154,665	\$ (424,540)	\$ 1,267,931	\$ (2,054,531)	\$ 41,268
Debt service as a percentage of non-capital expenditures	6.63%	5.88%	5.74%	5.26%	5.58%

Table 4

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	3,113,710	\$ 3,247,285	\$ 3,141,923	\$ 3,288,831	\$ 3,367,504
	1,982,766	1,929,721	2,014,198	2,073,358	2,073,505
	655,294	624,731	615,497	660,718	711,433
	15,528	16,261	15,925	20,411	25,350
	778,197	817,194	836,400	841,261	857,513
	231,432	169,028	218,047	233,639	459,242
	283,779	297,957	293,758	238,956	188,778
	116,481	229,084	88,935	86,579	62,179
	-	-	-	-	-
	4,684	4,191	2,259	2,099	2,128
	255,705	-	-	-	-
	68,534	27,430	66,279	155,519	33,274
	<u>7,506,110</u>	<u>7,362,882</u>	<u>7,293,221</u>	<u>7,601,371</u>	<u>7,780,906</u>
	1,071,946	988,491	992,729	1,071,953	1,146,467
	3,683,103	3,663,497	3,689,545	3,838,787	4,034,038
	1,087,615	1,134,884	1,170,068	1,210,435	1,237,813
	950,490	939,343	1,031,207	983,620	1,016,667
	65,615	17,717	49,961	-	-
	-	-	-	-	-
	310,419	292,222	165,000	177,778	185,556
	139,007	126,369	110,901	102,323	93,214
	419,521	353,677	112,745	800,309	1,653,652
	<u>7,727,716</u>	<u>7,516,200</u>	<u>7,322,156</u>	<u>8,185,205</u>	<u>9,367,407</u>
	(221,606)	(153,318)	(28,935)	(583,834)	(1,586,501)
	-	-	-	-	-
	-	-	-	-	-
	323,938	737,716	932,638	220,118	1,929,014
	(97,155)	(517,598)	(712,520)	-	(69,544)
	<u>226,783</u>	<u>220,118</u>	<u>220,118</u>	<u>220,118</u>	<u>1,859,470</u>
\$	<u>5,177</u>	\$ <u>66,800</u>	\$ <u>191,183</u>	\$ <u>(363,716)</u>	\$ <u>272,969</u>
	6.15%	5.84%	3.83%	3.79%	3.61%

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Year
 (Unaudited)

Fiscal Year	Estimated Market Value			Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property	Less: Tax- Exempt Property		
2006	340,618,160	57,598,580	43,710,706	354,506,034	0.63500
2007	386,552,840	52,112,700	69,014,372	369,651,168	0.63500
2008	424,562,430	76,645,170	78,172,552	423,035,048	0.63500
2009	471,831,740	82,831,090	87,304,227	467,358,603	0.63500
2010	490,774,910	88,393,450	92,120,970	487,047,390	0.63500
2011	496,150,600	97,531,130	104,323,800	489,357,930	0.65000
2012	486,260,080	88,750,660	102,291,317	472,719,423	0.66500
2013	464,610,530	55,928,240	92,236,415	428,302,305	0.69085
2014	470,430,770	90,998,950	101,703,420	459,726,300	0.69086
2015	492,104,240	88,189,240	111,974,100	468,319,380	0.71380

Source: City of Seagoville Budget Document
 Dallas County Central Appraisal District Certified Roll (excludes protested values)

DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)
 Last Ten Fiscal Year
 (Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates					
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Dallas Independent School District	Dallas County School Equalization	Dallas County Community College	Dallas County	Dallas County Hospital District	Total
2005	0.595668	0.039332	0.635000	1.669400	0.005460	0.080300	0.203900	0.254000	\$2.848060
2006	0.576491	0.058509	0.635000	1.688360	0.005300	0.081600	0.213900	0.254000	\$2.878160
2007	0.558905	0.076095	0.635000	1.502640	0.005034	0.081000	0.213900	0.254000	\$2.691574
2008	0.566701	0.068299	0.635000	1.199643	0.004714	0.080400	0.228100	0.254000	\$2.401857
2009	0.549700	0.085300	0.635000	1.183402	0.004928	0.089400	0.228100	0.254000	\$2.394830
2010	0.569798	0.080202	0.650000	1.271343	0.005212	0.094900	0.228100	0.274000	\$2.523555
2011	0.580650	0.084350	0.665000	1.237811	0.010000	0.099230	0.243100	0.271000	\$2.526141
2012	0.648722	0.042131	0.690853	1.290347	0.010000	0.099670	0.243100	0.271000	\$2.604970
2013	0.671790	0.019070	0.690860	1.290347	0.009937	0.119375	0.243100	0.271000	\$2.624619
2014	0.692960	0.020840	0.713800	1.282085	0.010000	0.124700	0.243100	0.276000	\$2.649685
2015	0.693100	0.020710	0.713810	1.282085	0.010000	0.124775	0.243100	0.286000	\$2.659770

Source: Dallas County Appraisal District Ad Valorem Rates

PRINCIPAL PROPERTY TAX PAYERS
Current Fiscal Year and Ten Years Ago
(Unaudited)

EQUITY DEVELOPMENT CORP.

2015			2005		
Taxpayer	Assessed Value	Percentage of Total City Assessed Value ^b	Taxpayer	Assessed Value	Percentage of Total City Assessed Value
OREILLY AUTOMOTIVE INC	\$ 42,749,080	9.13%	HI LO AUTOMOTIVE INC.	\$ 28,278,470	7.98%
WALMART STORES INC	\$ 17,391,040	3.71%	WALMART	\$ 7,612,210	2.15%
ONCOR ELECTRIC DELIVERY CO	11,430,210	2.44%	TEXAS UTILITIES	7,171,750	2.02%
YES COMPANIES EXP2 LLC	10,224,300	2.18%	SOUTHWESTERN BELL/CINGULAR	5,273,040	1.49%
EQUITY DEVELOPMENT CORP	5,524,160	1.18%	ARC SPECI LLC	5,194,080	1.47%
TSCA 202 LTD PARTNERSHIP	4,976,100	1.06%	EQUITY DEVELOPMENT CORP.	3,648,480	1.03%
ROUND HILL LTD PS	3,920,000	0.84%	SEAGOVILLE PARTNERS	3,299,990	0.93%
POLAR CORP	8,273,470	1.77%	MTEK INTERNATIONAL LTD.	3,149,420	0.89%
VILLAS OF SEAGOVILLE LP	3,294,110	0.70%	SEAGOVILLE BUSINESS PARK	3,078,930	0.87%
BEACON INDUSTRIES INC	2,555,100	0.55%	ECONO FUEL INC	2,762,990	0.78%
Total	\$ 110,337,570	23.56%	Total	\$ 69,469,360	19.60%
Total Assessed Valuation	468,319,380	100.00%	Total Assessed Valuation	354,506,034	100.00%

Source: Tax Office

Notes:

^bTaxpayers are assessed, 2014 tax year, for the 2015 fiscal year.

AD VALOREM TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of levy		Amount	Percentage of levy
2006	2,448,520	\$ 2,368,864.00	96.75 %	\$ 71,750	\$ 2,440,614.00	99.68 %
2007	2,711,878	\$ 2,600,008.00	95.87 %	\$ 91,005	\$ 2,691,013.00	99.23 %
2008	2,996,338	\$ 2,855,106.00	95.29 %	\$ 68,839	\$ 2,923,945.00	97.58 %
2009	3,123,704	\$ 2,984,584.55	95.55 %	\$ 74,699	\$ 3,059,283.40	97.94 %
2010	3,183,565	\$ 3,012,455.48	94.63 %	\$ 72,831	\$ 3,085,286.43	96.91 %
2011	3,147,944	\$ 3,001,957.46	95.36 %	\$ 66,280	\$ 3,068,237.51	97.47 %
2012	3,154,404	\$ 2,918,727.63	92.53 %	\$ 83,045	\$ 3,001,773.00	95.16 %
2013	3,157,042	\$ 3,056,696.33	96.82 %	\$ 48,243	\$ 3,104,939.59	98.35 %
2014	3,284,856	\$ 3,179,355.36	96.79 %	\$ 57,684	\$ 3,237,039.79	98.54 %
2015	3,346,296	\$ 3,253,787.31	97.24 %	\$ 67,193	\$ 3,320,976.91	99.24 %

Source: Tax Office

RATIO OF OUTSTANDING BONDED DEBT BY TYPE
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Governmental Activities Certificates of Obligation	Business-Type Combination Water and Sewer Tax and Revenue Bonds	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
2006	2,575,000	2,845,396	5,420,396	2.75	\$ 432
2007	2,381,111	2,509,285	4,890,396	2.29	\$ 369
2008	3,427,221	4,168,174	7,595,395	3.35	\$ 571
2009	3,180,554	3,814,841	6,995,395	3.08	\$ 505
2010	2,912,110	3,454,285	6,366,395	2.27	\$ 429
2011	2,633,888	3,283,570	5,917,458	2.11	\$ 398
2012	2,379,035	3,780,826	6,159,861	2.27	\$ 413
2013	2,211,700	3,444,767	5,656,467	2.74	\$ 377
2014	2,031,587	3,089,887	5,121,474	1.98	\$ 338
2015	1,813,332	6,581,667	8,394,999	3.79	\$ 545

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

^aSee Table 13 for personal income and population data.

RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Certificates of Obligation	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2006	2,575,000	0.70%	\$ 205
2007	2,381,111	0.56%	\$ 180
2008	3,427,221	0.73%	\$ 258
2009	3,180,554	0.65%	\$ 230
2010	2,912,110	0.60%	\$ 196
2011	2,633,888	0.56%	\$ 177
2012	2,341,667	0.55%	\$ 157
2013	2,211,700	0.48%	\$ 147
2014	2,031,587	0.43%	\$ 134
2015	1,813,332	0.37%	\$ 118

Note: ^a Property values are from table 5.

^b Populations are from table 13.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2015

(Unaudited)

Governmental Unit	Gross Bonded Debt	Percentage of Debt Applicable to Area	Seagoville Share of Overlapping Debt
Debt repaid with property taxes			
Crandall ISD	\$ 48,393,471	1.18%	\$ 571,043
Dallas County	84,725,000	0.25%	211,813
Dallas County Community College District	321,510,000	0.25%	803,775
Dallas County Hospital District	728,005,000	0.25%	1,820,013
Dallas County Schools	60,215,000	0.25%	150,538
Dallas ISD	2,552,990,000	0.47%	11,999,053
Kaufman County	43,853,850	0.12%	52,625
Mesquite ISD	357,347,868	0.52%	1,858,209
Subtotal, overlapping debt			17,467,067
City of Seagoville (direct debt)	1,813,332	100.00%	1,813,332
Total direct and overlapping debt			\$ 19,280,399

Source: Municipal Advisory Council of Texas

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

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Water and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues	Less: Operating Expenses	Net Available Revenue	Annual Requirement ^a	Times Coverage
2006	3,698,247	2,972,767	725,480	382,030	1.90 %
2007	4,072,721	3,636,189	436,532	348,155	1.25 %
2008	3,758,258	4,154,737	(396,479)	444,624	(0.89) %
2009	4,036,498	3,620,040	416,458	420,630	0.99 %
2010	4,082,833	3,460,230	622,603	397,618	1.57 %
2011	4,237,841	3,471,136	766,705	373,307	2.05 %
2012	4,100,458	3,724,124	376,334	349,003	1.08 %
2013	4,196,388	3,764,199	432,189	270,977	1.59 %
2014	4,829,101	3,964,149	864,952	250,880	3.45 %
2015	5,385,478	3,972,890	1,412,588	451,667	3.13 %

Note: ^aAverage Principal and Interest requirements for next ten years.

DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 (Unaudited)

<u>Year</u>	<u>Estimated Population^a</u>	<u>Total Households^a</u>	<u>Per Household Personal Income^b</u>	<u>Total Personal Income</u>
2006	12,550	4,246	46,424	197,116,304
2007	13,250	4,493	47,585	213,799,405
2008	13,300	4,648	48,775	226,706,200
2009	13,850	4,752	47,737	226,846,224
2010	14,835	4,770	58,824	280,590,480
2011	14,850	4,770	58,824	280,590,480
2012	14,920	4,513	60,074	271,113,962
2013	15,020	4,759	43,345	206,278,855
2014	15,130	5,612	46,049	258,426,988
2015	15,390	4,192	52,909	221,794,528

Sources:

^aTotal Households provided by NCTCOG

^bPer Household Income provided by Seagoville Economic
 Development Corporation

PRINCIPAL EMPLOYERS
Current year and Five years Ago
(Unaudited)

2015			2010		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
O'REILLY AUTO PARTS	450	8.05%	HI LO AUTO. / O'REILLY	450	8.05%
WALMART	450	8.05%	WALMART	450	8.05%
FEDERAL CORRECTIONAL INSTITUTE	350	6.26%	BUREAU OF PRISONS	350	6.26%
GREEN FOREST	80	1.43%	OAK GROVE CARE CENTER	100	1.79%
BROOKSHIRES FOOD STORES	75	1.34%	CITY OF SEAGOVILLE	96	1.72%
CITY OF SEAGOVILLE	70	1.25%	GREEN FOREST	80	1.43%
SEAGO MANOR NURSING CENTER	60	1.07%	BROOKSHIRES FOOD STORE	75	1.34%
SHAR TRUCKING	60	1.07%	SEAGO MANOR NURSING CENTER	60	1.07%
ROCKWELL AMERICAN MFG. CO.	55	0.98%	ROCKWELL AMERICAN MFG. CO	55	0.98%
BEACON INDUSTRIES	48	0.86%	BEACON INDUSTRIES	48	0.86%
Total	<u>1,698</u>	<u>30.36%</u>		<u>1,764</u>	<u>31.54%</u>

Source: Top ten employers and employee count provided by Seagoville Economic Development Corporation.

FULL-TIME CITY GOVT. EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 (Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government and Administration	6.00	7.00	8.00	8.00	9.00	7.00	6.00	6.00	6.00	6.00
Public Safety	47.00	48.00	50.00	53.00	54.00	51.00	51.00	54.00	53.00	56.00
Community Services	5.00	6.00	6.00	6.00	6.00	9.00	8.00	8.00	8.00	8.00
Community Development	11.00	11.00	12.00	12.00	11.00	11.00	10.00	11.00	4.00	5.00
Water and Sewer	15.00	15.00	15.00	15.00	16.00	13.00	16.00	13.00	16.00	16.00
Total	84.00	87.00	91.00	94.00	96.00	91.00	91.00	92.00	87.00	91.00

Source: City Budget

Seagoville ★

CITY OF SEAGOVILLE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety					
Police					
Number of stations	1	1	1	1	1
Number of police personnel	20	21	21	21	23
Number of arrests	859	820	859	913	914
Number of traffic violations	3,590	3,535	2,805	2,603	1,981
Fire					
Number of stations	1	1	1	1	1
Number of fire personnel	16	16	16	19	20
Number of calls answered	2,207	2,275	2,396	2,378	1,043
Developmental					
Miles of streets ^a	3	1	0	0	0
Cultural/Recreational Changes					
Parks	0	0	0	0	0
Park acreage	0	0	0	0	0
Library	0	0	0	0	0
Water					
Number of water connections	4,651	4,786	4,875	4,897	4,945
Average daily water consumption (gallons)	1,989,635	1,510,427	1,684,989	1,639,285	1,706,000
Sewer					
Number of sewer connections	3,752	3,915	3,987	4,002	4,050
Average daily sewer flow (gallons)	1,425,325	1,474,300	1,501,414	1,460,689	1,100,000

Table 16

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1	1	1	1	1
23	24	23	24	24
731	668	600	675	725
1,403	1,201	1,419	1,900	1,700
1	1	1	1	1
19	19	19	20	20
2,533	2,435	2,527	2,600	2,600
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
4,945	3,850	3,831	3,982	3,998
1,729,161	1,769,000	1,666,900	2,144,484	1,359,690
4,050	3,575	3,554	3,689	3,707
934,907	963,827	907,663	965,097	1,112,969

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	9	9	9	9	9	10	18	11	11	11
Fire Stations	1	1	1	1	1	1	1	1	1	1
Development Services										
Streets-Paved (miles) ^a	116	116	116	116	116	116	116	116	116	116
Recreational Services										
Parks	7	7	7	7	7	7	7	7	7	7
Park acreage	93	93	93	93	93	93	93	93	93	93
Baseball/softball field	1	1	1	1	1	1	1	1	1	1
Tennis Court	2	1	1	1	1	1	1	2	2	2
Basketball Court	0	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Library volumes	29,352	29,654	29,401	30,127	32,024	30,520	28,500	29,003	29,487	29,762
Water and Sewer										
Water Mains (miles)	106.9	107.7	107.7	107.7	108	108	108	109	110	111
Fire Hydrants	392	436	436	436	463	463	464	472	482	492
Sanitary Sewers (miles)	97.6	98.4	98.4	98.4	98.4	98.4	98.4	98.4	98.4	99.0
Storm Sewer Lines (miles)	13.0	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.8