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**City of Seagoville, Texas**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**October 1, 2010- September 30, 2011**





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## **INTRODUCTORY SECTION**

*Seagoville* ★



March 20, 2012

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, 2011 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.

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 unqualified ("clean") opinion on the City of Seagoville's financial statements as of and for the year ended September 30, 2011. 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**

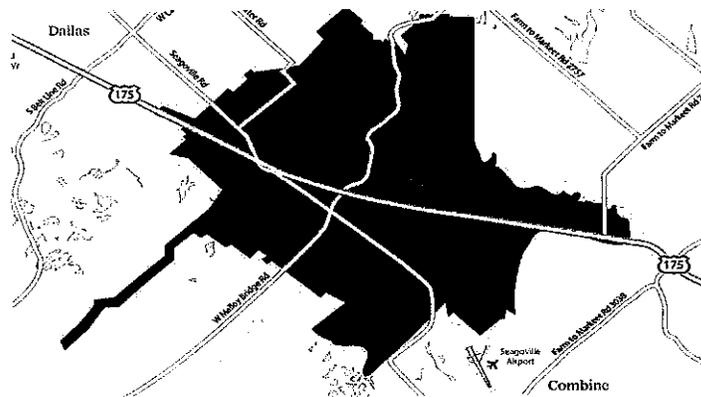
The accompanying financial statements present the City (the primary government) and its component unit. Component units are classified as either discretely presented or blended. The City of Seagoville's component unit, the Economic Development Corporation, is discretely presented, which means that the 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 2011 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 one day 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; 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 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 five 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 offset and stabilize the City's flat 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 2008 \$3,250,000 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 this fiscal year. One major initiative was the implementation of the Municipal Court of Record; a cost effective process that enables revenue to remain in-house. In 2011, the police department assumed responsibility of the animal shelter. Under the police department, the practice of animal euthanasia ceased; as a result, The City of Seagoville had the distinct honor of becoming one of the State's first "no kill" municipal shelters. This accomplishment was the catalyst for the volunteer program with participants as far as Australia.

Due to a grant provided by Walmart, the City's fire department was able to start, "Everyone Gets out Alive", a program that provides smoke detectors and batteries to the needy and elderly citizens of Seagoville. This year's budget allowed the fire department

to purchase a 2011 Pierce engine; the purchase will save the department money in vehicle maintenance and move a 1989 FMC to reserve status.

The installation of a new 12 inch water main enhanced water pressure and fire protection throughout the southwest section of Seagoville. The project created a new connection to the Federal Correction Institution, which allowed the removal of an aging service line under Highway 175; eliminating the potential of a break, leaving the FCI without water. Park improvements have been at the forefront of improving the quality of life for the residents with replacement of playground equipment, refinished and painted tennis/basketball courts.

### **Long-Term Financial Planning**

Unassigned fund balance in the general fund ( 31 % of total general fund expenditures) 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, 2010. 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,



Larry Graves  
City Manager



Patrick Harvey  
Finance Director

# 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, 2010

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



*Linda C. Davison*

President

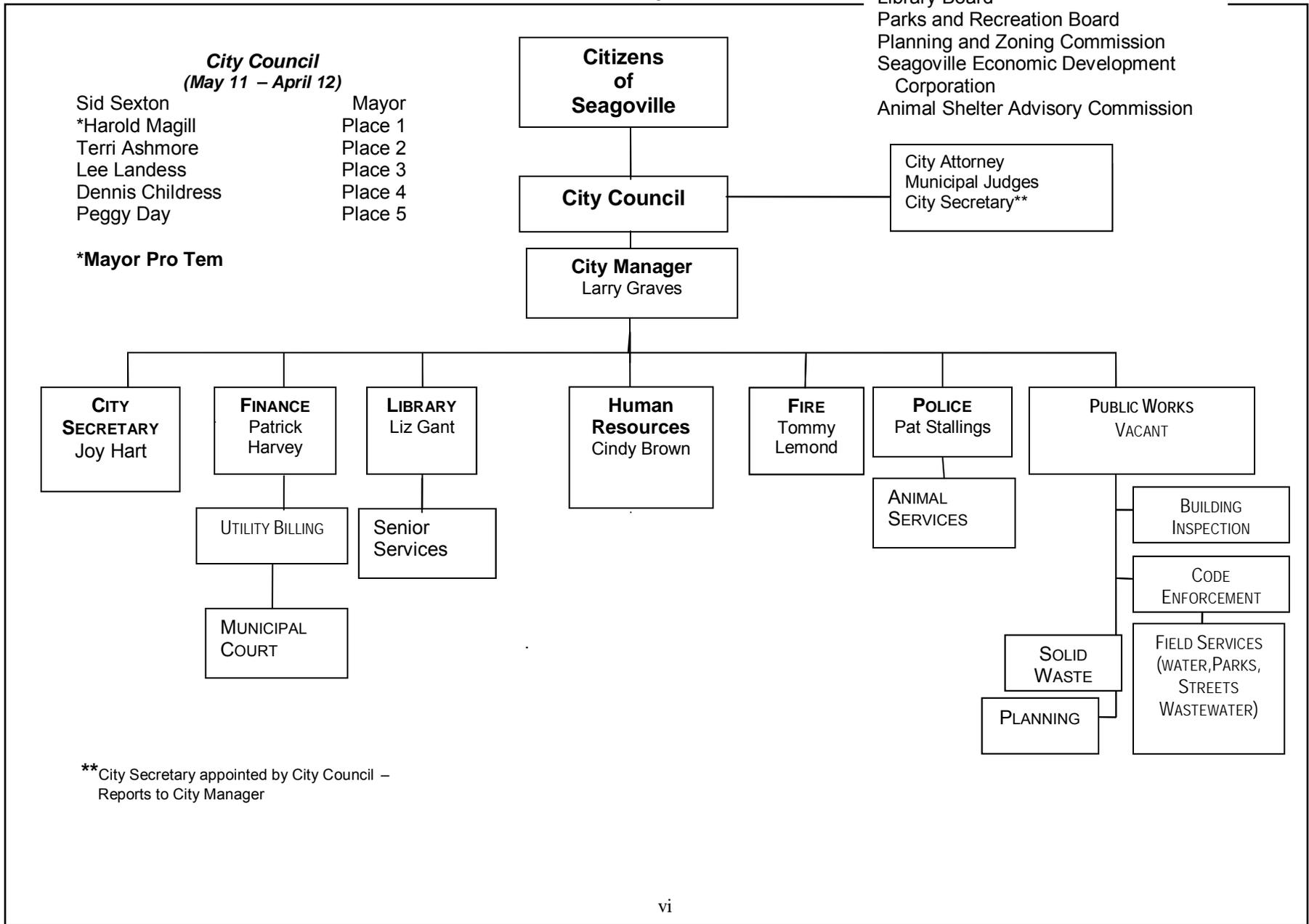
*Jeffrey R. Emery*

Executive Director

# City of Seagoville Organizational Chart 2011

## **Boards and Commissions**

Board of Adjustments  
 Keep Seagoville Beautiful  
 Library Board  
 Parks and Recreation Board  
 Planning and Zoning Commission  
 Seagoville Economic Development  
 Corporation  
 Animal Shelter Advisory Commission



\*\*City Secretary appointed by City Council –  
 Reports to City Manager

# City of Seagoville, Texas

## Principal City Officials

### 2010-2011

#### City Council

Sidney M. Sexton	Mayor	Term Expires May, 2013
Harold Magill	Mayor Pro-Tem, Place 1	Term Expires May, 2012
Terri Ashmore	Council Member, Place 2	Term Expires May, 2013
Lee Landess	Council Member, Place 3	Term Expires May, 2012
Dennis Childress	Council Member, Place 4	Term Expires May, 2013
Peggy Day	Council Member, Place 5	Term Expires May, 2012

#### City Executive Staff

Larry Graves	City Manager
Patrick J. Harvey	Director of Finance
Patrick Stallings	Police Chief
Tommy Lemond	Fire Chief
Cindy Brown	Director of Human Resources
Joy Hart	City Secretary
Liz Gant	Director of Library
Vacant	Public Works Director

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## **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 the City of Seagoville, Texas (the City) as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seagoville, Texas as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 5-15), General Fund budgetary comparison schedule (pages 67-69), and schedule of funding progress for participation in the Texas Municipal Retirement System (page 70) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining nonmajor fund financial statements, Debt Service Fund budgetary comparison schedule, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements and Debt Service Fund budgetary comparison schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Jox, Byrd + Company, P.C.*

Dallas, Texas  
March 20, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Seagoville* ★

**CITY OF SEAGOVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report. 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, 2011 by \$28,224,369 (net assets). Of this amount, \$5,748,857 (unrestricted net assets) 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 \$2,821,617. Approximately 73% of this amount, \$2,060,771 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 \$2,063,613 or 31% 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 assets* presents information on all of the City of Seagoville's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Seagoville is improving or deteriorating.

**CITY OF SEAGOVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but 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 19-21 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, 2011**

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 the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-27 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 29-32 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund

**CITY OF SEAGOVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

financial statements. The notes to the financial statements can be found on pages 34-64 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 67-70 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 74-78 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Seagoville, assets exceeded liabilities by \$28,224,369 as compared to net assets for the prior year of \$28,053,289.

A large portion of the City of Seagoville's net assets, \$22,261,774 (79 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 assets as of September 30, 2011 and September 30, 2010.

**CITY OF SEGOVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>City of Seagoville's Net Assets</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 3,765,348	\$ 4,127,096	\$ 4,898,789	\$ 4,918,792	\$ 8,664,137	\$ 9,045,888
Capital assets	14,160,243	14,265,597	13,364,868	13,175,631	27,525,111	27,441,228
<b>Total assets</b>	<u>17,925,591</u>	<u>18,392,693</u>	<u>18,263,657</u>	<u>18,094,423</u>	<u>36,189,248</u>	<u>36,487,116</u>
Long-term liabilities	2,924,837	3,190,540	4,120,839	4,412,154	7,045,676	7,602,694
Other liabilities	343,465	395,054	575,738	436,079	919,203	831,133
<b>Total liabilities</b>	<u>3,268,302</u>	<u>3,585,594</u>	<u>4,696,577</u>	<u>4,848,233</u>	<u>7,964,879</u>	<u>8,433,827</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	12,211,638	12,031,436	10,050,136	9,694,536	22,261,774	21,725,972
Restricted for debt service	82,539	102,826	87,687	87,821	170,226	190,647
Restricted for other	43,512	-	-	-	43,512	-
Unrestricted	2,319,600	2,672,837	3,429,257	3,463,833	5,748,857	6,136,670
<b>Total net assets</b>	<u>\$ 14,657,289</u>	<u>\$ 14,807,099</u>	<u>\$ 13,567,080</u>	<u>\$ 13,246,190</u>	<u>\$ 28,224,369</u>	<u>\$ 28,053,289</u>

An additional portion of the City's net assets (.76%) represents resources that are subject to external restriction on how they may be used. The remaining balance of *unrestricted net assets* (\$5,748,857) 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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental activities.** Governmental activities decreased the City of Seagoville's net assets by \$(97,798). The following table presents a comparative summary of the City's operations for the years ended September 30, 2011 and September 30, 2010.

**CITY OF SEGOVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**City of Seagoville Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,478,423	\$ 1,224,855	\$ 4,237,841	\$ 4,082,833	\$ 5,716,264	\$ 5,307,688
Operating grants and contributions	255,705	304,485	-	-	255,705	304,485
Capital grants and contributions	-	25,160	-	-	-	25,160
General revenues:						
Property taxes	2,857,199	3,136,646	-	-	2,857,199	3,136,646
Other taxes	1,998,294	1,967,218	-	-	1,998,294	1,967,218
Other	659,978	831,939	3,606	6,880	663,584	838,819
<b>Total revenues</b>	<b>7,249,599</b>	<b>7,490,303</b>	<b>4,241,447</b>	<b>4,089,713</b>	<b>11,491,046</b>	<b>11,580,016</b>
<b>Expenses:</b>						
General government	1,175,176	1,531,896	-	-	1,175,176	1,531,896
Public safety	3,889,013	3,598,398	-	-	3,889,013	3,598,398
Community services	1,095,077	1,059,095	-	-	1,095,077	1,059,095
Community development	1,271,429	1,336,002	-	-	1,271,429	1,336,002
Interest on long-term debt	143,485	84,276	-	-	143,485	84,276
Water and sewer	-	-	3,693,774	3,769,705	3,693,774	3,769,705
<b>Total expenses</b>	<b>7,574,180</b>	<b>7,609,667</b>	<b>3,693,774</b>	<b>3,769,705</b>	<b>11,267,954</b>	<b>11,379,372</b>
Increase in net assets before transfers	(324,581)	(119,364)	547,673	320,008	223,092	200,644
Transfers	226,783	261,118	(226,783)	(261,118)	-	-
Increase in net assets	(97,798)	141,754	320,890	58,890	223,092	200,644
<b>Net assets - Beginning</b>	<b>14,807,099</b>	<b>14,665,345</b>	<b>13,246,190</b>	<b>13,187,300</b>	<b>28,053,289</b>	<b>27,852,645</b>
Prior period adjustment	(52,012)	-	-	-	(52,012)	-
<b>Net assets - Ending</b>	<b>\$ 14,657,289</b>	<b>\$ 14,807,099</b>	<b>\$ 13,567,080</b>	<b>\$ 13,246,190</b>	<b>\$ 28,224,369</b>	<b>\$ 28,053,289</b>

Total key elements in Governmental Activities revenues for 2011 are as follows:

- Property taxes of \$2,857,199 were recognized on a tax base of \$472,719,423 in gross taxable valuations at a rate of 66.5 cents per each \$100 of property value.
- Other tax revenues were \$1,998,294, representing 28 percent of governmental program revenues and other governmental revenues.
- Franchise taxes were \$655,294, or 9 percent of governmental program revenues and other governmental revenues.

Total key elements in expenses for 2011 are as follows:

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- Public safety expenses totaled \$3,889,013, of which \$2,916,267 (75 percent) was for personnel services. The increase in expenses can be attributed to the acquisition of capital equipment.
- The City of Seagoville contracts with Republic Services for its sanitation services, which accounts for all of the \$594,911 of expenses in Sanitation Department.
- General Government expenses of \$1,175,176 include costs for City Council, City Manager/Human Resources, City Secretary, Finance, and non-departmental activities. The decrease in expenses is attributed to a freeze in hiring of approved personnel, and also attrition savings.

**Business-type activities.** Business-type activities net assets increased by \$320,890, the result of revenues increasing due to hot and dry weather conditions. Including a \$97,798 net asset decrease for governmental activities, the total increase in net assets for the City was \$223,092. 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, \$4,237,841, represents 99 percent of the total business-type revenue.
- Likewise, the expenses for the water and sewer utilities total, \$3,693,774, which is 100 percent of the overall business-type expenditures.
- Revenues exceeded expenses, before net transfers, by \$547,673.

### **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 \$2,821,617, an increase of \$5,177 in comparison with the prior year. The Capital Projects fund balance decreased by \$296,344, the result of \$337,339 of capital expenditures primarily for the acquisition of first responder transportation equipment. Approximately 73 percent of the total combined fund balance (\$2,060,771) constitutes unassigned fund balance, which is

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available for spending at the City's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated (1) to pay debt service (\$17,596), or (2) for initiatives in compliance with legal requirements (\$43,512). Approximately 23% (\$661,630) of governmental fund balance is assigned (1) for capital expenditures (\$614,530), (2) for public safety initiatives (\$31,156), for internal operations (\$8,751), and for animal shelter operations (\$7,193). The remaining portion of fund balance is considered non-spendable (\$38,108) for it represents outlays for prepaid expenses.

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 \$2,063,613. 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. Unreserved fund balance represents 31 percent of total general fund expenditures.

The general fund balance of the City of Seagoville increased by \$250,095 during the current fiscal year, as a result of revenues exceeding prior year by \$121,701 and expenses decreasing from the prior year by \$61,755. The overall increase in fund balance was largely generated by increases in utility franchise fees from local demand; sales tax revenue, permit revenue from new school construction, municipal court fines and intergovernmental revenue. Expenditure decreases were the result of unfilled positions and attrition savings from employee turnover.

***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. Unrestricted net assets of the City of Seagoville's Enterprise Fund at the end of the year amount to \$3,429,257, a decrease of \$34,576. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

There was a budget amendment to the original budget approved by the Seagoville City Council. The budget ordinance passed allows the City Manager to authorize budget changes within funds, which does not affect the overall amount allocated to a specific fund.

Actual revenues exceeded budgeted revenues by \$265,816, due to improved local demand for utility services (franchise fees), increase in sanitation revenue due to a change from manual to automated operations and new school construction (licenses, permits and fees). Actual expenses were below budgeted appropriations by \$298,956,

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from unfilled positions and attrition, 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, 2011 amounts to \$27,525,111. 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 \$14,160,243 and for the business-type activities totaled \$13,364,868.

There were a few capital assets and projects acquired during the year. For governmental activities, a fire truck and four public safety vehicles were acquired in the amount of \$403,681. Additionally, four public safety vehicles were disposed of in the amount of \$115,898. For the business type activities, a backhoe was acquired in the amount of \$74,158 and the installation of the Highway 175 water line in the amount of \$266,003. The following table presents a comparative summary of the City's capital assets as of September 30, 2011 and September 30, 2010.

**City of Seagoville's Capital Assets, net of depreciation**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land (not depreciated)	\$ 2,524,542	\$ 2,524,542	\$ 54,792	\$ 54,792	\$ 2,579,334	\$ 2,579,334
Buildings	1,269,806	1,330,518	89,208	91,831	1,359,014	1,422,349
Improvements other than buildings	174,116	195,629	15,343	24,287	189,459	219,916
Machinery and Equipment	767,198	461,671	295,316	288,266	1,062,514	749,937
Motor Vehicle Under Capital Lease	-	63,213	-	-	-	63,213
Infrastructure	9,424,581	9,516,263	12,910,209	12,716,455	22,334,790	22,232,718
Construction in Progress	-	173,761	-	-	-	173,761
	<u>\$ 14,160,243</u>	<u>\$ 14,265,597</u>	<u>\$ 13,364,868</u>	<u>\$ 13,175,631</u>	<u>\$ 27,525,111</u>	<u>\$ 27,441,228</u>

Additional information on the City of Seagoville's capital assets can be found in note 3 on pages 51-52 of this report.

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FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Long-term debt.** At the end of the current fiscal year, the City of Seagoville had total bonded debt outstanding of \$5,917,459. Of this amount, \$2,633,888 comprises general certificates of obligation and \$3,283,571 is for proprietary fund debt. The following table presents a comparative summary of the city long term bonded debt for September 30, 2011 and September 30, 2010

**City of Seagoville Outstanding Bonded Debt**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Certificates of obligation	\$ 2,633,888	\$ 2,916,110	\$ -	\$ -	\$ 2,633,888	\$ 2,916,110
Combination tax and revenue refunding bonds	-	-	3,283,571	3,454,285	3,283,571	3,454,285
	<u>\$ 2,633,888</u>	<u>\$ 2,916,110</u>	<u>\$ 3,283,571</u>	<u>\$ 3,454,285</u>	<u>\$ 5,917,459</u>	<u>\$ 6,370,395</u>

The City of Seagoville's total bonded debt decreased by \$452,936 during the current fiscal year generated by the scheduled principal payments of \$452,936 during the fiscal year.

Additional information on the City of Seagoville's long-term debt can be found in note 4 on pages 53-55 of this report.

**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 2011-2012 fiscal year.

Ad valorem taxes are the largest revenue source, accounting for 43% of total General Fund revenue. The amounts of property taxes that the City expects to collect are based on the certified roll calculated by the Dallas County and Kaufman County Appraisal Districts. The 2011 net taxable value of \$428,302,305 is a 9.39% decrease from the 2010 net taxable value of \$472,719,423. There are a small number of large dollar property tax protests (approximately \$28.449 million of taxable valuation) that significantly contribute to the decline in taxable valuation. In speaking with the Dallas County Appraisal District, we are confident that we will recover most of the protested valuation; the protest process is ongoing. Additionally, the City's assessed valuations continue to suffer from the ongoing uncertain economic climate, as a number of cities in the Dallas/Ft. Worth metroplex.

The FY 2012 General Fund budget is built on an ad valorem tax rate of \$0.648722. A 96% collection rate is applied to the ad valorem tax rate and the appraised value, which yields a total property tax revenue amount of \$2,844,530. The total property tax rate

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upon which the FY 2012 budget is built is \$0.690853, which is the effective tax rate. The FY 2012 rollback rate adjusted for the half cent sales tax is \$0.706067.

It is anticipated that sales tax revenue will remain virtually unchanged from the current fiscal year and is estimated at \$1,972,035 for FY 2012. Sanitation service revenue increase reflects pass through costs of automated services provided by Republic Waste Services in the new contract dated January, 2011. Court fine revenue estimate is downgraded to \$250,000 for FY 2012, to better reflect the effect of the conversion to a municipal court of record.

**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.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

*Seagoville* ★

**CITY OF SEAGOVILLE, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,718,696	\$ 3,464,824	\$ 6,183,520	\$ 896,098
Receivables				
Taxes, net of allowance	933,263	-	933,263	115,212
Accounts, net of allowance	45,751	627,571	673,322	-
Prepaid expenses	38,108	7,345	45,453	-
Restricted assets				
Cash and cash equivalents	-	675,332	675,332	33,823
Internal balances	(34,054)	34,054	-	
Assets held for incentive	-	-	-	108,597
Due from primary government	-	-	-	11,698
Deferred charges (net)	63,584	89,663	153,247	-
Capital assets, net of accumulated depreciation:				
Non-depreciable	2,524,542	54,792	2,579,334	-
Depreciable (net)	11,635,701	13,310,076	24,945,777	-
<b>TOTAL ASSETS</b>	<b>\$ 17,925,591</b>	<b>\$ 18,263,657</b>	<b>\$ 36,189,248</b>	<b>\$ 1,165,428</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 220,248	\$ 253,840	\$ 474,088	\$ 12,784
Accrued expenses	111,519	29,990	141,509	8,444
Due to component unit	11,698	-	11,698	-
Customer deposits	-	291,908	291,908	-
Noncurrent liabilities:				
Due within one year	319,681	388,359	708,040	62,326
Due in more than one year	2,605,156	3,732,480	6,337,636	622,770
<b>Total liabilities</b>	<b>3,268,302</b>	<b>4,696,577</b>	<b>7,964,879</b>	<b>706,324</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	12,211,638	10,050,136	22,261,774	-
Restricted for:				
Debt service	82,539	87,687	170,226	-
Other	43,512	-	43,512	-
Unrestricted	2,319,600	3,429,257	5,748,857	459,104
<b>Total net assets</b>	<b>\$ 14,657,289</b>	<b>\$ 13,567,080</b>	<b>\$ 28,224,369</b>	<b>\$ 459,104</b>

The notes to the financial statement are an integral part of this statement.

**CITY OF SEAGOVILLE, TEXAS  
STATEMENT OF ACTIVITIES  
September 30, 2011**

<b>Program Activities</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Fees, Fines and Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities				
General government	\$ 1,175,176	\$ 65,271	\$ 64,931	\$ -
Public safety	3,889,013	303,064	190,774	-
Community services	1,095,077	858,254	-	-
Community development	1,271,429	251,834	-	-
Interest on long term debt	143,485	-	-	-
<b>Total governmental activities</b>	<b>7,574,180</b>	<b>1,478,423</b>	<b>255,705</b>	<b>-</b>
Business-type activities				
Water and sewer	3,693,774	4,237,841	-	-
<b>Total business-type activities</b>	<b>3,693,774</b>	<b>4,237,841</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>11,267,954</b>	<b>5,716,264</b>	<b>255,705</b>	<b>-</b>
Component unit:				
Economic Development Corporation	785,172	-	-	-
<b>Total component units</b>	<b>\$ 785,172</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General Revenues:

Taxes:

Ad valorem

Other Local Taxes

Franchise taxes

Investment income

Transfers

**Total general revenues and transfers**

Change in net assets

Net assets - beginning of year

Prior period adjustment

Net assets - end of year

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 2**

**Net (Expenses) Revenue and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business - type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (1,044,974)	\$ -	\$ (1,044,974)	\$ -
(3,395,175)	-	(3,395,175)	-
(236,823)	-	(236,823)	-
(1,019,595)	-	(1,019,595)	-
(143,485)	-	(143,485)	-
<u>(5,840,052)</u>	<u>-</u>	<u>(5,840,052)</u>	<u>-</u>
-	544,067	544,067	-
-	544,067	544,067	-
<u>(5,840,052)</u>	<u>544,067</u>	<u>(5,295,985)</u>	<u>-</u>
-	-	-	(785,172)
-	-	-	(785,172)
2,857,199	-	2,857,199	-
1,998,294	-	1,998,294	664,010
655,294	-	655,294	-
4,684	3,606	8,290	8,595
226,783	(226,783)	(0)	-
<u>5,742,254</u>	<u>(223,177)</u>	<u>5,519,077</u>	<u>672,605</u>
<u>(97,798)</u>	<u>320,890</u>	<u>223,092</u>	<u>(112,567)</u>
14,807,099	13,246,190	28,053,289	571,671
<u>(52,012)</u>	<u>-</u>	<u>(52,012)</u>	<u>-</u>
<u>\$ 14,657,289</u>	<u>\$ 13,567,080</u>	<u>\$ 28,224,369</u>	<u>\$ 459,104</u>

## **FUND FINANCIAL STATEMENTS**

# **GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

## EXHIBIT 3

**CITY OF SEAGOVILLE, TEXAS  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	<u>General</u>	<u>Capital Projects</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,987,705	\$ 614,530	\$ 116,461	\$ 2,718,696
Receivables				
Ad valorem taxes	478,818	-	76,491	555,309
Sales taxes	362,555	-	-	362,555
Franchise taxes	15,399	-	-	15,399
Grant	-	-	27,389	27,389
Other	18,362	-	-	18,362
Prepaid expenses	38,108	-	-	38,108
<b>TOTAL ASSETS</b>	<u>\$ 2,900,947</u>	<u>\$ 614,530</u>	<u>\$ 220,341</u>	<u>\$ 3,735,818</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 210,543		\$ 9,705	\$ 220,248
Accrued liabilities	98,582	-	2,531	101,113
Due to other funds	6,665	-	27,389	34,054
Due to component unit	11,698	-	-	11,698
Deferred revenue	471,738	-	75,350	547,088
<b>Total liabilities</b>	<u>799,226</u>	<u>-</u>	<u>114,975</u>	<u>914,201</u>
Fund balances				
Restricted for debt service	-	-	17,596	17,596
Restricted for other	-	-	9,208	9,208
Restricted for court improvements	-	-	43,055	43,055
Restricted for police operations	-	-	31,156	31,156
Restricted for animal shelter	-	-	7,193	7,193
Assigned for capital expenditures	-	614,530	-	614,530
Nonspendable	38,108	-	-	38,108
Unassigned:				
General fund	2,063,613	-	-	2,063,613
Special revenue funds	-	-	(2,842)	(2,842)
<b>Total fund balances</b>	<u>2,101,721</u>	<u>614,530</u>	<u>105,366</u>	<u>2,821,617</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,900,947</u>	<u>\$ 614,530</u>	<u>\$ 220,341</u>	<u>\$ 3,735,818</u>

The notes to the financial statement are an integral part of this statement.

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

Total fund balances - governmental funds	\$ 2,821,617
Amounts reported for governmental activities in the statement of net assets 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.	14,160,243
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.	(10,406)
Revenues earned but not available within sixty days of the year end are not recognized as revenue in the fund financial statements.	547,088
Costs associated with the issuance of long-term debt are expensed when incurred in the governmental funds financial statements. These costs are capitalized and amortized over the life of the debt in the government-wide financial statements.	63,584
Compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.	(251,245)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(2,673,592)</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 14,657,289</u></u></b>

The notes to the financial statements are an integral part of this statement.

**CITY OF SEAGOVILLE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>General</u>	<u>Capital Projects</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes				
Ad valorem	\$ 2,718,999	\$ -	\$ 394,711	\$ 3,113,710
Sales	1,982,766	-	-	1,982,766
Franchise	655,294	-	-	655,294
Hotel/motel	-	-	15,528	15,528
Sanitation collection charges	778,197	-	-	778,197
Licenses, permits and fees	231,431	-	-	231,432
Municipal court fines	274,490	-	9,290	283,779
Intergovernmental	76,794	39,687	-	116,481
Investment income	3,264	1,308	112	4,684
Grant revenues	-	-	255,705	255,705
Miscellaneous	64,115	-	4,419	68,534
<b>Total revenues</b>	<u>6,785,350</u>	<u>40,995</u>	<u>679,765</u>	<u>7,506,110</u>
Expenditures:				
Current:				
General government	1,056,418	-	15,528	1,071,946
Public safety	3,452,825	-	230,278	3,683,103
Community services	1,087,615	-	-	1,087,615
Community development	857,277	32,906	60,307	950,490
Nondepartmental	65,615	-	-	65,615
Debt Service:				
Principal	28,197	-	282,222	310,419
Interest	1,848	-	137,159	139,007
Capital outlay	115,088	304,433	-	419,521
<b>Total expenditures</b>	<u>6,664,883</u>	<u>337,339</u>	<u>725,494</u>	<u>7,727,716</u>
Excess (deficiency) of revenues over expenditures	<u>120,467</u>	<u>(296,344)</u>	<u>(45,729)</u>	<u>(221,606)</u>
Other financing sources (uses):				
Transfers in	226,783	-	97,155	323,938
Transfers out	(97,155)	-	-	(97,155)
<b>Total other financing sources (uses)</b>	<u>129,628</u>	<u>-</u>	<u>97,155</u>	<u>226,783</u>
Net change in fund balances	250,095	(296,344)	51,426	5,177
Fund Balances - beginning of year	1,851,626	910,874	105,952	2,868,452
Prior period adjustment - grant revenue recorded incorrectly	-	-	(52,012)	(52,012)
Fund Balances - end of year	<u>\$ 2,101,721</u>	<u>\$ 614,530</u>	<u>\$ 105,366</u>	<u>\$ 2,821,617</u>

The notes to the 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  
YEAR ENDED SEPTEMBER 30, 2011**

Net change in fund balances - total governmental funds	\$ 5,177
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.	419,521
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.	(485,301)
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	(256,511)
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 and capital lease - 310,419	
o Amortization of Bond issuance costs - (7,988)	304,766
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 Loss on disposal of assets	(39,574)
o Change in accrued compensated absences	(47,052)
Current year changes in accrued interest payable do not required the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>1,176</u>
Change in net assets of governmental activities	<u>\$ (97,798)</u>

The notes to the financial statements are an integral part of this statement.

## **PROPRIETARY FUNDS FINANCIAL STATEMENTS**

**CITY OF SEAGOVILLE, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2011**

**EXHIBIT 7**

	<b>Enterprise</b>	<b>Internal Service</b>
	<b>Water and Sewer Fund</b>	<b>Insurance Trust</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,464,824	\$ -
Receivables		
Accounts receivable, net	627,571	-
Due from other funds	34,054	
Prepaid expense	7,345	-
<b>Total current assets</b>	<b>4,133,794</b>	<b>-</b>
<b>NONCURRENT ASSETS:</b>		
Restricted cash and cash equivalents	675,332	-
Deferred charges, net	89,663	-
Capital assets		
Land	54,792	-
Buildings	129,763	-
Improvements other than buildings	179,832	-
Machinery and equipment	617,728	-
Infrastructure	21,909,904	-
Accumulated depreciation	(9,527,151)	-
<b>Total noncurrent assets</b>	<b>14,129,863</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 18,263,657</b>	<b>\$ -</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 253,840	\$ -
Accrued expenses	29,990	-
Customer deposits	291,908	-
Compensated absences-current	4,935	-
Bonds payable-current	383,424	-
<b>Total current liabilities</b>	<b>964,097</b>	<b>-</b>
<b>NONCURRENT LIABILITIES:</b>		
Bonds payable	3,688,061	-
Compensated absences	44,419	-
<b>Total noncurrent liabilities</b>	<b>3,732,480</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>4,696,577</b>	<b>-</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	10,050,136	-
Restricted for debt service	87,687	-
Unrestricted	3,429,257	-
<b>TOTAL NET ASSETS</b>	<b>13,567,080</b>	<b>-</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,263,657</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 8**

**CITY OF SEAGOVILLE, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Enterprise</u>	<u>Internal Service</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Trust</u>
<b>OPERATING REVENUES</b>		
<b>Charges for service:</b>		
Water sales	\$ 1,983,510	\$ -
Sewer sales	2,034,337	-
Tap fees	3,649	-
Penalties and interest	107,067	-
Reconnect fees	62,560	-
Miscellaneous	46,718	-
Insurance premiums collected	-	643,515
<b>Total operating revenue</b>	<u>4,237,841</u>	<u>643,515</u>
<b>OPERATING EXPENSES</b>		
Water operations	1,104,804	-
Sewer operations	1,350,156	-
Water and sewer administration	217,746	-
Customer service operations	188,937	-
Other expenses	230,435	-
Depreciation	379,058	-
Insurance premiums paid	-	643,515
<b>Total operating expenses</b>	<u>3,471,136</u>	<u>643,515</u>
Operating income	<u>766,705</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	3,606	-
Interest expense	(222,638)	-
<b>Total nonoperating revenues (expenses)</b>	<u>(219,032)</u>	<u>-</u>
Income before transfers	<u>547,673</u>	<u>-</u>
<b>TRANSFERS</b>		
Transfers out	(226,783)	-
<b>Total transfers</b>	<u>(226,783)</u>	<u>-</u>
Change in net assets	<u>320,890</u>	<u>-</u>
<b>NET ASSETS, beginning of year</b>	<u>13,246,190</u>	<u>-</u>
<b>NET ASSETS, end of year</b>	<u>\$ 13,567,080</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 9

CITY OF SEAGOVILLE, TEXAS  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2011

	<u>Enterprise</u>	<u>Internal Service</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Trust</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 4,343,659	\$ -
Cash received for insurance premiums	-	643,515
Cash paid to employees	(810,553)	-
Cash paid to suppliers	(2,154,697)	-
Cash paid for insurance premiums	-	(643,515)
<b>Net cash provided by operating activities</b>	<u>1,378,409</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers to other funds	(260,837)	-
<b>Net cash used in noncapital financing activities</b>	<u>(260,837)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal paid on debt	(387,778)	-
Capital expenditures	(568,294)	-
Interest paid on debt	(134,435)	-
<b>Net cash used in capital and related financing activities</b>	<u>(1,090,507)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	3,606	-
<b>Net cash provided by investing activities</b>	<u>3,606</u>	<u>-</u>
<b>Net increase in cash</b>	30,671	-
Cash and cash equivalents, beginning of year	4,109,485	-
Cash and cash equivalents, end of year	<u>\$ 4,140,156</u>	<u>\$ -</u>
Cash and cash equivalents	\$ 3,464,824	\$ -
Restricted cash and cash equivalents	675,332	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 4,140,156</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SEAGOVILLE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT 9**

	<b>Enterprise</b>	<b>Internal Service</b>
	<b>Water and Sewer Fund</b>	<b>Insurance Trust</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 766,705	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	379,058	-
Decrease in accounts receivable	91,529	-
Increase in prepaid expenses	(7,345)	-
Increase in accounts payable	165,505	-
Decrease in accrued expenses	(40,133)	-
Increase in customer deposits	14,288	-
Increase in compensated absences	8,802	-
<b>Net cash provided by operating activities</b>	<b>\$ 1,378,409</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

## **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). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. 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".

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Financial Reporting Entity-Continued**

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. 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

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

### **Financial Reporting Entity-Continued**

encourage employment and the public welfare within the City and the State of Texas. 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 1512-A N. Highway 175, Seagoville, Texas, 75159.

### **Basis of Presentation**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund 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 ***Special Fire Fund*** accounts for resources required to be utilized by the fire department.

The ***Building Maintenance Fund*** was established to account for repairs of City buildings.

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 Assets.

The City reports the following major proprietary funds:

#### **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.

In addition, the City reports the following proprietary fund as an internal service fund:

### **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,

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

### **Measurement Focus and Basis of Accounting-Continued**

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 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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Cash, Cash Equivalents and Investments-Continued**

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.

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 2010 levy was based was \$472,719,423. 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, 2011 was \$0.665 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.

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

### **Property Taxes-Continued**

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

### **Interfund 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**

Interfund 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 Interfund 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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.

**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

**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

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

### **Compensated Absences-Continued**

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.

### **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.

### **Fund Equity**

In the fund financial statements, governmental fund equity is classified as *fund balance*, and is presented as *spendable* or *non-spendable*. Spendable fund balance is identified by spending constraints (*restricted*, *committed* or *assigned*) or as *unassigned*. *Restricted fund balance* includes amounts subject to **externally enforceable** legal restrictions. *Committed fund balance* includes amounts whose use is constrained by limitations that the City imposes upon itself. *Assigned fund balance* reflects an intended use of resources either established by the City Council or by a body or official

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Equity-Continued**

designated by Council. As of September 30, 2011, the City does not have any committed fund balance. *Unassigned fund balance* represents amounts available for expenditure consistent with City policy and goals. *Non-spendable fund balance* reflects amounts unavailable for expenditure due to form (i.e., inventory, prepaid items and long term loans receivable) or because of a legal requirement to maintain resources intact (i.e., an endowment).

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**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, 2011 up through March 20, 2012, the date the financial

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Subsequent Events-Continued**

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 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, 2011 the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included as cash and cash equivalents) was \$1,786,849 and the bank balance was \$1,787,514. The City's cash deposits at September 30, 2011 and during the year ended September 30, 2011 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:

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 2. CASH AND INVESTMENTS - CONTINUED**

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

Cash and investments as of September 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Primary Government		
Cash and cash equivalents		\$ 6,183,520
Restricted cash and cash equivalents		<u>675,332</u>
Total Primary Government		6,858,852
Component Unit:		
Cash and cash equivalents		896,098
Restricted cash and cash equivalents		<u>33,823</u>
Total Component Unit		929,921
Total cash and investments		<u>\$ 7,788,773</u>

Cash and cash equivalents as of September 30, 2011 consist of the following:

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 2. CASH AND INVESTMENTS - CONTINUED**

Cash on hand	\$ 1,700
Deposits with financial institutions	997,527
Investments	<u>6,789,546</u>
Total cash and investments	<u><u>\$ 7,788,773</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 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, 2011, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
Certificates of deposit	\$ 789,257	189 days
Texpool	<u>6,000,289</u>	48 days
Total	<u><u>\$ 6,789,546</u></u>	

As of September 30, 2011 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

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 2. CASH AND INVESTMENTS - CONTINUED**

**Disclosures Relating to Credit Risk - Continued**

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 year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Certificates of deposit	\$ 789,257	N/A	Not rated
Texpool	<u>6,000,289</u>	N/A	AAAM
Total	<u>\$ 6,789,546</u>		

**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, 2011 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

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 2. CASH AND INVESTMENTS - CONTINUED**

**Custodial Credit Risk-Continued**

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, 2011 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 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, 2011

**NOTE 3. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,524,542	\$ -	\$ -	\$ 2,524,542
Construction-in-progress	173,761	-	(173,761)	-
	<u>2,698,303</u>	<u>-</u>	<u>(173,761)</u>	<u>2,524,542</u>
Capital assets being depreciated:				
Buildings	2,314,857	-	-	2,314,857
Improvements other than buildings	893,622	-	-	893,622
Machinery & equipment	1,846,868	496,780	(115,898)	2,227,750
Motor vehicle under capital lease	77,259	-	(77,259)	-
Infrastructure	17,709,450	173,761	-	17,883,211
	<u>22,842,056</u>	<u>670,541</u>	<u>(193,157)</u>	<u>23,319,440</u>
Accumulated depreciation:				
Buildings	984,339	60,712	-	1,045,051
Improvements other than buildings	697,993	21,513	-	719,506
Machinery & equipment	1,385,197	151,679	(76,324)	1,460,552
Motor vehicle under capital lease	14,046	-	(14,046)	-
Infrastructure	8,193,187	265,443	-	8,458,630
	<u>11,274,762</u>	<u>499,347</u>	<u>(90,370)</u>	<u>11,683,739</u>
Capital assets being depreciated, net	<u>11,567,294</u>	<u>171,194</u>	<u>(102,787)</u>	<u>11,635,701</u>
Governmental activities capital assets, net	<u>\$ 14,265,597</u>	<u>\$ 171,194</u>	<u>\$ (276,548)</u>	<u>\$ 14,160,243</u>

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 3. CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 54,792	\$ -	\$ -	\$ 54,792
Construction-in-progress	-	-	-	-
	<u>54,792</u>	<u>-</u>	<u>-</u>	<u>54,792</u>
Capital assets being depreciated:				
Buildings	129,763	-	-	129,763
Improvements other than buildings	179,832	-	-	179,832
Machinery & equipment	543,569	74,159	-	617,728
Infrastructure	21,415,768	494,136	-	21,909,904
	<u>22,268,932</u>	<u>568,295</u>	<u>-</u>	<u>22,837,227</u>
Fixed Assets Including Land	<u>22,323,724</u>	<u>568,295</u>	<u>-</u>	<u>22,892,019</u>
Accumulated Depreciation:				
Buildings	37,932	2,623	-	40,555
Improvements Other Than Buildings	155,545	8,944	-	164,489
Machinery & Equipment	255,303	67,109	-	322,412
Infrastructure	8,699,313	300,382	-	8,999,695
	<u>9,148,093</u>	<u>379,058</u>	<u>-</u>	<u>9,527,151</u>
Capital Assets Being Depreciated, Net	<u>13,120,839</u>	<u>189,237</u>	<u>-</u>	<u>13,310,076</u>
Business Type Activities Capital Assets, Net	<u>\$ 13,175,631</u>	<u>\$ 189,237</u>	<u>\$ -</u>	<u>\$ 13,364,868</u>

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

Governmental activities:

General government	\$ 29,812
Public safety	141,070
Community development	<u>314,419</u>

Total depreciation expense- governmental activities	<u>\$ 485,301</u>
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Business-type activities Water and sewer	<u>\$ 379,058</u>
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**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**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, 2011 are as follows:

**Primary Government:**

Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/11
Governmental activities:					
Certificates of obligation					
Improvements	\$ 1,000,000	1996	2016	5.20%-7.50%	\$ 330,000
Improvements	1,400,000	1997	2012	5.00%-7.50%	135,000
Improvements	1,250,000	2006	2026	4.00%-5.50%	1,038,888
Improvements	1,250,000	2008	2028	3.50%-5.125%	<u>1,130,000</u>
Total governmental activities					<u>\$ 2,633,888</u>
Business-type activities:					
Combination tax and revenue refunding bonds					
Refunding	\$ 5,380,396	1993	2015	2.60%-5.60%	\$ 452,459
Improvements	1,000,000	2006	2026	4.00%-5.50%	831,112
Improvements	2,000,000	2008	2028	4.50%-5.125%	<u>2,000,000</u>
Total business-type activities					<u>\$ 3,283,571</u>

**Component Unit:**

Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/11
Note payable - Project funding	\$ 1,000,000	2004	2019	4.93%	<u>\$ 685,096</u>

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 4. LONG-TERM DEBT – CONTINUED**

The following is a summary of long-term transactions for the year ended September 30, 2011:

**Primary Government:**

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due Within One year
Governmental activities:					
Certificates of obligation	\$ 2,916,110	\$ -	\$ (282,222)	\$ 2,633,888	\$ 292,222
Premium on bonds	42,039	-	(2,335)	39,704	2,335
Compensated absences	204,194	56,652	(9,601)	251,245	25,124
Capital lease obligation	28,197	-	(28,197)	-	-
<b>Total governmental activities</b>	<b><u>\$ 3,190,540</u></b>	<b><u>\$ 56,652</u></b>	<b><u>\$ (322,355)</u></b>	<b><u>\$ 2,924,837</u></b>	<b><u>\$ 319,681</u></b>
Business-type activities:					
Combination tax and revenue refunding bonds	\$ 3,454,285	\$ -	\$ (170,714)	\$ 3,283,571	\$ 162,546
Accreted interest	890,508	83,306	(217,063)	756,751	225,232
Premium on bonds	67,261	-	(3,737)	63,524	3,737
Deferred loss on refunding	(40,452)	-	8,091	(32,361)	(8,091)
Total bonds payable	4,371,602	83,306	(383,423)	4,071,485	383,424
Compensated absences	40,552	9,559	(757)	49,354	4,935
<b>Total business-type activities</b>	<b><u>\$ 4,412,154</u></b>	<b><u>\$ 92,865</u></b>	<b><u>\$ (384,180)</u></b>	<b><u>\$ 4,120,839</u></b>	<b><u>\$ 388,359</u></b>

**Component Unit:**

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due Within One year
Notes payable	<u>\$ 744,494</u>	<u>\$ -</u>	<u>\$ (59,398)</u>	<u>\$ 685,096</u>	<u>\$ 62,326</u>

Compensated absences are liquidated in the governmental fund to which each employee's payroll is allocated.

Annual debt service requirements as of September 30, 2011 are as follows:

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**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
2012	\$ 292,222	\$124,868	\$ 162,546	\$ 356,854
2013	165,000	109,613	155,316	359,228
2014	177,778	100,596	151,342	363,224
2015	185,556	91,487	147,699	367,242
2016	153,333	82,170	156,667	123,719
2017-2021	651,666	318,037	888,334	500,895
2022-2026	823,333	154,861	1,106,667	271,169
2027-2029	185,000	12,600	515,000	35,100
	<u>\$2,633,888</u>	<u>\$994,232</u>	<u>\$ 3,283,571</u>	<u>\$ 2,377,431</u>

**Component Unit:**

Year Ending September 30,	Notes Payable	
	Principal	Interest
2012	\$ 62,326	\$ 32,281
2013	65,315	29,135
2014	68,619	25,791
2015	72,002	22,325
2016	75,551	18,711
2017-2021	341,283	34,688
	<u>\$ 685,096</u>	<u>\$ 162,931</u>

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

A summary of interfund receivables and payables balances at September 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Water and Sewer Fund	General	\$ 6,665	To eliminate negative cash balance
Water and Sewer Fund	Non major	27,389	To eliminate negative cash balance
	Totals	<u>\$ 34,054</u>	

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2011 were as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Water and Sewer Fund	\$ 74,826	In lieu of franchise fees - water
General Fund	Water and Sewer Fund	79,034	In lieu of franchise fees - sewer
General Fund	Water and Sewer Fund	66,258	General and admin - indirect costs
General Fund	Water and Sewer Fund	6,665	To provide resources for city matching requirement
Non major	General	11,801	To close out fund
Non major	General	2,774	Transfer animal shelter donations
Non major	General	74,915	City matching requirement - fire grant
Non major	General	7,665	Provide resources for stormwater activities
	Totals	<u>\$ 323,938</u>	

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 6. RETIREMENT PLAN**

**Plan Description**

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

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

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

	Plan Year 2010	Plan Year 2011
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 6. RETIREMENT PLAN - CONTINUED**

**Contributions**

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the City Council. Under the state law governing TMRS, the actuary annually determines the City contribution rate, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25 year closed period amortization period, using the level percent of payroll amortization method. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2009 valuation is effective for rates beginning January 2011).

A summary of the City's net pension obligation (NPO) and annual required contributions for the last three fiscal years is as follows:

	Fiscal Year Ended September 30		
	2011	2010	2009
NPO at the beginning of the period	\$ -	\$ -	\$ -
Annual required contribution	408,532	440,856	452,446
Contributions made (100%)	<u>408,532</u>	<u>440,856</u>	<u>452,446</u>
NPO at the end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 6. RETIREMENT PLAN - CONTINUED**

**Contributions – Continued**

Valuation Date	12/31/2008	12/31/2009	12/31/2010 Prior to restructuring	12/31/2010 Restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	24.0 years; closed period	23.0 years; closed period	22.1 years; closed period	22.1 years; closed period
Amortization Period for new Gains/Losses	25 years	25 years	25 years	25 years
Asset Valuation Method	Amortized Cost	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:				
Investment Rate of Return	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	0%	0%	0%	0%

**Funded Status and Funding Progress**

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

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 6. RETIREMENT PLAN - CONTINUED**

**Funded Status and Funding Progress – Continued**

The funded status as of December 31, 2010, under the two separate actuarial valuations, is presented as follows:

Actuarial Valuation Date		Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
		(1)	(2)	(3)	(4)	(5)	(6)
				(1) / (2)	(2) - (1)		(4) / (5)
12/31/2010	(A)	\$ 6,936,141	\$ 8,916,878	77.8%	\$ 1,980,737	\$ 4,101,364	48.3%
12/31/2010	(B)	\$ 8,551,609	\$10,147,941	84.3%	\$ 1,596,332	\$ 4,101,364	38.9%

(A) Actuarial valuation performed under the original fund structure

(B) Actuarial valuation performed under the new fund structure

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

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

**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

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 6. RETIREMENT PLAN - CONTINUED**

**Supplemental Death Benefits Plan - Continued**

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 2010	Plan Year 2011
Active employees	Yes	Yes
Retirees	Yes	Yes

**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 2011, 2010 and 2009 were \$803, \$843 and \$824, respectively, which equaled the required contributions each year.

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**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 2011, the City's share of these costs was \$947,715.

**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 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.

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 8. RISK FINANCING AND INSURANCE - CONTINUED**

The limits of liability and deductible are:

	<u>Limit</u>	<u>Deductible</u>
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 Each Occurrence \$ 2,000,000 Annual	\$ 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	\$11,317,952	\$ 500
Mobile Equipment	\$ 686,062	\$ 500
Workers' Compensation	Statutory	

**NOTE 9. RESTATEMENT OF FUND BALANCE AND NET ASSETS**

The beginning (October 1, 2010) fund balance of the City has been restated as follows:

	<u>Special Fire Fund</u>	<u>Total Non Major Governmental Funds</u>
Balance per 9/30/2010 financial statements	\$ 26,744	\$ 105,952
To adjust for incorrect recording of grant revenue	<u>(52,012)</u>	<u>(52,012)</u>
As restated	<u>\$ (25,268)</u>	<u>\$ 53,940</u>

**CITY OF SEAGOVILLE**  
Notes to Financial Statements  
September 30, 2011

**NOTE 9. RESTATEMENT OF FUND BALANCE AND NET ASSETS – CONTINUED**

The beginning (October 1, 2010) net assets of the City have been restated as follows:

	<u>Governmental</u>
Balance per 9/30/2010 financial statements	\$ 14,807,099
To adjust for incorrect recording of grant revenue	<u>(52,012)</u>
As restated	<u><u>\$ 14,755,087</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

## **BUDGETARY COMPARISON GENERAL FUND**

**CITY OF SEAGOVILLE, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budgeted amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes				
Ad valorem	\$ 2,742,622	\$ 2,742,622	\$ 2,718,999	\$ (23,623)
Sales	1,971,970	1,971,970	1,982,766	10,796
Franchise	565,201	565,201	655,294	90,093
Sanitation collection charges	715,652	715,652	778,197	62,545
Licenses, permits and fees	133,636	133,636	231,431	97,795
Municipal court fines	319,453	319,453	274,490	(44,963)
Intergovernmental	48,500	48,500	76,794	28,294
Investment income	4,000	4,000	3,264	(736)
Miscellaneous revenues	18,500	18,500	64,115	45,615
<b>Total revenues</b>	<b>6,519,534</b>	<b>6,519,534</b>	<b>6,785,350</b>	<b>265,816</b>
Expenditures:				
Current				
General government				
City council	10,220	12,220	12,085	135
City manager	184,241	184,241	171,000	13,241
City secretary	96,919	96,919	90,756	6,163
Finance	335,495	335,495	318,736	16,759
Human Resources	104,844	104,844	104,004	840
Non-departmental	379,336	379,336	356,453	22,883
Communications/IT	116,632	116,632	68,999	47,633
<b>Total general government</b>	<b>1,227,687</b>	<b>1,229,687</b>	<b>1,122,033</b>	<b>107,654</b>
Public safety				
Police	1,645,391	1,645,391	1,612,327	33,064
Fire	1,182,530	1,182,530	1,158,795	23,735
EMS	164,080	164,080	164,080	0
Communications	353,299	353,299	310,370	42,929
Code enforcement/animal control	233,708	233,708	207,253	26,455
<b>Total public safety</b>	<b>\$ 3,579,008</b>	<b>\$ 3,579,008</b>	<b>\$ 3,452,825</b>	<b>\$ 126,183</b>

(Continued)

**CITY OF SEGOVILLE, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budgeted amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Community Services				
Municipal court	132,544	153,544	151,559	1,985
Library	152,775	154,275	153,644	631
Senior center	192,663	192,663	187,501	5,162
Sanitation	547,000	619,500	594,911	24,589
<b>Total community services</b>	<b>1,024,982</b>	<b>1,119,982</b>	<b>1,087,615</b>	<b>32,367</b>
Community development				
Building inspection	213,022	213,022	185,171	27,851
Streets	423,117	423,117	413,301	9,816
Parks	224,982	224,982	175,655	49,327
Planning	119,495	119,495	83,150	36,345
<b>Total community development</b>	<b>980,616</b>	<b>980,616</b>	<b>857,277</b>	<b>123,339</b>
Debt Service	30,045	30,045	30,045	-
Capital Outlay	24,501	24,501	115,088	(90,587)
<b>Total expenditures</b>	<b>6,866,839</b>	<b>6,963,839</b>	<b>6,664,883</b>	<b>298,956</b>
Excess (deficiency) of revenues over expenditures	(347,305)	(444,305)	120,467	564,772
Other financing sources (uses)				
Transfers in	220,118	220,118	226,783	6,665
Transfers out	(68,250)	(68,250)	(97,155)	(28,905)
<b>Total other financing         sources (uses)</b>	<b>151,868</b>	<b>151,868</b>	<b>129,628</b>	<b>(22,240)</b>
Net change in fund balance	(195,437)	(292,437)	250,095	542,532
Fund Balances - beginning of year	1,851,626	1,851,626	1,851,626	-
Fund Balances - end of year	<b>\$ 1,656,189</b>	<b>\$ 1,559,189</b>	<b>\$ 2,101,721</b>	<b>\$ 542,532</b>

(Concluded)

**CITY OF SEAGOVILLE, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2011**

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 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) (Excess of Assets over AAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL (Excess) as a Percentage of Covered Payroll ((b - a) / c)	City Contribution (d)	Average City Rate (d / c)
12/31/01	2,656,155	2,765,801	109,646	96.0%	2,256,483	4.9%	87,771	3.89%
12/31/02	3,053,033	3,348,643	295,610	91.2%	2,351,648	12.6%	117,016	4.98%
12/31/03	3,310,242	3,610,313	300,071	91.7%	2,456,384	12.2%	145,925	5.94%
12/31/04	3,475,587	4,600,826	1,125,239	75.5%	2,724,608	41.3%	260,873	9.57%
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 (1)	6,936,141	8,916,878	1,980,737	77.8%	4,101,364	48.3%	408,532	9.96%
12/31/10 (2)	8,551,609	10,147,941	1,596,332	84.3%	4,101,364	38.9%	408,532	9.96%

(1) Actuarial valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure

## **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.

**Special Fire Fund** – Established to account for resources required to be utilized by the fire department.

**Building Maintenance Fund** – Established to account for repairs of the City's building.

**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, 2011**

	Special Revenue			
	Hotel/Motel Occupancy Tax	Special Police	Miscellaneous Grants	Municipal Court Technology
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,582	\$ 31,971	\$ 8,751	\$ 43,055
Accounts receivable:				
Grant	-	-	-	-
Ad valorem taxes	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,582</b>	<b>\$ 31,971</b>	<b>\$ 8,751</b>	<b>\$ 43,055</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 4,125	815	\$ -	\$ -
Due to other funds	-	-	-	-
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>4,125</b>	<b>815</b>	<b>-</b>	<b>-</b>
Fund balances				
Restricted for debt service	-	-	-	-
Restricted for other	457	-	8,751	-
Restricted for court improvements	-	-	-	43,055
Restricted for police operations	-	31,156	-	-
Restricted for animal shelter	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>457</b>	<b>31,156</b>	<b>8,751</b>	<b>43,055</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,582</b>	<b>\$ 31,971</b>	<b>\$ 8,751</b>	<b>\$ 43,055</b>

EXHIBIT B-1

<u>Special Fire</u>	<u>Building Maintenance</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>
\$ 4,205	\$ -	\$ 7,193	\$ -	\$ 99,757	\$ 16,704	\$ 116,461
-	27,389	-	-	27,389	-	27,389
-	-	-	-	-	76,491	76,491
<u>\$ 4,205</u>	<u>\$ 27,389</u>	<u>\$ 7,193</u>	<u>\$ -</u>	<u>\$ 127,146</u>	<u>\$ 93,195</u>	<u>\$ 220,341</u>
\$ 1,674	\$ -	\$ -	\$ 2,842	\$ 9,456	\$ 249	\$ 9,705
-	27,389	-	-	27,389	-	27,389
2,531	-	-	-	2,531	-	2,531
-	-	-	-	-	75,350	75,350
<u>4,205</u>	<u>27,389</u>	<u>-</u>	<u>2,842</u>	<u>39,376</u>	<u>75,599</u>	<u>114,975</u>
-	-	-	-	-	17,596	17,596
-	-	-	-	9,208	-	9,208
-	-	-	-	43,055	-	43,055
-	-	-	-	31,156	-	31,156
-	-	7,193	-	7,193	-	7,193
-	-	-	(2,842)	(2,842)	-	(2,842)
<u>-</u>	<u>-</u>	<u>7,193</u>	<u>(2,842)</u>	<u>87,770</u>	<u>17,596</u>	<u>105,366</u>
<u>\$ 4,205</u>	<u>\$ 27,389</u>	<u>\$ 7,193</u>	<u>\$ (0)</u>	<u>\$ 127,146</u>	<u>\$ 93,195</u>	<u>\$ 220,341</u>

**CITY OF SEAGOVILLE, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - NON MAJOR  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue			
	Hotel/Motel Occupancy Tax	Special Police	Miscellaneous Grants	Municipal Court Technology
Revenues				
Taxes:				
Hotel/ motel taxes	\$ 15,528	\$ -	\$ -	\$ -
Ad valorem	-	-	-	-
Municipal court fines	-	-	-	9,290
Investment income	-	-	-	-
Donations	-	-	-	-
Grant revenue	-	82,356	7,312	-
<b>Total revenues</b>	<b>15,528</b>	<b>82,356</b>	<b>7,312</b>	<b>9,290</b>
Expenditures:				
Current:				
General government	15,528	-	-	-
Public safety	-	63,885	1,425	6,903
Community development	-	-	6,908	-
Debt service:				
Principal	-	-	-	-
Interest and Service Charges	-	-	-	-
<b>Total expenditures</b>	<b>15,528</b>	<b>63,885</b>	<b>8,333</b>	<b>6,903</b>
Excess (deficiency) of revenues over expenditures	-	18,471	(1,021)	2,387
Other financing sources (uses):				
Transfer In	-	11,800	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>11,800</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	30,271	(1,021)	2,387
Fund Balances - beginning of year	457	885	9,772	40,668
Prior period adjustment - grant revenue recorded incorrectly	-	-	-	-
Fund Balances - end of year	<b>\$ 457</b>	<b>\$ 31,156</b>	<b>\$ 8,751</b>	<b>\$ 43,055</b>

**EXHIBIT B-2**

<b>Special Fire</b>	<b>Building Maintenance</b>	<b>Animal Shelter</b>	<b>Storm Water Grant</b>	<b>Total Special Revenue Funds</b>	<b>Debt Service</b>	<b>Total Non Major Governmental Funds</b>
\$ -	\$ -	-	\$ -	\$ 15,528	\$ -	\$ 15,528
-	-	-	-	-	394,711	394,711
-	-	-	-	9,290	-	9,290
-	-	-	-	-	112	112
-	-	4,418	-	4,418	-	4,418
108,418	57,619	-	-	255,705	-	255,705
108,418	57,619	4,418	-	284,941	394,823	679,764
-	-	-	-	15,528	-	15,528
158,065	-	-	-	230,278	-	230,278
-	22,745	-	30,653	60,306	-	60,306
-	-	-	-	-	282,222	282,222
-	-	-	-	-	137,159	137,159
158,065	22,745	-	30,653	306,112	419,381	725,493
(49,647)	34,874	4,418	(30,653)	(21,171)	(24,558)	(45,729)
74,915	-	2,775	7,665	97,155	-	97,155
74,915	-	2,775	7,665	97,155	-	97,155
25,268	34,874	7,193	(22,988)	75,984	(24,558)	51,426
26,744	(34,874)	-	20,146	63,798	42,154	105,952
(52,012)	-	-	-	(52,012)	-	(52,012)
\$ (0)	\$ (0)	\$ 7,193	\$ (2,842)	\$ 87,770	\$ 17,596	\$ 105,366

**CITY OF SEAGOVILLE, TEXAS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT B-3**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Taxes	\$ 397,690	394,711	\$ (2,979)
Interest Income	150	112	(38)
<b>Total revenues</b>	397,840	394,823	(3,017)
Expenditures:			
Debt Service			
Principal	282,222	282,222	-
Interest and Service Charges	140,495	137,159	3,336
<b>Total expenditures</b>	422,717	419,381	3,336
Net change in fund balance	(24,877)	(24,558)	319
Fund Balances - beginning of year	42,154	42,154	-
Fund Balances - end of year	\$ 17,277	\$ 17,596	\$ 319

## **STATISTICAL SECTION**

## 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.

### Contents

### Table #s

#### **Financial Trends**

**1, 2, 3 & 4**

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### **Revenue Capacity**

**5, 6, 7 & 8**

These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.

#### **Debt Capacity**

**9, 10, 11 & 12**

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.

#### **Economic and Demographic Information**

**13 & 14**

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

#### **Operating Information**

**15, 16 & 17**

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.

**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 Eight Fiscal Years**  
**(Accrual Basis Of Accounting)**  
**(Unaudited)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 7,223,435	\$ 9,344,983	\$ 11,096,269	\$ 12,280,692	\$ 10,989,258	\$ 11,976,087	\$ 12,031,436	\$ 12,211,638
Restricted for debt service	89,340	90,971	101,309	116,316	120,590	133,609	102,826	82,539
Restricted for other	-	-	-	-	-	-	-	43,512
Unrestricted	2,099,410	3,175,764	3,083,194	2,841,049	4,250,738	2,555,649	2,672,837	2,319,600
Total governmental activities net assets	<u>\$ 9,412,185</u>	<u>\$ 12,611,718</u>	<u>\$ 14,280,772</u>	<u>\$ 15,238,057</u>	<u>\$ 15,360,586</u>	<u>\$ 14,665,345</u>	<u>\$ 14,807,099</u>	<u>\$ 14,657,289</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 8,830,465	\$ 10,559,863	\$ 11,370,891	\$ 11,821,765	\$ 9,788,858	\$ 9,692,891	\$ 9,694,536	\$ 10,050,136
Restricted	223,584	226,292	223,129	222,719	158,103	161,694	87,821	87,687
Unrestricted	3,036,714	2,981,293	3,378,839	3,342,263	3,275,618	3,332,715	3,463,834	3,429,257
Total business-type activities net assets	<u>\$ 12,090,763</u>	<u>\$ 13,767,448</u>	<u>\$ 14,972,859</u>	<u>\$ 15,386,747</u>	<u>\$ 13,222,579</u>	<u>\$ 13,187,300</u>	<u>\$ 13,246,191</u>	<u>\$ 13,567,080</u>
Primary government								
Invested in capital assets, net of related debt	\$ 16,053,900	\$ 19,904,846	\$ 22,467,160	\$ 24,102,457	\$ 20,778,116	\$ 21,668,978	\$ 21,725,972	\$ 22,261,774
Restricted for debt service	312,924	317,263	324,438	339,035	278,693	295,303	190,647	170,226
Restricted for other	-	-	-	-	-	-	-	43,512
Unrestricted	5,136,124	6,157,057	6,462,033	6,183,312	7,526,356	5,888,364	6,136,671	5,748,857
Total primary governmental net assets	<u>\$ 21,502,948</u>	<u>\$ 26,379,166</u>	<u>\$ 29,253,631</u>	<u>\$ 30,624,804</u>	<u>\$ 28,583,165</u>	<u>\$ 27,852,645</u>	<u>\$ 28,053,290</u>	<u>\$ 28,224,369</u>

**Source:** Comprehensive Annual Financial Report

**Note:** Accrual-basis financial information for the city as a whole is only available back to 2004, the year GASB Statement 34 was implemented.

**CHANGES IN NET ASSETS**  
**Last Eight Fiscal Years**  
**(Accrual Basis Of Accounting)**  
**(Unaudited)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Expenses</b>								
Governmental activities:								
General government	\$ 832,425	\$ 906,251	\$ 1,044,553	\$ 1,073,921	\$ 1,214,815	\$ 1,331,400	\$ 1,531,896	\$ 1,175,176
Public safety	2,461,299	2,766,543	3,091,888	3,350,968	3,500,767	3,653,761	3,598,398	3,889,013
Community services	728,160	799,633	844,118	919,770	969,199	1,060,379	1,059,095	1,095,077
Community development	1,339,066	1,363,014	1,619,816	1,475,536	1,457,928	1,923,442	1,336,002	1,271,429
Interest on long-term debt	104,853	94,930	86,524	127,778	123,459	169,274	84,276	143,485
Total governmental activities expenses	<u>5,465,803</u>	<u>5,930,371</u>	<u>6,686,899</u>	<u>6,947,973</u>	<u>7,266,168</u>	<u>8,138,256</u>	<u>7,609,667</u>	<u>7,574,180</u>
Business-type activities:								
Water and sewer	2,803,787	2,801,820	3,162,630	3,503,216	3,972,794	3,942,737	3,769,705	3,693,774
Total business-type activities expenses	<u>2,803,787</u>	<u>2,801,820</u>	<u>3,162,630</u>	<u>3,503,216</u>	<u>3,972,794</u>	<u>3,942,737</u>	<u>3,769,705</u>	<u>3,693,774</u>
Total primary government expenses	<u>\$ 8,269,590</u>	<u>\$ 8,732,191</u>	<u>\$ 9,849,529</u>	<u>\$ 10,451,189</u>	<u>\$ 11,238,962</u>	<u>\$ 12,080,993</u>	<u>\$ 11,379,372</u>	<u>\$ 11,267,954</u>
<b>Program Revenues</b>								
Governmental activities:								
General Government								65,271
Public Safety	43,935	53,987	56,149	62,578	59,746	60,578	61,636	303,064
Community Services	872,015	854,634	922,695	968,543	963,167	946,664	994,133	858,254
Community Development	388,843	205,976	206,257	199,254	124,514	61,999	169,086	251,834
Charges for services	\$ 1,304,793	\$ 1,114,597	\$ 1,185,101	\$ 1,230,375	\$ 1,147,427	\$ 1,069,241	\$ 1,224,855	\$ 1,478,423
Operating grants and contributions	73,622	119,044	81,736	167,532	70,258	117,005	304,485	255,705
Capital grants and contributions	227,012	420,905	1,796,428	824,102	104,051	201,965	25,160	-
Total governmental activities program revenues	<u>1,605,427</u>	<u>1,654,546</u>	<u>3,063,265</u>	<u>2,222,009</u>	<u>1,321,736</u>	<u>1,388,211</u>	<u>1,554,500</u>	<u>1,734,128</u>
Business-type activities:								
Charges for services	3,289,692	3,415,328	3,564,455	3,402,082	3,631,160	4,036,498	4,082,833	4,237,841
Capital grants and contributions	-	1,025,000	845,268	450,548	-	-	-	-
Total business-type activities program revenues	<u>3,289,692</u>	<u>4,440,328</u>	<u>4,409,723</u>	<u>3,852,630</u>	<u>3,631,160</u>	<u>4,036,498</u>	<u>4,082,833</u>	<u>4,237,841</u>
Total primary government program revenues	<u>\$ 4,895,119</u>	<u>\$ 6,094,874</u>	<u>\$ 7,472,988</u>	<u>\$ 6,074,639</u>	<u>\$ 4,952,896</u>	<u>\$ 5,424,709</u>	<u>\$ 5,637,333</u>	<u>\$ 5,971,969</u>

**CHANGES IN NET ASSETS**  
**Last Eight Fiscal Years**  
**(Accrual Basis Of Accounting)**  
**(Unaudited)**

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net (Expenses) Revenue</b>								
Governmental activities	\$ (3,860,376)	\$ (4,275,825)	\$ (3,623,634)	\$ (4,725,964)	\$ (5,944,432)	\$ (6,750,045)	\$ (6,055,167)	\$ (5,840,052)
Business-type activities	485,905	1,638,508	1,247,093	349,414	(341,634)	93,761	313,128	544,067
Total primary government net expenses	\$ (3,374,471)	\$ (2,637,317)	\$ (2,376,541)	\$ (4,376,550)	\$ (6,286,066)	\$ (6,656,284)	\$ (5,742,039)	\$ (5,295,985)
<b>General Revenues</b>								
<b>and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes:								
Property taxes	\$ 2,065,570	\$ 2,242,524	\$ 2,539,587	\$ 2,819,773	\$ 3,019,148	\$ 3,164,449	\$ 3,136,646	\$ 2,857,199
Other local taxes	1,216,575	1,642,191	1,793,598	1,786,791	2,058,226	2,001,793	1,967,218	1,998,294
Franchise taxes	651,132	792,313	586,896	599,534	589,119	614,469	605,005	655,294
Investment income	19,754	69,259	160,025	236,308	146,798	42,116	6,759	4,684
Miscellaneous revenues	74,700	57,006	70,323	54,860	40,876	60,129	220,175	226,783
Transfers	451,336	165,000	174,099	185,985	181,943	171,848	261,118	-
Total governmental activities	4,479,067	4,968,293	5,324,528	5,683,251	6,036,110	6,054,804	6,196,921	5,742,254
Business-type activities:								
Other	30,226	86,586	132,417	250,459	127,098	42,808	6,880	3,606
Special Items					(1,790,333)			
Transfers	(75,000)	(165,000)	(174,099)	(185,985)	(181,943)	(171,848)	(261,118)	(226,783)
Total business-type activities	(44,774)	(78,414)	(41,682)	64,474	(1,845,178)	(129,040)	(254,238)	(223,177)
Total primary government	\$ 4,434,293	\$ 4,889,879	\$ 5,282,846	\$ 5,747,725	\$ 4,190,932	\$ 5,925,764	\$ 5,942,683	\$ 5,519,077
<b>Change in Net Assets</b>								
Governmental activities	\$ 618,691	\$ 692,468	\$ 1,700,894	\$ 957,287	\$ 91,678	\$ (695,241)	\$ 141,754	\$ (97,798)
Business-type activities	441,131	1,560,094	1,205,411	413,888	(2,186,812)	(35,279)	58,890	320,890
Total primary government	\$ 1,059,822	\$ 2,252,562	\$ 2,906,305	\$ 1,371,175	\$ (2,095,134)	\$ (730,520)	\$ 200,644	\$ 223,092

**Source:** Comprehensive Annual Financial Report

**Note:** Accrual-basis financial information for the city as a whole is only available back to 2004, the year GASB Statement 34 was implemented.

CITY OF SEAGOVILLE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis Of Accounting)

(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005<sup>b</sup></u>
General Fund				
Reserved <sup>a</sup>	\$ 39,590	\$ 57,354	\$ 102,720	\$ 145,883
Unreserved	852,560	1,163,432	1,680,633	2,310,253
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 892,150</u>	<u>\$ 1,220,786</u>	<u>\$ 1,783,353</u>	<u>\$ 2,456,136</u>
All Other Governmental Funds				
Reserved for:				
Tourism & promotion	\$ 2,665	\$ 2,000	\$ -	\$ -
Crime prevention	1,977	2,024	-	-
Construction	59,725	-	-	226,333
Debt service	59,607	47,650	48,925	50,681
Restricted for:				
Debt service	-	-	-	-
Other	-	-	-	-
Court improvements	-	-	-	-
Police operations	-	-	-	-
Animal shelter	-	-	-	-
Assigned for Capital projects	-	-	-	-
Unassigned:				
Special revenue funds	-	-	6,609	103,800
Capital projects funds	-	-	136,612	-
Total all other governmental funds	<u>\$ 123,974</u>	<u>\$ 51,674</u>	<u>\$ 192,146</u>	<u>\$ 380,814</u>

**Source:** Comprehensive Annual Financial Report

**Notes:** a Includes encumbrances

b Fund balance for General Fund, restated

c Changes as reflected in GASB 54

**Table 3**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 25,674	\$ 47,805	\$ -	\$ -	\$ -	\$ -
2,139,866	1,919,427	1,963,454	1,611,850	1,851,626	-
-	-	-	-	-	38,108
-	-	-	-	-	2,063,613
<u>\$ 2,165,540</u>	<u>\$ 1,967,232</u>	<u>\$ 1,963,454</u>	<u>\$ 1,611,850</u>	<u>\$ 1,851,626</u>	<u>\$ 2,101,721</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,724,205	1,471,738	2,770,492	1,103,150	910,874	-
59,391	70,841	75,456	74,694	42,154	-
-	-	-	-	-	17,596
-	-	-	-	-	9,208
-	-	-	-	-	43,055
-	-	-	-	-	31,156
-	-	-	-	-	7,193
-	-	-	-	-	614,530
42,479	57,264	72,313	37,490	63,798	(2,842)
-	-	-	-	-	-
<u>\$ 1,826,075</u>	<u>\$ 1,599,843</u>	<u>\$ 2,918,261</u>	<u>\$ 1,215,334</u>	<u>\$ 1,016,826</u>	<u>\$ 719,896</u>

CITY OF SEAGOVILLE, TEXAS

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 1,753,486	\$ 2,149,620	\$ 2,041,640	\$ 2,268,023
Sales taxes	597,128	620,199	1,216,575	1,642,191
Franchise taxes	512,565	597,909	633,568	532,397
Hotel/motel	17,154	17,010	17,564	16,166
Sanitation collection charges	508,853	569,484	599,113	619,985
Licenses, permits & fees	255,597	334,699	451,439	267,424
Municipal court fines	381,601	318,776	249,891	219,111
Inter-governmental <sup>a</sup>	91,925	76,926	269,789	295,199
Contributions	-	-	-	175,000
Investment Income	24,527	17,785	19,754	69,259
Grant revenue	-	-	-	69,750
Miscellaneous	22,365	26,916	109,895	65,084
<b>Total revenues</b>	<u>4,165,201</u>	<u>4,729,324</u>	<u>5,609,228</u>	<u>6,239,589</u>
<b>EXPENDITURES</b>				
Current:				
General government	821,719	733,956	767,288	854,268
Public safety	2,040,246	2,346,652	2,351,445	2,902,614
Community services	362,917	388,238	719,250	788,952
Community development	863,265	920,340	811,246	961,743
Non-Departmental	-	-	-	-
Debt Service:				
Principal	163,540	178,113	186,743	198,938
Interest	125,140	115,004	105,420	94,595
Capital Outlay	25,896	18,147	416,133	292,196
<b>Total expenditures</b>	<u>4,402,723</u>	<u>4,700,450</u>	<u>5,357,525</u>	<u>6,093,306</u>
Excess (deficiency) of revenues over expenditures	<u>(237,522)</u>	<u>28,874</u>	<u>251,703</u>	<u>146,283</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital lease obligation	14,008	-	-	-
Proceeds from certificates of obligations	-	-	-	-
Transfer from other funds	224,612	227,462	743,772	487,765
Transfer to other funds	-	-	(292,436)	(322,765)
<b>Total other financing sources (uses)</b>	<u>238,620</u>	<u>227,462</u>	<u>451,336</u>	<u>165,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 1,098</u>	<u>\$ 256,336</u>	<u>\$ 703,039</u>	<u>\$ 311,283</u>
Debt service as a percentage of non-capital expenditures	8.84%	8.02%	7.53%	6.31%

Footnote <sup>a</sup>: FY 2004 and prior Intergovernmental revenue includes any grants received.

Table 4

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 2,493,768	\$ 2,747,656	\$ 2,979,862	\$ 3,115,546	\$ 3,123,007	\$ 3,113,710
1,793,598	1,786,791	2,058,226	2,001,793	1,967,218	1,982,766
569,449	631,199	598,896	600,359	590,509	655,294
17,447	14,713	13,726	14,110	14,496	15,528
636,097	661,123	684,831	707,250	718,481	778,197
275,048	269,704	190,793	135,816	236,736	231,432
272,007	287,890	259,828	222,434	266,774	283,779
45,435	48,532	49,431	251,497	76,473	116,481
-	-	-	-	-	-
160,025	236,308	146,798	42,116	6,759	4,684
35,301	119,000	18,436	66,374	247,910	255,705
107,404	62,344	135,789	64,969	102,704	68,534
<u>6,405,579</u>	<u>6,865,260</u>	<u>7,136,616</u>	<u>7,222,264</u>	<u>7,351,067</u>	<u>7,506,110</u>
950,866	1,021,403	1,157,665	1,240,817	1,231,869	1,071,946
3,097,115	3,256,449	3,438,030	3,774,950	3,714,197	3,683,103
836,656	913,635	964,943	994,267	1,028,645	1,087,615
1,122,396	1,301,901	1,195,937	1,217,567	1,084,295	950,490
-	-	-	-	-	65,615
251,037	193,889	203,889	246,667	264,445	310,419
84,340	127,684	117,645	171,301	153,701	139,007
332,603	660,824	222,519	1,887,781	219,362	419,521
<u>6,675,013</u>	<u>7,475,785</u>	<u>7,300,628</u>	<u>9,533,350</u>	<u>7,696,514</u>	<u>7,727,716</u>
<u>(269,434)</u>	<u>(610,525)</u>	<u>(164,012)</u>	<u>(2,311,086)</u>	<u>(345,447)</u>	<u>(221,606)</u>
-	-	-	84,707	125,597	-
1,250,000	-	1,250,000	-	-	-
852,424	485,985	261,943	187,207	304,068	323,938
<u>(678,325)</u>	<u>(300,000)</u>	<u>(80,000)</u>	<u>(15,359)</u>	<u>(42,950)</u>	<u>(97,155)</u>
<u>1,424,099</u>	<u>185,985</u>	<u>1,431,943</u>	<u>256,555</u>	<u>386,715</u>	<u>226,783</u>
<u>\$ 1,154,665</u>	<u>\$ (424,540)</u>	<u>\$ 1,267,931</u>	<u>\$ (2,054,531)</u>	<u>\$ 41,268</u>	<u>\$ 5,177</u>
6.63%	5.88%	5.74%	5.26%	5.58%	6.15%

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

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Fiscal Year	Estimated Market Value			Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property	Less: Tax- Exempt Property		
2002	229,338,920	50,522,300	29,387,947	250,473,273	0.58000
2003	257,294,180	55,609,710	35,450,180	277,453,710	0.65000
2004	291,000,580	58,197,210	37,804,735	311,393,055	0.65000
2005	340,618,160	57,598,580	43,710,706	354,506,034	0.63500
2006	386,552,840	52,112,700	69,014,372	369,651,168	0.63500
2007	424,562,430	76,645,170	78,172,552	423,035,048	0.63500
2008	471,831,740	82,831,090	87,304,227	467,358,603	0.63500
2009	490,774,910	88,393,450	92,120,970	487,047,390	0.63500
2010	496,150,600	97,531,130	104,323,800	489,357,930	0.65000
2011	486,260,080	88,750,660	102,291,317	472,719,423	0.66500

**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
2002	0.483511	0.096489	0.580000	1.547530	0.005525	0.060000	0.196000	0.254000	\$ 2.643055
2003	0.569302	0.080698	0.650000	1.587530	0.005500	0.060000	0.196000	0.254000	\$ 2.753030
2004	0.578040	0.071960	0.650000	1.639500	0.005460	0.077800	0.203900	0.254000	\$ 2.830660
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

**Source:** Dallas County Appraisal District Ad Valorem Rates

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

2011			2002		
Taxpayer	Assessed Value	Percentage of Total City Assessed Value <sup>b</sup>	Taxpayer	Assessed Value	Percentage of Total City Assessed Value
OREILLY/HI LO AUTOMOTIVE INC.	\$ 32,678,920	6.91%	HI LO AUTOMOTIVE INC.	\$ 16,093,180	5.14%
ONCOR ELECTRIC DELIVERY	\$ 11,210,390	2.37%	TEXAS UTILITIES	\$ 6,752,670	2.16%
WALMART REAL ESTATE	9,901,090	2.09%	SOUTHWESTERN BELL	6,226,240	1.99%
EQUITY DEVELOPMENT CORP.	7,634,090	1.61%	ARC SPEII LLC	4,116,370	1.32%
ARC SPEII LLC	7,163,210	1.52%	EQUITY DEVELOPMENT CORP.	3,611,400	1.15%
HI LO AUTO SUPPLY LP	7,450,410	1.58%	SEAGOVILLE PARTNERS	3,299,990	1.05%
WALMART REAL ESTATE	6,640,380	0.62%	BEACON INDUSTRIES	2,951,800	0.94%
TSCA 50 LIMITED PARTNERSHIP	5,000,000	1.61%	MTEK INTERNATIONAL LTD.	2,833,880	0.91%
AT & T COMMUNICATIONS	3,766,130	1.06%	SEAGOVILLE BUSINESS PARK	2,563,580	0.82%
FGG RETAIL PORTFOLIO	2,930,990	1.52%	ECONO FUEL INC.	2,525,630	0.81%
<b>Total</b>	<b>\$ 94,375,610</b>	<b>20.89%</b>	<b>Total</b>	<b>\$ 50,974,740</b>	<b>16.29%</b>
<b>Total Assessed Valuation</b>	<b>472,719,423</b>	<b>100.00%</b>	<b>Total Assessed Valuation</b>	<b>312,903,890</b>	<b>100.00%</b>

Source: Tax Office

Notes:

<sup>b</sup>Taxpayers are assessed, 2010 tax year, for the 2011 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			Total Collections		
		Amount	Percentage of levy	Delinquent Tax Collections	Amount	Percentage of levy	
2002	1,452,745	\$ 1,372,543.00	94.48 %	\$ 49,340	\$ 1,421,883.00	97.88 %	
2003	1,803,449	\$ 1,732,937.00	96.09 %	\$ 63,749	\$ 1,796,686.00	99.62 %	
2004	2,024,055	\$ 1,930,076.00	95.36 %	\$ 70,049	\$ 2,000,125.00	98.82 %	
2005	2,251,113	\$ 2,140,320.00	95.08 %	\$ 82,889	\$ 2,223,209.00	98.76 %	
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 %	

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 <sup>a</sup>	Per Capita <sup>a</sup>
2002	1,910,000	2,900,396	4,810,396	N/A	\$ 431
2003	1,785,000	2,650,396	4,435,396	N/A	\$ 387
2004	1,655,000	2,430,396	4,085,396	2.25	\$ 342
2005	1,515,000	2,140,396	3,655,396	1.92	\$ 297
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

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

<sup>a</sup>See Table 13 for personal income and population data.

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

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<u>Fiscal Year</u>	<u>Certificates of Obligation</u>	<u>Percentage of Actual Taxable Value of Property<sup>a</sup></u>	<u>Per Capita<sup>b</sup></u>
2002	1,910,000	0.76%	\$ 171
2003	1,785,000	0.64%	\$ 156
2004	1,655,000	0.53%	\$ 138
2005	1,515,000	0.43%	\$ 123
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

**Note:** <sup>a</sup> Property values are from table 5.

<sup>b</sup> Populations are from table 13.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2011**  
**(Unaudited)**

Governmental Unit	Gross Bonded Debt	Percentage of Debt Applicable to Area	Seagoville Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Crandall ISD	\$ 51,937,793	0.71%	\$ 368,758
Dallas County	143,932,642	0.21%	302,259
Dallas County Community College District	396,140,000	0.21%	831,894
Dallas County Hospital District	705,000,000	0.31%	2,185,500
Dallas ISD	2,612,410,000	0.57%	14,890,737
Kaufman County	15,500,000	0.04%	6,200
Mesquite ISD	428,170,979	0.04%	171,268
Subtotal, overlapping debt			18,585,348
<b>City of Seagoville (direct debt)</b>	2,633,888	100.00%	2,633,888
<b>Total direct and overlapping debt</b>			<b>\$ 21,219,236</b>

**Source:** First Southwest courtesy of Municipal Advisory Council of Texas

## 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 <sup>a</sup>	Times Coverage
2002	2,751,191	2,371,478	379,713	351,733	1.08 %
2003	3,133,306	2,489,655	643,651	351,198	1.83 %
2004	3,319,918	2,627,054	692,864	340,920	2.03 %
2005	3,501,914	2,611,356	890,558	341,303	2.61 %
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	420,526	0.99 %
2010	4,082,833	3,460,230	622,603	312,703	1.99 %
2011	4,237,841	3,471,136	766,705	417,090	1.84 %

**Note:** <sup>a</sup>Average Principal and Interest requirements for next ten years.

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Calendar Years**  
**(Unaudited)**

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<u>Year</u>	<u>Estimated Population<sup>a</sup></u>	<u>Total Households<sup>a</sup></u>	<u>Per Household Personal Income<sup>b</sup></u>	<u>Total Personal Income</u>
2002	11,150	N/A	N/A	N/A
2003	11,450	N/A	N/A	N/A
2004	11,950	4,111	44,187	181,652,757
2005	12,300	4,193	45,513	190,836,009
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

**Sources:** <sup>a</sup>Total Households provided by NCTCOG  
<sup>b</sup>Per Household Income provided by Seagoville Economic  
Development Corporation

CITY OF SEAGOVILLE, TEXAS

Table 14

**PRINCIPAL EMPLOYERS**  
**Current year and Five years Ago**  
**(Unaudited)**

2011			2006		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
HI LO AUTO. / O'REILLY	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%	FEDERAL CORRECTIONAL INSTITUTE	325	5.81%
OAK GROVE CARE CENTER	100	1.79%	OAK GROVE CARE CENTER	100	1.79%
CITY OF SEAGOVILLE	92	1.64%	CITY OF SEAGOVILLE	84	1.50%
GREEN FOREST	80	1.43%	MINYARDS FOOD STORE	83	1.48%
BROOKSHIRES FOOD STORES	75	1.34%	BROOKSHIRES FOOD STORE	75	1.34%
SEAGO MANOR NURSING CENTER	60	1.07%	SEAGO MANOR NURSING CENTER	60	1.07%
SHAR TRUCKING	60	1.07%	ROCKWELL AMERICAN MFG. CO	55	0.98%
ROCKWELL AMERICAN MFG. CO.	55	0.98%	BEACON INDUSTRIES	48	0.86%
<b>Total</b>	<b>1,772</b>	<b>31.68%</b>		<b>1,730</b>	<b>30.93%</b>

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

*Seagoville* ★

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government and Administration	6.00	6.00	6.00	7.00	8.00	8.00	9.00	7.00
Public Safety	39.00	44.00	47.00	48.00	50.00	53.00	54.00	51.00
Community Services	4.00	5.00	5.00	6.00	6.00	6.00	6.00	9.00
Community Development	10.00	11.00	11.00	11.00	12.00	12.00	11.00	11.00
Water and Sewer	13.00	14.00	15.00	15.00	15.00	15.00	16.00	13.00
<b>Total</b>	<b>72.00</b>	<b>80.00</b>	<b>84.00</b>	<b>87.00</b>	<b>91.00</b>	<b>94.00</b>	<b>96.00</b>	<b>91.00</b>

**Source:** City Budget

**CITY OF SEAGOVILLE, TEXAS**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**Last Ten Fiscal Years**

**(Unaudited)**

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Safety				
Police				
Number of stations	1	1	1	1
Number of police personnel	17	17	17	19
Number of arrests	1,106	996	1,026	1,009
Number of traffic violations	5,132	4,557	3,477	2,831
Fire				
Number of stations	1	1	1	1
Number of fire personnel	13	13	13	15
Number of calls answered	1,560	1,748	1,791	2,055
Developmental				
Miles of streets <sup>a</sup>	3	0	17	0
Cultural/Recreational Changes				
Parks	0	0	0	0
Park acreage	0	0	0	0
Library	0	0	0	0
Volumes in Collection	352	1,087	425	(863)
Water				
Number of water connections	3,140	3,546	4,226	4,526
Average daily water consumption (gallons)	1,595,185	1,877,655	1,709,532	1,905,989
Sewer				
Number of sewer connections	2,980	3,337	3,478	3,580
Average daily sewer flow (gallons)	1,132,055	1,267,673	1,321,237	1,359,985

**Notes:**

<sup>a</sup> Actual inventory not performed until GASB 34 requirement (prior to 2004 - estimates)

Table 16

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
1	1	1	1	1	1
20	21	21	21	23	23
859	820	859	913	914	731
3,590	3,535	2,805	2,603	1,981	1,403
1	1	1	1	1	1
16	16	16	19	20	19
2,207	2,275	2,396	2,378	1,043	2,533
3	1	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
466.00	975.00	(926)	726.00	1897.00	(1,504)
4,651	4,786	4,875	4,897	4,945	4,945
1,989,635	1,510,427	1,684,989	1,639,285	1,706,000	1,729,161
3,752	3,915	3,987	4,002	4,050	4,050
1,425,325	1,474,300	1,501,414	1,460,689	1,069,200	934,907

**CITY OF SEAGOVILLE, TEXAS**

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Safety				
Police Stations	1	1	1	1
Police Patrol Units	9	9	9	9
Fire Stations	1	1	1	1
Development Services				
Streets-Paved (miles) <sup>a</sup>	96	96	113	113
Recreational Services				
Parks	7	7	7	7
Park acreage	93	93	93	93
Baseball/softball field	1	1	1	1
Tennis Court	2	2	2	2
Basketball Court	0	0	0	0
Senior Center	1	1	1	1
Library	1	1	1	1
Library volumes	28,237	29,324	29,749	28,886
Water and Sewer				
Water Mains (miles)	N/A	N/A	104.2	104.2
Fire Hydrants	340	362	364	364
Sanitary Sewers (miles)	N/A	N/A	94.7	94.7
Storm Sewer Lines (miles)	N/A	N/A	11.5	13.0

**Notes:**

<sup>a</sup> Actual inventory not performed until GASB 34 requirement  
 (prior to 2004 - estimates)

**Table 17**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
1	1	1	1	1	1
9	9	9	9	9	10
1	1	1	1	1	1
116	116	116	116	116	116
7	7	7	7	7	7
93	93	93	93	93	93
1	1	1	1	1	1
2	1	1	1	1	1
0	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
29,352	29,654	29,401	30,127	32,024	30,520
106.9	107.7	107.7	107.7	108	108
392	436	436	436	463	463
97.6	98.4	98.4	98.4	98.4	98.4
13.0	13.2	13.2	13.2	13.2	13.2