

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

**FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2008**

Prepared by: Finance Department  
Susan Caddell  
Director of Finance



CITY OF SEGUIN, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

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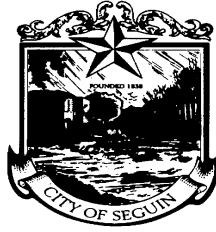
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## **CITY OF SEGUIN**

February 17, 2009

The Honorable Mayor and City Council  
City of Seguin, Texas

We are pleased to present the Comprehensive Annual Financial Report of the City of Seguin, Texas (the City), for the fiscal year ended September 30, 2008. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the presented data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Seguin's financial statements have been audited by Armstrong, Vaughan & Associates, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Seguin for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis letter, the government-wide financial statements, the fund financial statements, notes to the financial statements, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds and account groups of the City. The City provides a full range of services including: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, and general administrative services. The City also provides electric, water, and wastewater services; therefore, these activities are included in the reporting entity.

**City of Seguin Profile.** The City of Seguin is located in South Central Texas and is the county seat and principal commercial center of Guadalupe County. The City is located on Interstate Highway 10, about 35 miles east of San Antonio, 160 miles west of Houston, and 50 miles south of Austin, the State capital.

Incorporated in 1853, the City operates under a Home Rule Charter, which was adopted on December 7, 1971. The City has a council-manager type of government composed of the manager, mayor and eight councilpersons elected for four-year terms. The City Manager is the chief administrator and executive officer for the City and has full responsibility for carrying out Council policies and administering City operations, including hiring department Directors and all other City employees. City service department provide a full range of services including police and fire protection, EMS services, building inspections, animal control services, parks and recreation services, golf, library services, public works services and general administrative services. In addition, the City of Seguin also provides electric, water and wastewater services.

**Local Economy.** The Seguin-Guadalupe County economy is an important contribution to the San Antonio metropolitan area. Industry, agriculture and agribusiness, minerals, education, and recreation are major contributors. The City of Seguin has been economically stable for many years because of the industries located here. Major industries with headquarters or divisions located within the City of Seguin include, Continental, Inc., Commercial Metals Corporation (CMC), Tyson Foods, Inc., Wal-Mart, Alamo Industrial, HEB and Hexcel-Schwebel.

In addition, to the Seguin Independent School District, Seguin is the home of Texas Lutheran University (TLU). It is a fully accredited four-year co-educational senior liberal arts institution of higher education. TLU's 1,400 students (50-50 male/female) come from 36 states and seven foreign countries. The 15:1 student-teacher ratio allows for small classes. TLU has repeatedly been listed as one of the top ten small colleges in the southern United States by the U.S. News and World Report survey of college presidents.

The Central Texas Technology Center (the "CTTC") is a District Workforce Specialty Campus located minutes from downtown Seguin. The CTTC consists of a 25,000-square-foot facility. It is the area's first higher education facility dedicated to technology and it is a collaborative effort of the governing bodies and business development agencies of New Braunfels, Seguin and the Alamo Community College District (ACCD).

Guadalupe Regional Medical Center, with an annual budget of \$140 million serves the area. The hospital currently has 116 acute care beds and has a staff of more than 60 physicians practicing in 25 specialties. The hospital has just broken ground on a multi-million dollar expansion project. The funding for this project is through the Federal Housing and Urban Development Program, Section 242. This expansion will more than double the size of the Medical Center and expand the hospital's healthcare services. This project will provide a first-rate facility for the seven county region served by the Medical Center and allow the hospital to meet the area's anticipated future needs for healthcare services.

The economic condition and outlook of the City has improved during the past year and continues to improve. The average unemployment rate for the State of Texas during 2008 was 6.0% (up from 4.3% in 2007). The unemployment rate for Guadalupe County was 4.36% (up from 3.6% in 2007).

**Long-Term Financial Planning.** The City Council issued \$1,000,000 in tax anticipation notes. These notes are to fund needed road improvements for a public road to provide access to a new facility being built by Caterpillar, Inc. Once fully operational in the year 2011, the company will have 1,459 employees with an annual payroll of \$85.9 million dollars – an average salary of over \$58,876 per year. Additionally, 1,719 indirect or spin off jobs will be created in the local/regional economy as a result of this project. These direct



and indirect jobs will create almost \$159 million in earnings for the local/regional economy. At full build-out and operations, the project is projected to have a \$600 million per year impact on the local economy.

## **FINANCIAL INFORMATION**

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

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

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

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

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

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

**Retirement Plan.** The City provides pension benefits for all of its full-time employees through the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

**Deferred Compensation Plan.** The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**Cash Management.** It is the policy of the City of Seguin to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing the highest yield while meeting the daily cash flow needs of the City and conforming to the Public Funds Investment Act. Accordingly, the City's deposits and investments were entirely covered by federal deposit insurance and collateral held in safekeeping by other banks in the name of the City for the City's general depository banks throughout the fiscal year ended September 30, 2008.

Temporary idle cash during the fiscal year was invested by the City in interest-bearing checking accounts. The City invested the majority of idle cash in TexPool, an investment service for public funds from the Texas Comptroller and agency and discount notes.

**Risk Management.** In 1988 the City established a Safety Committee. This Committee meets on a monthly basis and reviews accident reports. They make recommendations on possible enhancement of safety procedures and policies.

The City maintains adequate insurance policies with the Texas Municipal League.

### **OTHER INFORMATION**

**Independent Audit.** The City Charter requires an annual audit of the books, accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report by Armstrong, Vaughan & Assoc., P.C., Certified Public Accountants, has been included in this report.

**Acknowledgements.** The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the members of the City Council and the citizens of the City of Seguin for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Douglas G. Faseler  
City Manager



Susan Caddell  
Director of Finance

CITY OF SEGUIN, TEXAS

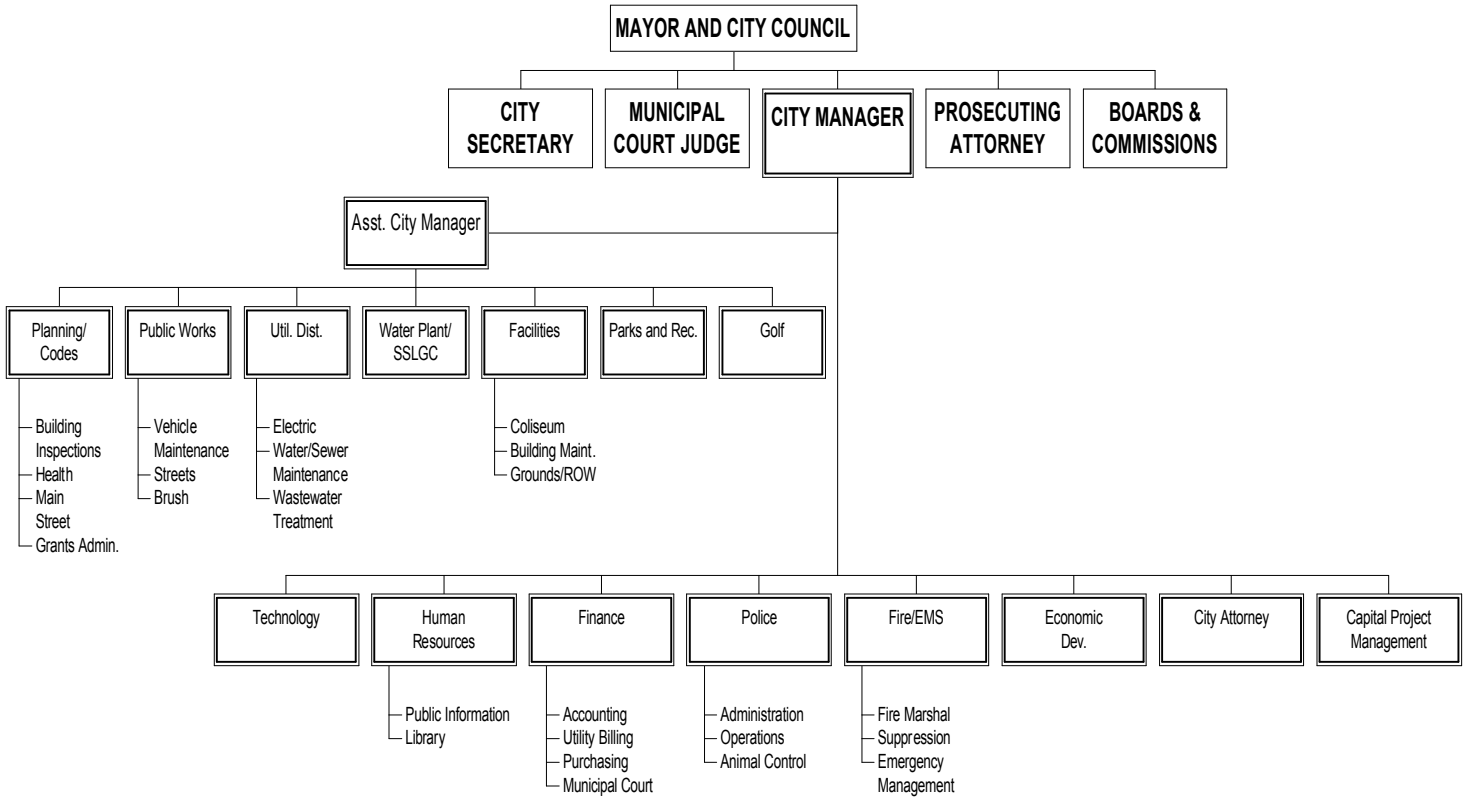
PRINCIPAL OFFICERS

BETTY ANN MATTHIES ..... Mayor  
BOB PEES ..... Mayor Pro-Tem  
TOMAS V. CASTELLON, JR. .... Councilman  
MANUEL E. CEVALLOS..... Councilman  
H.A. "DAN" DANIELS..... Councilman  
DON KEIL ..... Councilman  
MARY LOUISE GONZALES ..... Councilwoman  
RAMON SALAZAR, JR. .... Councilman  
STEPHEN TSCHOEPE ..... Councilman

DOUG FASELER  
City Manager

THALIA STAUTZENBERGER ..... City Secretary  
SUSAN CADDELL..... Director of Finance  
ROSS FISCHER ..... City Attorney

# CITY OF SEGUIN





## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Seguin, Texas', management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2009, on our consideration of the City of Seguin, Texas', internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information and schedule of funding progress on pages 3 through 12 and 60 through 67, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seguin, Texas', basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of these basic financial statements. The combining and individual nonmajor fund financial statements and schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Armstrong, Vaughan & Assoc., P.C.

January 30, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seguin, we offer readers of the City of Seguin's financial statements this narrative overview and analysis of the financial activities for the City of Seguin for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's financial statements immediately following this analysis.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Seguin exceeded its liabilities at the close of the fiscal year ending September 30, 2008, by \$73,263,945 (net assets). Of this amount, \$27,710,861 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$836,383 or 1.2% compared to the prior fiscal year.
- As of September 30, 2008, the City of Seguin's governmental funds reported combined ending fund balances of \$21,271,606, an increase of \$5,914,629. This is attributable largely in part due to the issuance of general obligation bonds this fiscal year in the amount of \$8,105,000 and tax anticipation notes in the amount of \$1,000,000.
- The end of the current fiscal year, unreserved fund balance for the General Fund was \$5,060,246, or 39.5% of total General Fund expenditures.
- The City's total debt increased by \$11,386,478 during the current fiscal year. The City issued \$8,105,000 in general obligation bonds, \$1,000,000 in tax anticipation notes, and \$3,980,000 in utility revenue bonds.
- During the year, the City's expenses were \$471,414 less than the \$18,472,730 generated in taxes and other revenues for governmental activities.
- The total cost of the City's governmental activity programs increased by \$770,557 from last year, and no new programs were added this year. Interest on long-term debt has increased due to additional bonds for \$8,105,000 and tax anticipation notes for \$1,000,000 being issued over this fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City of Seguin's basic financial statements. The City of Seguin's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The comprehensive annual financial report (CAFR) also contains other supplementary information in addition to the basic statements themselves.

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the *statement of net assets* and the *statement of activities*, the City's operations are divided into two kinds of activities:

- 1 Governmental Activities – Most of the City's basic services are reported here, such as public safety, public works and general administration. Property taxes, franchise fees and charges for services finance most of these activities.
- 2 Business-type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Utility Fund, which include, electric, water and wastewater services, are reported here.

In addition, the *government-wide financial statements* include not only the City of Seguin itself, but also the Seguin Economic Development Corporation, a legally separate component unit for which the City is financially accountable. Financial information for this component unit is reported separately from the primary government and business-type activities.

The *government-wide financial statements* can be found on pages 14 - 17 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seguin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Governmental funds statements are reported using current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the *statement of net assets* and the *statement of activities*) and governmental funds are detailed in a reconciliation following the fund financial statements.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2008 Bond Fund, and General Fund Capital Projects, all of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data



for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.

The basic governmental fund financial statements can be found on pages 18 - 23.

**Proprietary funds.** The City charges customers for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net assets* and the *statement of activities*.

The City maintains two different types of proprietary funds. The Utility Fund is a business-type activity and consists of revenues from charges for electric, water and wastewater sales. The Internal Service Funds account for revenues and expenditures for the employee health insurance, retiree health insurance and workers' compensation insurance. The fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 24 - 28 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Seguin's own programs. The method of accounting utilized for these funds is similar in nature to that of the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29 - 30 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 59 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary schedule. The City of Seguin adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 60 - 65 of this report.

In addition, this report also contains certain required supplementary information concerning the City of Seguin's progress in funding its obligation to provide pension benefits to members of the City's firemen's pension fund.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and individual internal service funds are presented immediately following the required supplementary information described in the preceding paragraph. Combining and individual fund statements can be found on pages 68 - 106 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of September 30, 2008, the City of Seguin's assets exceeded liabilities by \$73,263,945. Table A-1 is a condensed version of the City's statement of net assets for the years ended September 30, 2008 and 2007, respectively.

The largest portion of the City's total net assets (59.3%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still

outstanding. The City of Seguin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1**  
City of Seguin's Net Assets  
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current Assets	\$ 14,261,450	\$ 13,586,643	\$17,137,667	\$ 16,026,269	\$ 31,399,117	\$ 29,612,912
Capital Assets	42,974,247	41,684,855	36,437,564	35,996,875	79,411,811	77,681,730
Other Noncurrent Assets	11,033,850	5,744,388	9,761,322	5,713,358		
<b>Total Assets</b>	<u>\$ 68,269,547</u>	<u>\$ 61,015,886</u>	<u>\$63,336,553</u>	<u>\$ 57,736,502</u>	<u>\$ 110,810,928</u>	<u>\$ 107,294,642</u>
<b>Liabilities</b>						
Current Liabilities	\$ 2,114,555	\$ 2,786,570	\$ 5,037,514	\$ 3,950,636	\$ 7,152,069	\$ 6,737,206
Noncurrent Liabilities	34,218,812	26,017,683	16,971,274	13,569,937	51,190,086	39,587,620
<b>Total Liabilities</b>	<u>36,333,367</u>	<u>28,804,253</u>	<u>22,008,788</u>	<u>17,520,573</u>	<u>58,342,155</u>	<u>46,324,826</u>
<b>Net Assets</b>						
Invested in Capital Assets	18,958,130	21,202,151	24,502,485	24,767,252	43,460,615	45,969,403
Restricted	970,062	791,109	1,122,407	1,110,889	2,092,469	1,901,998
Unrestricted	12,007,988	10,218,373	15,702,873	14,337,788	27,710,861	24,556,161
<b>Total Net Assets</b>	<u>\$ 31,936,180</u>	<u>\$ 32,211,633</u>	<u>\$41,327,765</u>	<u>\$ 40,215,929</u>	<u>\$ 73,263,945</u>	<u>\$ 72,427,562</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 68,269,547</u>	<u>\$ 61,015,886</u>	<u>\$63,336,553</u>	<u>\$ 57,736,502</u>	<u>\$ 131,606,100</u>	<u>\$ 118,752,388</u>

An additional portion of the city of Seguin's net assets (2.9%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net assets of \$27,710,861 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Seguin is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Changes in Net Assets.** The City's total government-wide revenues increased by \$4,127,145 or 7.6%. This was largely due to the increase in electric, water and wastewater revenue from increased rates. The City's total government-wide expenses increased by \$6,573,508 or 13.3%. This was largely due to the wholesale power costs and wholesale water cost the City was being charged.

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

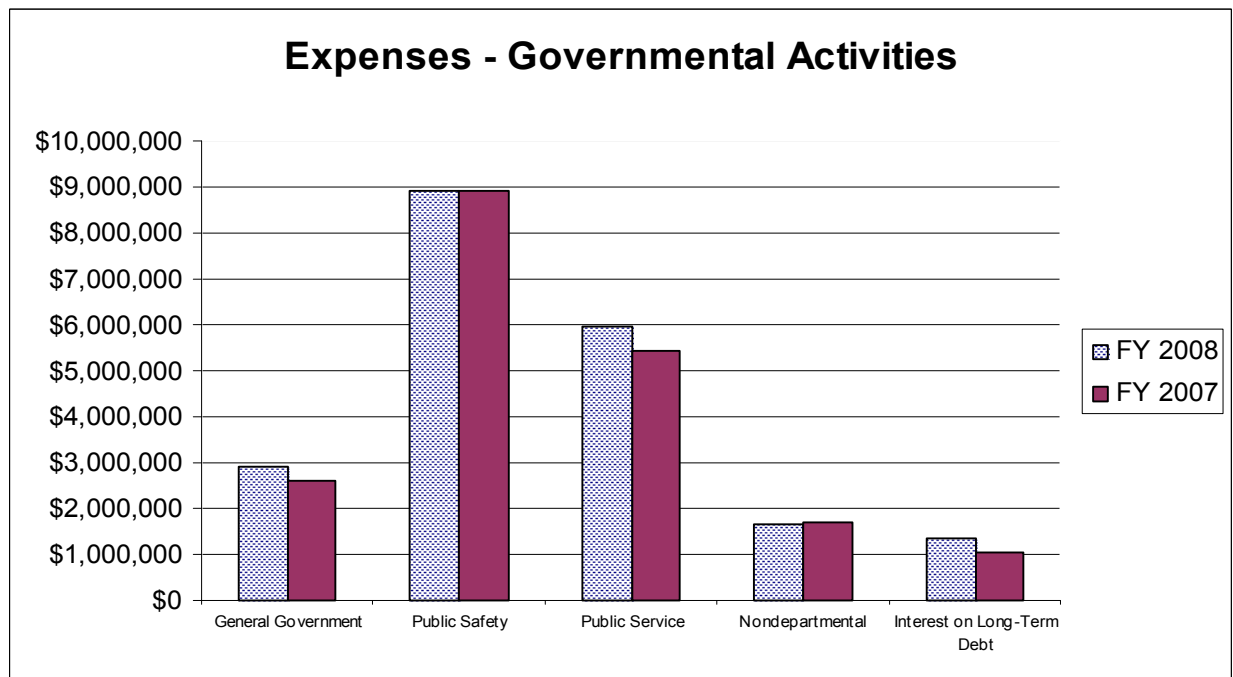
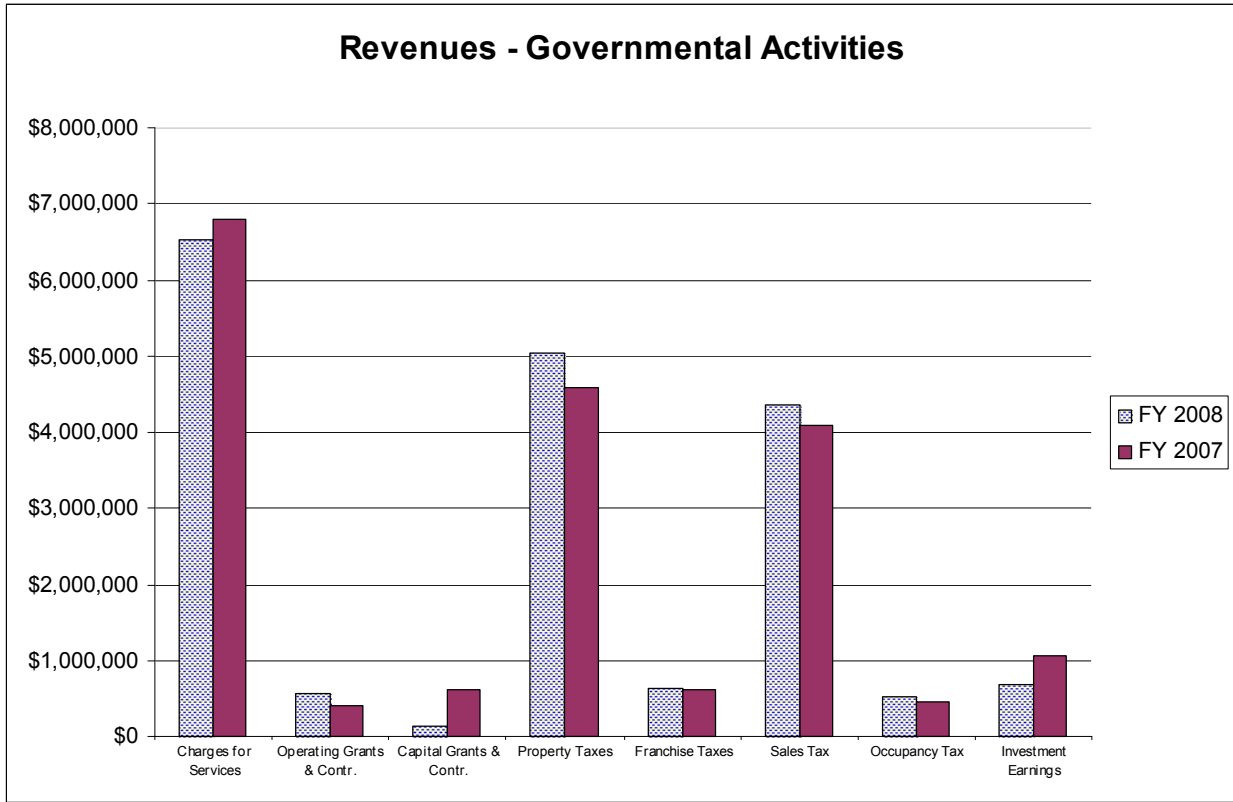
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>REVENUES</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 6,523,090	\$ 6,801,885	\$ 38,334,793	\$ 34,079,849	\$ 44,857,883	\$ 40,881,734
Operating Grants and Contributions	566,929	396,114	105,500	111,000	672,429	507,114
Capital Grants and Contributions	144,622	599,544	674,119	274,110	818,741	873,654
<i>General Revenues:</i>						
Property Taxes	5,049,451	4,582,576	-	-	5,049,451	4,582,576
Franchise Taxes	625,509	620,386	-	-	625,509	620,386
Sales Tax	4,355,410	4,096,755	-	-	4,355,410	4,096,755
Occupancy Tax	523,108	457,310	-	-	523,108	457,310
Investment Earnings	684,611	1,056,068	565,238	771,998	1,249,849	1,828,066
Gain (Loss) on Sale of Assets	-	(45,385)	20,167	243,192	20,167	197,807
<b>TOTAL REVENUES</b>	<b>18,472,730</b>	<b>18,565,253</b>	<b>39,699,817</b>	<b>35,480,149</b>	<b>58,172,547</b>	<b>54,045,402</b>
<b>EXPENSES</b>						
General Government	2,924,246	2,604,612	-	-	2,924,246	2,604,612
Public Safety	8,891,772	8,898,829	-	-	8,891,772	8,898,829
Public Service	5,946,254	5,418,440	-	-	5,946,254	5,418,440
Nondepartmental	1,668,599	1,711,444	-	-	1,668,599	1,711,444
Indirect Cost Allocation	(2,798,522)	(2,437,684)	-	-	(2,798,522)	(2,437,684)
Interest on Long-Term Debt	1,368,967	1,035,118	-	-	1,368,967	1,035,118
Utility	-	-	38,003,981	32,201,030	38,003,981	32,201,030
<b>TOTAL EXPENSES</b>	<b>18,001,316</b>	<b>17,230,759</b>	<b>38,003,981</b>	<b>32,201,030</b>	<b>56,005,297</b>	<b>49,431,789</b>
<b>Excess (Deficiency) Before Transfers In (Out)</b>	471,414	1,334,494	1,695,836	3,279,119	2,167,250	4,613,613
<b>Special Items and Transfers</b>	<u>(746,867)</u>	<u>(229,454)</u>	<u>(584,000)</u>	<u>229,454</u>	<u>(1,330,867)</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ (275,453)</u>	<u>\$ 1,105,040</u>	<u>\$ 1,111,836</u>	<u>\$ 3,508,573</u>	<u>\$ 836,383</u>	<u>\$ 4,613,613</u>

**Governmental Activities.** The City's total governmental revenues decreased by \$92,523 or .5% below last year. The City's total governmental expenditures increased by \$770,557 or 4.5% above last year.

- An increase in the property tax rate above the effective rate, increases in property tax values and addition of annexed properties enabled an increase of tax revenue of \$466,875. Property tax rates increased 9.3% above the effective rate. Taxable values increased \$113.3 million or 11.5% above last year.
- EMS revenues decreased by \$395,119. The City changed its method of accounting for emergency services receivables effective October 1, 2007. Previously, revenues were recorded when services were rendered. Management has determined that EMS receivables are more correctly recorded as deferred revenue until collections are received in accordance with the current financial measurement focus and the modified accrual method of revenue recognition.
- Investment earnings decreased by \$371,457 due to lower interest rates.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenditures of \$8,891,772. These expenses are offset by revenues collected from a variety of sources, with the largest being from fines and penalties in the amount of \$886,458. Additional funding also included EMS revenue in the amount of \$815,695. The major components of public safety are

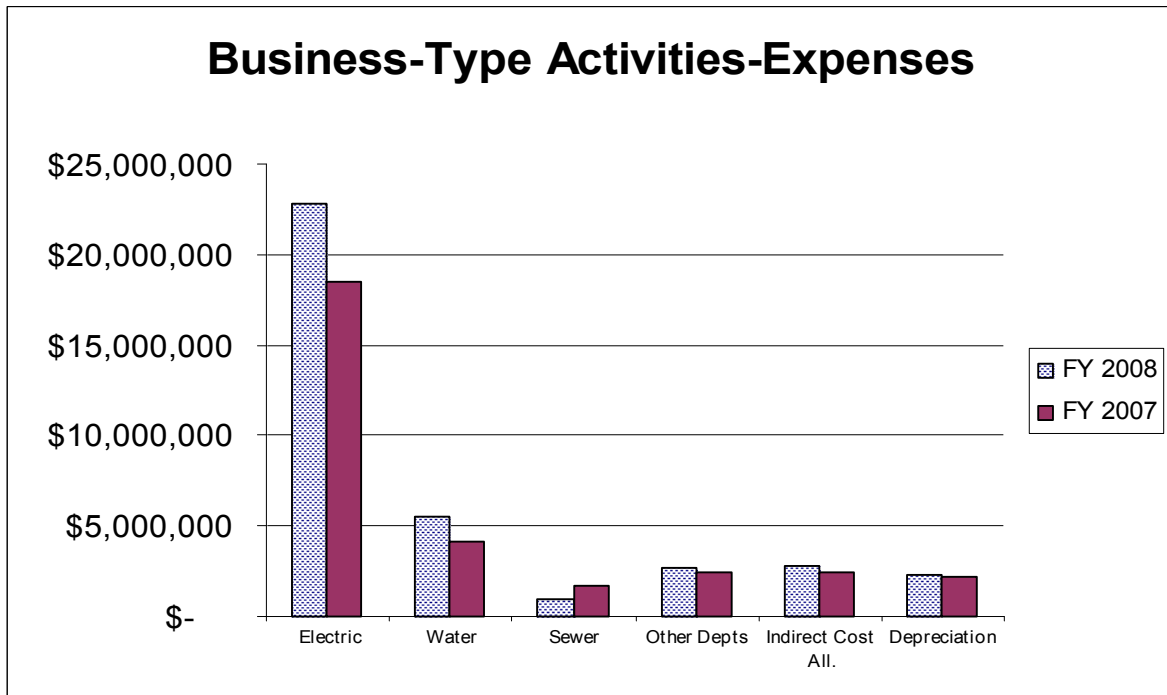
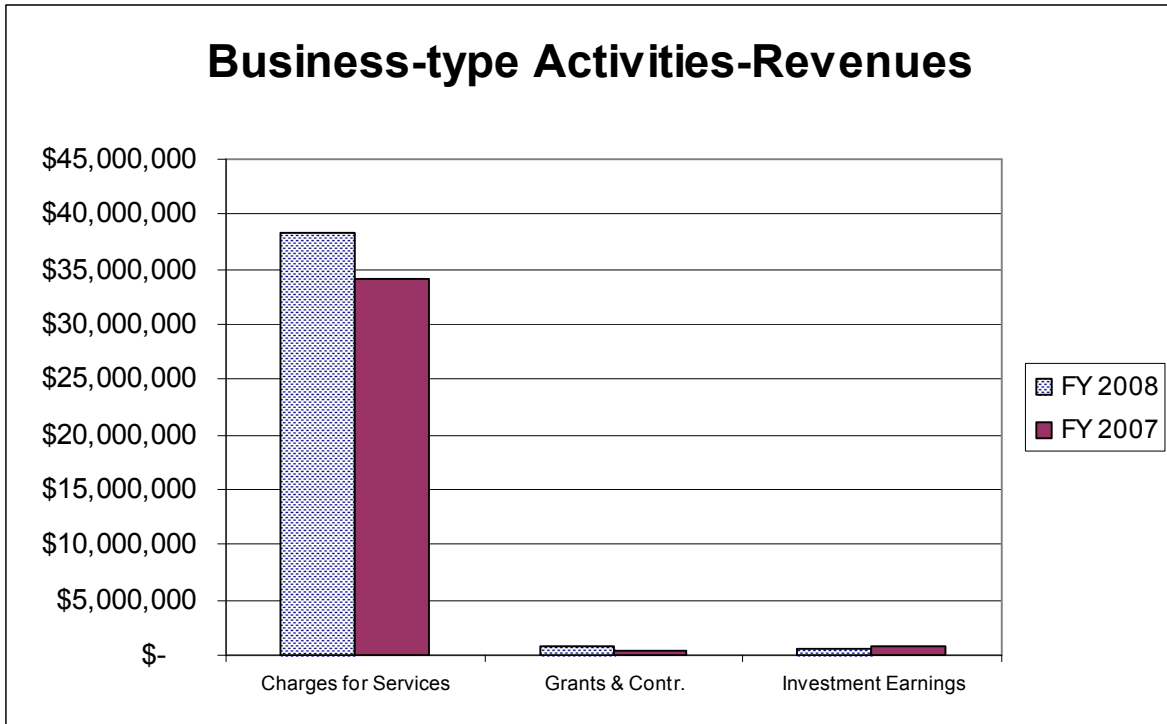
police and fire. Police accounted for \$4.2 million in public safety expense while Fire accounted for \$3.6 million in public safety expense.

- Interest on long-term debt increased by \$333,849. Over the past three years, the City has issued four general obligation bonds previously approved by voters for a total of \$22,900,000. This resulted in increased debt service payments.



**Business-Type Activities.** The City's total business-type revenues increased by \$4,219,668 or 11.9%. The City's total business-type expenditures also increased by \$5,802,951 or 18%.

- Electric revenues make up \$26.2 million of the charges for services. This year electric revenues increased by \$2,672,774. The increase was partly attributable to the increase in wholesale power costs, which was passed on to the customers. Wholesale power costs increased by \$4,145,465.
- Water revenues make up \$6.4 million of the charges for services. This year water revenues increased by \$1,063,455. This was a result of increased usage from a drier year. In addition, wholesale water costs increased by \$667,600.



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,271,606. This is an increase of \$5,914,629. This increase is due in large part to the issuance of \$8,105,000 of general obligation bonds and \$1,000,000 of tax anticipation notes. Of this total amount, \$10,562,394 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balances is reserved or designated to indicate that it is not available for new spending because it has already been committed to pay debt service, for capital improvement projects, and other restricted purposes.

The General Fund is the main operating fund of the City of Seguin. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,060,246, while total fund balance reached \$5,126,625. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 39.5% of general fund expenditures, while total fund balance represents 40% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of \$2,077,045, an increase of \$118,806. This increase can be attributable to the fact projects originally funded through transfers from General Fund and interest earnings from current and previous years have not been completed as of September 30, 2008. In addition, the increase can also be attributed to the fact increase funding has been provided for this fund.

Other factors concerning the finances of governmental fund have already been addressed in the discussion of the City's governmental activities in the government-wide financial statements.

**Proprietary Funds.** The City of Seguin's proprietary funds are utilized to account for operations of the City that are commercial in nature and accounted for in a manner more similar to private enterprise. The statements for proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Utility Fund at the end of the year amounted to \$15,702,873. The restricted net assets amounted to \$1,122,407, while net assets invested in capital assets amounted to \$24,502,485.

## GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2007-08, actual revenues on a budgetary basis were \$14,352,315 compared to the final budget of \$14,406,704, a decrease of \$54,389 below budget. This can be attributed to the change in the accounting method for the recognition of EMS revenues. Previously, EMS revenues were recognized when services were rendered. Beginning October 1, 2007, EMS revenues were recognized when payment was received. The budget was based upon the accounting method used in prior years.

For FY 2007-08, actual expenditures on a budgetary basis were \$12,810,663 compared to the final budget of \$14,576,885, which was \$1,766,222 below final budget amounts. This was also largely attributed to the change in the accounting method for the recognition of EMS revenues. Due to this fact, there was no Bad Debt Expense in the Fire/EMS Department. The amount budgeted for Bad Debt Expense was \$700,000. In

addition, indirect cost allocation was \$658,522 below budget. Finally, some departments had employee turnover resulting in their personnel services being under budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of 2008, the City had invested \$79,411,811, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$1,730,081 or 2.2%. The increase was due in part to large bond project being completed during fiscal year 2008.

**Table A-3**  
City of Seguin's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,945,756	\$ 1,835,418	\$ 504,045	\$ 504,045	\$ 2,449,801	\$ 2,339,463
Buildings and Improvements	16,320,679	16,941,731	23,852,710	21,782,405	40,173,389	38,724,136
Improvements Other Than Buildings	39,751,817	28,735,862	40,449,207	40,449,207	80,201,024	69,185,069
Transportation and Equipment	9,397,646	8,302,373	5,400,185	5,151,519	14,797,831	13,453,892
Construction in Progress	1,953,350	10,976,743	2,744,604	2,385,769	4,697,954	13,362,512
Totals at Historical Cost	<u>69,369,248</u>	<u>66,792,127</u>	<u>72,950,751</u>	<u>70,272,945</u>	<u>142,319,999</u>	<u>137,065,072</u>
Total Accumulated Depreciation	<u>(26,395,001)</u>	<u>(25,107,273)</u>	<u>(36,513,187)</u>	<u>(34,276,070)</u>	<u>(62,908,188)</u>	<u>(59,383,343)</u>
Net Capital Assets	<u>\$ 42,974,247</u>	<u>\$ 41,684,854</u>	<u>\$ 36,437,564</u>	<u>\$ 35,996,875</u>	<u>\$ 79,411,811</u>	<u>\$ 77,681,729</u>

**Long-Term Debt.** At year-end, the City had \$50,465,432 in bonds, loans and capital leases outstanding as shown in Table A-4. This was an increase of \$11,386,478 or 29.1% from 2007. This fiscal year, the City issued \$8,105,000 in general obligation bonds as the final phase of the Destination Seguin election approved by voters in 2006. In addition, the City issued \$1,000,000 in tax anticipation notes for the purchase of a fire truck. Finally, the City issued \$3,980,000 in utility revenue bonds for the funding of an automated meter reading system. More detailed information about the City's debt is presented in the notes to the financial statements.

The City has maintained its A+ and A ratings from Fitch and Standard and Poor's respectively on its tax supported debt. The City has also maintained its A- ratings from both Fitch and Standard and Poor's on its utility system revenue bonds. The current ratio of net tax-supported debt to assessed value of all taxable property is 2.9%. The pledged revenue coverage for the utility system revenue bonds is 2.68.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Bonds Payable	\$ 31,535,000	\$ 24,365,000	\$ 17,095,000	\$ 13,670,000	\$ 48,630,000	\$ 38,035,000
Tax Anticipation Notes	1,110,000	210,000	-	-	1,110,000	210,000
State Infrastructure Loans	479,749	550,000	-	-	479,749	550,000
Other NonCurrent Liabilities	40,664	90,162	205,019	193,792	245,683	283,954
Total Bonds & Notes Payable	<u>\$ 33,165,413</u>	<u>\$ 25,215,162</u>	<u>\$ 17,300,019</u>	<u>\$ 13,863,792</u>	<u>\$ 50,465,432</u>	<u>\$ 39,078,954</u>

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

During the budget process for fiscal year 2008-09, City staff and City Council considered many factors when setting the budget. Staff reviewed all of the fees charged to citizens and customers when using City services. Along with the fees, staff also considered the tax rate. They also reviewed expenditures and how the increases may be held to a minimum. The City set a goal to maintain financial stability, a lean organization, a competitively paid staff and investment in capital outlay. This helped to maintain the City's services with the least affect possible on our citizens through taxes, fees, and utility rates. The projected revenues and expenditures for the General Fund are budgeted to increase by \$1,938,111 or 11.6% above the FY08 budget. The projected revenues and expenditures for the Utility Fund are budgeted to increase by \$5,677,587 or 16.6%.

- Taxable value increased for 2009 by \$76,907,279, or 7.01%.
- City sales tax revenue is budgeted to increase by \$595,833 or 12.8% due to a full year of the addition of sales tax on telecommunications and the continued growth of sales tax revenue.
- Miscellaneous violations are budgeted to increase by \$200,000 due to an increase in the number of citations issued and fines.
- The property tax rate increased to \$.4823 per hundred dollar valuation from \$.4726 the previous year. This was an increase of \$.0193 from the effective tax rate.
- Water revenue is budgeted to increase by \$565,000 due to an increase in water rates.
- Sewer revenue is budgeted to increase by \$320,000 due to an increase in sewer rates.

Along with the increase in revenue, an increase in expenditures is also anticipated. Debt service payments have increased due to the issuance of additional bonds. Personnel expenses are increasing due to three new positions included in the budget and cost of living and merit increases. Indigent health care payments the City of Seguin makes to the city/county hospital is budgeted to increase. Rising fuel costs have also made the City increase its budget for gasoline. Wholesale power and water costs are also estimated to increase.

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

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



CITY OF SEGUIN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2008

**BASIC FINANCIAL STATEMENTS**

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

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

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

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Cash and Cash Equivalents	\$ 471,163	\$ 100,943	\$ 572,106	\$ 10,017
Investments	11,230,008	9,870,900	21,100,908	1,812,661
Receivables (net of allowances for uncollectibles)				
Taxes	1,484,153	-	1,484,153	-
Accounts	815,390	4,960,596	5,775,986	-
Miscellaneous	98,524	950,669	1,049,193	-
Due From Component Unit/				
Primary Government	-	14,061	14,061	140,612
Internal Balances	93,673	(93,673)	-	-
Inventories	24,238	1,306,215	1,330,453	-
Prepays	44,301	27,956	72,257	-
Restricted Assets:				
Cash and Cash Equivalents	1,369	982	2,351	-
Investments	10,387,322	8,517,993	18,905,315	-
Deferred Charges	645,159	461,361	1,106,520	-
Notes Receivable	-	-	-	904,639
Net Present Value of Lease Financing	-	780,986	780,986	-
Capital Assets:				
Land	1,945,756	504,045	2,449,801	865,494
Buildings & Improvements	16,320,679	23,852,710	40,173,389	691,800
Improvements Other than				
Buildings/Infrastructure	39,751,817	40,449,207	80,201,024	-
Transportation & Equipment	9,397,646	5,400,185	14,797,831	-
Construction in Progress	1,953,350	2,744,604	4,697,954	-
Accumulated Depreciation	(26,395,001)	(36,513,187)	(62,908,188)	(16,792)
<b>TOTAL ASSETS</b>	<b>\$ 68,269,547</b>	<b>\$ 63,336,553</b>	<b>\$ 131,606,100</b>	<b>\$ 4,408,431</b>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS (CONTINUED)  
SEPTEMBER 30, 2008

LIABILITIES AND NET ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
<i>Liabilities:</i>				
Accounts Payable and Other Current Liabilities	\$ 1,662,918	\$ 3,330,300	\$ 4,993,218	\$ 15,620
Deferred/Unearned Revenue	173,489	213,319	386,808	-
Accrued Interest Payable	137,536	-	137,536	-
Due to Component Unit/				
Primary Government	140,612	-	140,612	14,061
Customer Deposits	-	623,819	623,819	1,200
Payable from Restricted Assets:				
Accrued Interest Payable	-	120,076	120,076	-
Current Portion of Long-Term Debt	-	750,000	750,000	-
<i>Noncurrent Liabilities:</i>				
Due within One Year	1,721,404	157,856	1,879,260	-
Due in more than One Year	32,497,408	16,813,418	49,310,826	-
<b>TOTAL LIABILITIES</b>	<b>36,333,367</b>	<b>22,008,788</b>	<b>58,342,155</b>	<b>30,881</b>
<i>Net Assets:</i>				
Invested in Capital Assets, net of related debt	18,958,130	24,502,485	43,460,615	1,540,502
Restricted for:				
Debt Service	970,062	1,089,902	2,059,964	-
Capital Projects	-	32,505	32,505	-
Unrestricted	12,007,988	15,702,873	27,710,861	2,837,048
<b>TOTAL NET ASSETS</b>	<b>31,936,180</b>	<b>41,327,765</b>	<b>73,263,945</b>	<b>4,377,550</b>
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	 <b>\$ 68,269,547</b>	 <b>\$ 63,336,553</b>	 <b>\$ 131,606,100</b>	 <b>\$ 4,408,431</b>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 2,924,246	\$ 2,396,731	\$ 295,716	\$ -
Public Safety	8,891,772	2,178,103	117,794	-
Public Service	5,946,254	1,948,256	153,419	-
Nondepartmental	1,668,599	-	-	144,622
Indirect Cost Allocation	(2,798,522)	-	-	-
Interest on Long-term Debt	1,368,967	-	-	-
Total Governmental Activities	<u>18,001,316</u>	<u>6,523,090</u>	<u>566,929</u>	<u>144,622</u>
<b>Business-Type Activities</b>				
Utility	38,003,981	38,334,793	105,500	674,119
Total Business-Type Activities	<u>38,003,981</u>	<u>38,334,793</u>	<u>105,500</u>	<u>674,119</u>
<b>Total Primary Government</b>	<u>\$ 56,005,297</u>	<u>\$ 44,857,883</u>	<u>\$ 672,429</u>	<u>\$ 818,741</u>
<b>Component Unit:</b>				
Seguin Economic Development Corporation				
	\$ 594,408	\$ 836,555	\$ -	\$ -
<b>Total Component Unit</b>	<u>\$ 594,408</u>	<u>\$ 836,555</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Occupancy Taxes				
Interest and Investment Earnings				
Gain (Loss) on Sale of Capital Assets				
<b>Total General Revenues</b>				
Special Items				
Transfers				
<b>Change in Net Assets</b>				
<b>Net Assets at Beginning of Year</b>				
<b>Net Assets at End of Year</b>				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
\$ (231,799)	\$ -	\$ (231,799)	\$ -
(6,595,875)	-	(6,595,875)	-
(3,844,579)	-	(3,844,579)	-
(1,523,977)	-	(1,523,977)	-
2,798,522	-	2,798,522	-
<u>(1,368,967)</u>	-	<u>(1,368,967)</u>	-
<u>(10,766,675)</u>	-	<u>(10,766,675)</u>	-
-	1,110,431	1,110,431	-
-	1,110,431	1,110,431	-
<u>(10,766,675)</u>	<u>1,110,431</u>	<u>(9,656,244)</u>	-
-	-	-	242,147
-	-	-	<u>242,147</u>
5,049,451	-	5,049,451	-
625,509	-	625,509	-
4,355,410	-	4,355,410	859,256
523,108	-	523,108	-
684,611	565,238	1,249,849	78,899
-	20,167	20,167	-
<u>11,238,089</u>	<u>585,405</u>	<u>11,823,494</u>	<u>938,155</u>
(1,330,867)	-	(1,330,867)	-
<u>584,000</u>	<u>(584,000)</u>	-	-
(275,453)	1,111,836	836,383	1,180,302
<u>32,211,633</u>	<u>40,215,929</u>	<u>72,427,562</u>	<u>3,197,248</u>
<u>\$ 31,936,180</u>	<u>\$ 41,327,765</u>	<u>\$ 73,263,945</u>	<u>\$ 4,377,550</u>

CITY OF SEGUIN, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008

ASSETS	General Fund	2008 Bond Fund	General Fund Capital Projects
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and Cash Equivalents	\$ 392,368	\$ -	\$ 8,550
Investments	4,451,691	-	2,155,553
Receivables (net of allowances for uncollectibles):			
Taxes	1,219,310	-	-
Accounts	803,877	-	-
Miscellaneous	98,524	-	-
Due from Other Funds	-	-	93,673
Inventories	24,238	-	-
Prepaid Items	42,141	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	79	-
Investments	-	8,252,465	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,032,149</u></b>	<b><u>\$ 8,252,544</u></b>	<b><u>\$ 2,257,776</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 317,120	\$ 250	\$ 171,870
Accrued Expenditures	446,537	-	-
Due to Component Unit	140,612	-	-
Deferred/Unearned Revenues	996,473	-	8,841
Due to Others	4,782	-	20
<b>TOTAL LIABILITIES</b>	<b><u>1,905,524</u></b>	<b><u>250</u></b>	<b><u>180,731</u></b>
 <i>Fund Balances:</i>			
Reserved for:			
Inventory & Prepays	66,379	-	-
Debt Service	-	-	-
Capital Projects	-	8,252,294	-
Unreserved, reported in:			
General Fund	5,060,246	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	2,077,045
<i>Total Fund Balances</i>	<u>5,126,625</u>	<u>8,252,294</u>	<u>2,077,045</u>
 <b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	 <b><u>\$ 7,032,149</u></b>	 <b><u>\$ 8,252,544</u></b>	 <b><u>\$ 2,257,776</u></b>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 38,978	\$ 439,896
4,213,844	10,821,088
264,843	1,484,153
11,513	815,390
-	98,524
-	93,673
-	24,238
2,160	44,301
1,290	1,369
<u>2,134,857</u>	<u>10,387,322</u>
<u><u>\$ 6,667,485</u></u>	<u><u>\$ 24,209,954</u></u>
\$ 601,793	\$ 1,091,033
1,094	447,631
-	140,612
129,675	1,134,989
119,281	124,083
<u>851,843</u>	<u>2,938,348</u>
2,160	68,539
851,815	851,815
1,536,564	9,788,858
-	5,060,246
3,305,843	3,305,843
119,260	2,196,305
<u>5,815,642</u>	<u>21,271,606</u>
<u><u>\$ 6,667,485</u></u>	<u><u>\$ 24,209,954</u></u>





CITY OF SEGUIN, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 21,271,606
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		42,974,247
Internal service funds are used by management to charge costs related to employee insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		440,014
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		961,502
Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		645,159
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:		
General Long-term Debt	33,124,749	
Unamortized Bond Premiums	373,098	
Capital Leases	40,664	
Compensated Absences	<u>680,301</u>	(34,218,812)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(137,536)</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 31,936,180</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General Fund	2008 Bond Fund	General Fund Capital Projects
<b>REVENUES</b>			
Taxes	\$ 7,771,290	\$ -	\$ -
Licenses and Permits	526,993	-	-
Intergovernmental	798,397	-	46,586
Charges for Services	4,001,657	-	-
Fines and Forfeits	912,270	-	-
Interest	168,171	128,237	74,872
Miscellaneous	173,537	-	31,628
<b>TOTAL REVENUES</b>	<u>14,352,315</u>	<u>128,237</u>	<u>153,086</u>
<b>EXPENDITURES</b>			
Current:			
General Government	2,250,479	-	-
Public Safety	8,277,544	-	-
Public Service	3,756,517	-	150,585
Nondepartmental	1,324,645	-	-
Indirect Cost Allocation (Recovery)	(2,798,522)	-	-
Capital Projects/Outlay	-	25,943	795,092
Debt Service:			
Principal	-	-	42,835
Interest and Fiscal Charges	-	-	2,515
Bond Issue Costs	-	230,927	-
<b>TOTAL EXPENDITURES</b>	<u>12,810,663</u>	<u>256,870</u>	<u>991,027</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,541,652</u>	<u>(128,633)</u>	<u>(837,941)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	1,109,578
Transfers (Out)	(947,664)	-	(246,693)
Proceeds of Debt Financing	-	8,105,000	-
Premiums on Debt Financing	-	275,927	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(947,664)</u>	<u>8,380,927</u>	<u>862,885</u>
<b>SPECIAL ITEMS</b>			
Proceeds of Sale of Buildings	<u>136,800</u>	<u>-</u>	<u>93,862</u>
Net Change in Fund Balance	730,788	8,252,294	118,806
Fund Balances at Beginning of Year	4,935,144	-	1,958,239
Prior Period Adjustment	(539,307)	-	-
Fund Balances at End of Year	<u>\$ 5,126,625</u>	<u>\$ 8,252,294</u>	<u>\$ 2,077,045</u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,807,504	\$ 10,578,794
15,200	542,193
154,453	999,436
258,356	4,260,013
52,482	964,752
302,984	674,264
250,300	455,465
<u>3,841,279</u>	<u>18,474,917</u>
680,458	2,930,937
-	8,277,544
-	3,907,102
91,970	1,416,615
-	(2,798,522)
4,884,877	5,705,912
1,146,339	1,189,174
1,304,866	1,307,381
18,500	249,427
<u>8,127,010</u>	<u>22,185,570</u>
<u>(4,285,731)</u>	<u>(3,710,653)</u>
637,779	1,747,357
-	(1,194,357)
1,000,000	9,105,000
-	275,927
<u>1,637,779</u>	<u>9,933,927</u>
<u>-</u>	<u>230,662</u>
(2,647,952)	6,453,936
8,463,594	15,356,977
-	(539,307)
<u>\$ 5,815,642</u>	<u>\$ 21,271,606</u>



CITY OF SEGUIN, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 6,453,936

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Additions	14,504,041	
Additions previously recorded as		
Construction in Progress	(9,340,882)	
Current Period Depreciation	<u>(2,280,096)</u>	2,883,063

Proceeds from capital asset dispositions produces current financial resources in the fund statements, while the net gain (loss) is recognized in the Statement of Activities. This is the net book value of capital assets disposed. (1,593,670)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net decrease in those revenues over the year. (122,872)

The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these these amounts are deferred and amortized in the Statement of Activities:

Proceeds of New Debt	(9,105,000)	
Premiums on New Debt	(275,927)	
Principal Payments	1,154,749	
Bond Issuance Costs	249,427	
Amortization of Bond Costs & Premiums	<u>(19,394)</u>	(7,996,145)

Some expenses reported in the Statement of Activities (including compensated absences and accrued interest expense ) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (33,251)

Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue/(loss) is reported with governmental activities. 133,486

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (275,453)

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS  
SEPTEMBER 30, 2008

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 100,943	\$ 31,266
Investments	9,870,900	408,919
Restricted Cash & Investments:		
Cash and Cash Equivalents	982	-
Investments	8,517,993	-
Receivables (net of allowances for uncollectibles):		
Accounts	4,960,596	-
Miscellaneous	950,669	-
Due from Component Unit	14,061	-
Inventories	1,306,215	-
Prepaid Items	27,956	-
<i>Total Current Assets</i>	25,750,315	440,185
Deferred Charges - Bond Issue Costs (Net)	461,361	-
Net Present Value of Lease Financing	780,986	-
<i>Total Other Assets</i>	1,242,347	-
<i>Capital Assets:</i>		
Land	504,045	-
Buildings & Improvements	23,852,710	-
Improvements Other than Buildings	40,449,207	-
Transportation & Equipment	5,400,185	-
Construction in Progress	2,744,604	-
Accumulated Depreciation	(36,513,187)	-
Capital Assets, net of accumulated depreciation	36,437,564	-
<b>TOTAL ASSETS</b>	<b>\$ 63,430,226</b>	<b>\$ 440,185</b>

*Continued*

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (CONTINUED)  
SEPTEMBER 30, 2008

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 3,215,594	\$ 171
Accrued Wages & Benefits	252,667	-
Due to Others	200	-
Due to Other Funds	93,673	-
Unearned Revenue	213,319	-
Customer Deposits	623,819	-
Capital Lease Payable - Current Portion	19,695	-
<i>Current Liabilities</i>	4,418,967	171
 <i>Current Liabilities Payable from Restricted Assets:</i>		
Accrued Interest Payable	120,076	-
Current Portion of Long-term Bonds	750,000	-
<i>Current Liabilities Payable from Restricted Assets</i>	870,076	-
<i>Total Current Liabilities</i>	5,289,043	171
 <i>Noncurrent Liabilities:</i>		
Capital Lease Payable	185,324	-
Compensated Absences	121,827	-
Revenue Bonds Payable	16,506,267	-
<i>Total Noncurrent Liabilities</i>	16,813,418	-
<b>TOTAL LIABILITIES</b>	22,102,461	171
 <i>Net Assets:</i>		
Invested in Capital Assets, net of related debt	24,502,485	-
Restricted for:		
Debt Service	1,089,902	-
Capital Projects (IH 10 Frontage Project)	32,505	-
Unrestricted	15,702,873	440,014
<b>TOTAL NET ASSETS</b>	41,327,765	440,014
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	\$ 63,430,226	\$ 440,185

See accompanying notes to basic financial statements.





CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-Type Activities <u>Utility Fund</u>	Governmental Activities - Internal Service Funds <u>                    </u>
<b>OPERATING REVENUES</b>		
Charges for Utility Service	\$ 36,811,551	\$ -
Charges for Premiums	-	1,885,783
Miscellaneous Revenues	1,523,242	-
<b>TOTAL OPERATING REVENUES</b>	<u>38,334,793</u>	<u>1,885,783</u>
 <b>OPERATING EXPENSES</b>		
Administration	1,556,381	1,793,638
Operation and Maintenance:		
Electric	22,842,017	-
Water Production	3,976,790	-
Water/Sewer Maintenance	1,525,726	-
Sewer	1,031,340	-
Economic Development	139,555	-
Facilities Maintenance	501,945	-
City Attorney	58,138	-
Nondepartmental	496,664	-
Indirect Cost Allocation	2,798,522	-
Depreciation	2,367,303	-
<b>TOTAL OPERATING EXPENSES</b>	<u>37,294,381</u>	<u>1,793,638</u>
 <b>OPERATING INCOME (LOSS)</b>	<u>1,040,412</u>	<u>92,145</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	565,238	10,341
Gain (Loss) on Sale of Capital Assets	20,167	-
Interest and Fiscal Charges	(709,600)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>                    </u>	<u>                    </u>
<b>REVENUES (EXPENSES)</b>	<u>(124,195)</u>	<u>10,341</u>
 <b>Net Income (Loss) Before Contributions and Transfers</b>	916,217	102,486
 Contributions	779,619	-
Transfer In (Out)	(584,000)	31,000
 <b>CHANGE IN NET ASSETS</b>	1,111,836	133,486
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>40,215,929</u>	<u>306,528</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 41,327,765</u>	<u>\$ 440,014</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-Type Activities <u>Utility</u> <u>Fund</u>	Governmental Activities - Internal Service <u>Funds</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 38,090,690	\$ 1,885,783
Cash Paid for Employee Wages & Benefits	(4,213,544)	-
Cash Paid to Suppliers for Goods & Services	(27,528,548)	(1,795,767)
Cash Paid General Fund for Indirect Costs	(2,798,522)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>3,550,076</u>	<u>90,016</u>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Operating Transfers From (To) Other Funds	(584,000)	31,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(584,000)</u>	<u>31,000</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase/Construction of Capital Assets	(2,599,991)	-
Principal Payments on Revenue Bonds	(555,000)	-
Proceeds from Revenue Bonds	4,146,997	-
Proceeds from Capital Lease Financing	27,268	-
Interest and Fiscal Charges Paid	(664,722)	-
Bond Issue Costs	(146,360)	-
Principal Payments on Capital Leases	(16,041)	-
Advances (To) From Component Unit	1,455	-
Proceeds from Sale of Capital Assets	22,473	-
Contributions from Outside Sources	569,313	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>785,392</u>	<u>-</u>
<b>Cash Flows From Investing Activities:</b>		
Sale/(Purchase) of Investment Securities	(4,515,958)	(108,274)
Investment Interest Received	565,238	10,341
Lease Financing - Principal Payments Received	31,352	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(3,919,368)</u>	<u>(97,933)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>\$ (167,900)</u>	<u>\$ 23,083</u>

*Continued*

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-Type Activities	Governmental Activities - Internal Service Funds
	Utility Fund	Funds
<b>Cash and Equivalents at Beginning of Year:</b>		
Cash and Cash Equivalents	\$ 269,287	\$ 8,183
Restricted Cash and Cash Equivalents	538	-
	269,825	8,183
 <b>Cash and Cash Equivalents at End of Year:</b>		
Cash and Cash Equivalents	100,943	31,266
Restricted Cash and Cash Equivalents	982	-
	\$ 101,925	\$ 31,266
 <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income	\$ 1,040,412	\$ 92,145
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	2,367,303	
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(506,761)	-
Inventory/Prepaid Items	(99,041)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	560,721	(2,129)
Accrued Wages & Benefits	42,120	-
Interfund Payables	(117,336)	-
Unearned Revenue	143,006	-
Customer Deposits	119,652	-
	2,509,664	(2,129)
	\$ 3,550,076	\$ 90,016
 <b>Transactions Not Affecting Cash and Cash Equivalents:</b>		
Contributions - Capital Assets	\$ 210,306	\$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2008

<b>ASSETS</b>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	\$ 1,888	\$ 7,526
Investments	471,458	-
Notes Receivable	19,650	-
Inventory	<u>359,431</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 852,427</u>	<u>\$ 7,526</u>
 <b>LIABILITIES &amp; NET ASSETS</b>		
<i>Liabilities:</i>		
Due to Others	<u>\$ -</u>	<u>\$ 7,526</u>
<i>Total Liabilities</i>	<u>-</u>	<u>7,526</u>
 <i>Net Assets:</i>		
Held in Trust for Scholarship	135,398	-
Held in Trust for Riverside Cemetery	89,854	-
Held in Trust for Industrial Development	<u>627,175</u>	<u>-</u>
<i>Total Net Assets</i>	<u>852,427</u>	<u>-</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 852,427</u>	<u>\$ 7,526</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Interest	\$ 14,994
Miscellaneous	<u>6,139</u>
Total Additions	<u>21,133</u>
<b>DEDUCTIONS</b>	
Distributions to Participants	<u>14,124</u>
<b>Change in Net Assets</b>	7,009
<b>Net Assets Beginning of Year</b>	<u>845,418</u>
<b>Net Assets End of Year</b>	<u><u>\$ 852,427</u></u>

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Seguin, Texas ("City"), was incorporated in 1853. The City Charter was adopted on December 7, 1971, under the provisions of the Home Rule Charter Act of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, general administrative services, electric, water, and wastewater services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

*Component Units*

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The Seguin Economic Development Corporation, a nonprofit corporation, was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A. The Corporation is organized exclusively for public purposes of the City of Seguin, and the City Council appoints directors of the Corporation. It receives all proceeds from the 0.25% sales tax adopted in 1994 for economic development in Seguin. The corporation meets the criteria of a discretely presented component unit, described above, and is presented in the government-wide financial statements. Complete financial statements for the Seguin Economic Development Corporation may be obtained at City Hall.

*Joint Ventures*

A joint venture is a legally separate entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures:

The Guadalupe Regional Medical Center is a joint venture between the City of Seguin and Guadalupe County. Each participating government appoints one-half of the board of directors and approves annual budgets. In addition, the participating governments are financially responsible for indigent health care provided by the hospital, and are contingently liable for hospital debts. Separate financial statements of the Guadalupe Regional Medical Center may be obtained by contacting the hospital administrator.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

1. REPORTING ENTITY (Continued)

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

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

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit (except for City fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government-wide statements.

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

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



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

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

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

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

**Governmental fund level financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

**The General Fund** is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

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

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

Nonmajor funds include Special Revenue Funds (other than major projects and grants), Capital Projects Funds and Debt Service.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

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

**Proprietary fund level financial statements** are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund are the Utility Fund (used to account for the provision of electric, water and sewer services to residents) and the Internal Service Funds used to account for the City's group medical insurance program and workers compensation benefits. Revenues are derived from charges for services for utilities, city contributions, employee and retiree/cobra premiums, and investment of idle funds. Expenses are charges incurred for operating, purchases of electricity and water, premiums and administrative expenses.

The **Proprietary Funds** are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**Fiduciary fund level financial statements** include fiduciary funds which are classified into private purpose trust and agency funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

5. INVESTMENTS (Continued)

United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM (or equivalent) rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of the one percent of the value of its shares.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost (see Note B).

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1, 2007 and past due after January 31, 2008. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible in the amount of \$27,616.

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

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

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

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

8. INVENTORIES & PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the moving average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources."

9. RESTRICTED ASSETS

Certain proceeds of General Obligation Bonds, Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds are segregated to report those proceeds of revenue bond issuances that are restricted for use in construction. Funds are also segregated to provide for debt services as provided under bond indenture agreements.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

11. COMPENSATED ABSENCES

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

12. DEFERRED/UNEARNED REVENUE

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

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. FUND EQUITY

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

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

15. NET ASSETS

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

16. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Utility (Proprietary) Fund an indirect cost percentage of general government administration expenses that are paid through the General Fund. During the year ended September 30, 2008, the City allocated \$2,798,522 as a transfer for such services. The indirect cost allocation is reflected as an operating expense in the Utility Fund, and a reduction of current expenditures in the General Fund.

17. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services and premiums for employee insurances. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

18. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Utility Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds.

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. The reclassifications had no effect on the changes in financial position.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE B -- DEPOSITS AND INVESTMENTS**

As of September 30, 2008, the City of Seguin had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
<i>Primary Government</i>		
U.S. Government Agency Securities	\$ 11,662,863	0.17
TexPool (Local Government Investment Pool)	28,814,818	0.12
	\$ 40,477,681	
 Portfolio Weighted Average Maturity		 0.15
Investment Type	Fair Value	Weighted Average Maturity (Years)
<i>Component Unit</i>		
U.S. Government Agency Securities	\$ 1,000,172	0.12
TexPool (Local Government Investment Pool)	812,489	0.12
	\$ 1,812,661	
 Portfolio Weighted Average Maturity		 0.12

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

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

The City may also invest up to 75% of its funds in government investment pools provided the pool maintains a AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days. As of September 30, 2008, the investment in TexPool was rated AAAM by Standard & Poor's.

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2008, the government's deposits were insured and collateralized with securities held by the pledging financial institution's agent (Independent Banker's Bank) in the City's name.

The Component Unit had deposits that were fully insured by FDIC.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2008, the City's U.S. Government Agency Securities were held by the Independent Banker's Bank in Dallas, but not in the City's name. The Component Unit also had government securities held by the Independent Bankers Bank in Dallas, but not in the Corporation's name.

**NOTE C -- PROPERTY TAX CALENDAR**

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2007, upon which the fiscal 2008 levy was based, was \$1,115,537,811 (i.e., market value less exemptions). The estimated market value was \$1,436,070,023, making the taxable value 77.62% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2008, was \$.4726 per \$100 of assessed value, which means that the City has a tax margin of \$2.0274 for each \$100 value and could increase its annual tax levy by approximately \$22,616,413 based upon the present assessed valuation of \$1,115,537,811 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE D -- INTERFUND RECEIVABLE/PAYABLE**

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2008, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
<b>Primary Government</b>		
General Capital Projects Fund:		
Utility (Enterprise) Fund	\$ 93,673	\$ -
	93,673	-
Enterprise Fund		
General Capital Projects	-	93,673
	-	93,673
Totals	\$ 93,673	\$ 93,673
<b>Component Unit</b>		
General Fund		
Component Unit	\$ -	\$ 140,612
	-	140,612
Enterprise Fund		
Component Unit	14,061	-
	14,061	-
Component Unit		
General Fund	140,612	-
Enterprise Fund	-	14,061
	140,612	14,061
Totals	\$ 154,673	\$ 154,673

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

*Notes Receivable*

The SEDC (Component Unit) provides incentives in the form of grants and notes receivable to area businesses in conjunction with its function of generating economic development. Various notes receivable were outstanding as of September 30, 2008 with interest rates ranging from 3.0% to 5.5% and mature from 2023 through 2026. Future payments on the notes are as follows:

Fiscal Year	Principal	Interest	Total
2008	\$ 39,264	\$ 47,145	\$ 86,409
2009	41,406	45,003	86,409
2010	43,665	42,744	86,409
2011	46,046	40,363	86,409
2012	48,651	37,848	86,499
Thereafter	685,607	207,196	892,803
	\$ 904,639	\$ 420,299	\$ 1,324,938

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

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

*Real Estate Received from Foreclosure*

The SEDC was granted a \$1,100,000 loan from the Texas Leverage Fund on September 21, 2001 to provide funding for an economic development loan to Story Communications, Inc. The loan was to acquire and renovate a building, purchase equipment and make infrastructure improvements for the Company's printing/manufacturing business. Story Communications, Inc. defaulted on the loan and the SEDC foreclosed on the underlying property. The outstanding balance on the loan at the time of foreclosure was \$867,010 in principal and \$27,935 accrued interest. During the year ended September 30, 2008, the property was sold and the proceeds were used to satisfy the outstanding liability to the Texas Leverage Fund in full (also see Note I).

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

The City has leased property located at 2460 Crossroads Blvd., consisting of a 49,120 square foot building and improvements, to Pure and Gentle Soap Products, Inc. under a sales-type lease agreement. The lease is for a period of twenty (20) years and transfers property to the lessee for \$1 at the end of the lease term, or earlier by paying the remaining base rental payments under the lease, discounted at 5.75%. The agreement calls for the lessee to operate a business within the premises in order to generate sales tax revenue, property tax and utility revenue. Failure to continue the business would be considered a breach of the contract.

Future minimum lease payments under the lease are as follows:

September 30,		
2009	\$	61,951
2010		61,951
2011		61,951
2012		61,951
2013		61,951
Thereafter		1,075,235
Total Payments		1,384,990
Less: Amount Representing Interest		(604,004)
Net Present Value of Lease Financing	\$	780,986

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE G -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2008, was as follows:

	Balance 10/1/2007	Additions	Disposals	Balance 9/30/2008
<i>Governmental Activities</i>				
Land	\$ 1,835,418	\$ 110,338	\$ -	\$ 1,945,756
Buildings and Improvements	16,941,731	684,719	(1,305,771)	16,320,679
Improvements Other Than Buildings	28,735,862	11,015,955	-	39,751,817
Transportation and Equipment	8,302,373	1,349,233	(253,960)	9,397,646
Construction in Progress	10,976,743	1,343,796	(10,367,189)	1,953,350
Totals at Historical Cost	66,792,127	14,504,041	(11,926,920)	69,369,248
Less Accumulated Depreciation:				
Buildings and Improvements	(5,042,566)	(385,029)	770,548	(4,657,047)
Improvement Other Than Buildings	(14,558,622)	(1,403,691)	-	(15,962,313)
Transportation and Equipment	(5,506,085)	(491,376)	221,820	(5,775,641)
	(25,107,273)	(2,280,096)	992,368	(26,395,001)
Governmental Capital Assets, Net	\$ 41,684,854	\$ 12,223,945	\$(10,934,552)	\$ 42,974,247
<i>Business-Type Activities</i>				
Land	\$ 504,045	\$ -	\$ -	\$ 504,045
Buildings and Improvements	21,782,405	2,070,305	-	23,852,710
Utility System	40,449,207	-	-	40,449,207
Transportation and Equipment	5,151,519	381,159	(132,493)	5,400,185
Construction in Progress	2,385,769	1,344,128	(985,293)	2,744,604
Totals at Historical Cost	70,272,945	3,795,592	(1,117,786)	72,950,751
Less Accumulated Depreciation:				
Buildings and Improvements	(13,588,571)	(671,745)	-	(14,260,316)
Improvement Other Than Buildings	(17,550,465)	(1,601,187)	130,186	(19,021,466)
Transportation and Equipment	(3,137,034)	(94,371)	-	(3,231,405)
	(34,276,070)	(2,367,303)	130,186	(36,513,187)
Business-Type Capital Assets, Net	\$ 35,996,875	\$ 1,428,289	\$ (987,600)	\$ 36,437,564
Land and Construction in Progress are not depreciated.				
<i>Discretely Presented Component Unit</i>				
Land	\$ 3,189,919	\$ -	\$ (2,324,425)	\$ 865,494
Buildings and Improvements	691,800	-	-	691,800
Accumulated Depreciation	(13,292)	(3,500)	-	(16,792)
	\$ 3,868,427	\$ (3,500)	\$ (2,324,425)	\$ 1,540,502

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE G -- CAPITAL ASSETS**

*Primary Government*

Depreciation Expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 74,958
Public Safety	484,921
Public Service	1,573,794
Nondepartmental	<u>146,423</u>
<i>Total Governmental Activities</i>	<u><u>\$ 2,280,096</u></u>
 <i>Business-Type Activities:</i>	
Administration	\$ 51,796
Electric	351,276
Water	1,314,860
Sewer	625,081
Other	<u>24,290</u>
<i>Total Business-Type Activities</i>	<u><u>\$ 2,367,303</u></u>

**NOTE H -- CAPITAL LEASES**

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

The assets acquired though capital leases are as follows:

<i>Assets:</i>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Golf Carts*	\$ 162,677	\$ -
Mowers	48,835	-
Wastewater Collection System	-	425,000
Office Equipment	-	27,268
Less: Accumulated Depreciation	<u>(10,497)</u>	<u>(88,542)</u>
Total	<u><u>\$ 201,015</u></u>	<u><u>\$ 363,726</u></u>

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

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2008 were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2009	\$ 30,547	\$ 23,793
2010	7,873	25,808
2011	3,936	25,808
2012	-	28,308
2013	-	28,312
Thereafter	-	179,998
Total Payments	42,356	312,027
Less: Amount Representing Interest	(1,692)	(107,008)
Present Value of Minimum Lease Payments	<u>\$ 40,664</u>	<u>\$ 205,019</u>

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

**Primary Government**

Long-term debt and obligations payable at September 30, 2008, comprise the following individual issues:

*General Obligation Bonds:*

\$5,600,000 2002 General Obligation Bonds due in annual installments of \$85,000 to \$550,000 through September 1, 2021; interest at 3.85% to 5.35%	\$ 3,925,000
\$6,500,000 2004 General Obligation Bonds due in annual installments of \$195,000 to \$495,000 through September 1, 2024; interest at 3.0% to 5.0%	5,655,000
\$5,500,000 2005 General Obligation Bonds due in annual installments of \$200,000 to \$385,000 through September 1, 2025; interest at 3.75% to 4.25%	4,885,000
\$3,250,000 2006 General Obligation Bonds due in annual installments of \$110,000 to \$230,000 through September 1, 2006 - 2026; interest at 4.0% to 4.4%	3,025,000
\$6,000,000 2007 General Obligation Bonds due in annual installments of \$60,000 to \$1,185,000 through September 1, 2026; interest at 4.0% - 5.0%	5,940,000
\$8,105,000 2008 General Obligation Bonds due in annual installments of \$35,000 to \$1,995,000 through September 1, 2028; interest at 3.5% - 5.0%	8,105,000
<i>Total General Obligation Bonds</i>	<u>31,535,000</u>

*Tax Anticipation Notes*

\$360,000 2002 Tax Notes payable in annual installments of \$20,000 to \$110,000 through 2009; interest at 2.05% to 4.0 %	110,000
\$1,000,000 2008 Tax Notes payable in annual installments of \$75,000 to \$205,000 through 2014; interest at 3.038%	1,000,000
<i>Total Tax Anticipation Notes</i>	<u>\$ 1,110,000</u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

**Primary Government (Continued)**

*State Infrastructure Loans*

\$550,000 Loan from Texas Department of Transportation due in annual installments of \$90,656, including interest at 3.71%, maturing July 11, 2014.	\$ 479,749
<i>Total State Infrastructure Loans</i>	479,749

<b>Total Governmental Long-Term Obligations</b>	<b>\$ 33,124,749</b>
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*Utility Fund Revenue Bonds:*

\$1,300,000 Utility System Revenue Bonds, Series 1997, due in annual installments of \$5,000 to \$120,000 through February 1, 2017; interest at 2.9% to 4.15%	\$ 910,000
\$2,000,000 Utility System Revenue Refunding Bonds, Series 2000, due in annual installments of \$100,000 through August 1, 2020; interest at 4.75% to 6.25%	1,200,000
\$6,500,000 Utility System Revenue, Series 2003, due in annual installments of \$160,000 to \$715,000 through February 2023; interest at 3.0% to 4.85%	5,825,000
\$5,500,000 Utility System Revenue, Series 2006, due in annual installments of \$130,000 to \$400,000 through February 1, 2026; interest at 4.0% to 4.375%	5,180,000
\$3,980,000 Utility System Revenue, Series 2008, due in annual installments of \$165,000 to \$730,000 through February 1, 2024; interest at 3.5% to 5.0%	3,980,000
<b>Total Utility Fund Revenue Bonds</b>	<b>\$ 17,095,000</b>

The City is required by the revenue bond ordinances to establish certain accounts to maintain and operate the Utility System and to provide for the payment of bond principal and interest. Included in these requirements is maintenance of a "Reserve Fund" for the payment of bond principal and interest when other required accounts are insufficient for that purpose. The Reserve Fund is to contain, at a minimum, an amount equal to \$1,339,104. The Reserve Fund had \$1,339,104, in net assets as of September 30, 2008 and therefore, met the minimum requirement. The City is in compliance with other significant requirements. The assets of these restricted accounts are classified in the balance sheet as restricted assets.

The annual requirements to amortize all bonded debt and obligations outstanding as of September 30, 2008, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,212,857	\$ 1,439,568	\$ 750,000	\$ 726,668
2010	1,275,560	1,393,794	775,000	696,960
2011	1,323,363	1,245,580	805,000	665,868
2012	1,381,271	1,294,444	840,000	633,346
2013	1,439,286	1,239,159	865,000	599,158
Thereafter	26,492,412	10,460,510	13,060,000	3,686,865
	<b>\$ 33,124,749</b>	<b>\$ 17,073,055</b>	<b>\$ 17,095,000</b>	<b>\$ 7,008,865</b>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

**Changes in Long-Term Liabilities**

	Balance 10/1/2007	Additions	Reductions	Balance 9/30/2008	Due Within One Year
<b><u>Governmental Activities</u></b>					
General Obligation Bonds	\$ 24,365,000	\$ 8,105,000	\$ (935,000)	\$ 31,535,000	\$ 1,065,000
Bond Premiums	111,027	275,927	(13,856)	373,098	-
Tax Anticipation Notes	210,000	1,000,000	(100,000)	1,110,000	185,000
State Infrastructure Loans	550,000	-	(70,251)	479,749	72,857
Capital Leases	90,162	-	(49,498)	40,664	29,354
Compensated Absences	691,494	363,255	(374,448)	680,301	369,193
<i>Total Governmental Activities</i>	<u>26,017,683</u>	<u>9,744,182</u>	<u>(1,543,053)</u>	<u>34,218,812</u>	<u>1,721,404</u>
<b><u>Business-Type Activities</u></b>					
Revenue Bonds	13,670,000	3,980,000	(555,000)	17,095,000	750,000
Bond Premiums	-	166,997	(5,730)	161,267	-
Capital Leases	193,792	27,268	(16,041)	205,019	19,695
Compensated Absences	261,145	129,760	(130,917)	259,988	138,161
<i>Total Business-Type Activities</i>	<u>14,124,937</u>	<u>4,304,025</u>	<u>(707,688)</u>	<u>17,721,274</u>	<u>907,856</u>
 Total Primary Government	 <u>\$ 40,142,620</u>	 <u>\$ 14,048,207</u>	 <u>\$ (2,250,741)</u>	 <u>\$ 51,940,086</u>	 <u>\$ 2,629,260</u>

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

**Discretely-Presented Component Unit**

Changes in long-term debt of the Component Unit for the year ended September 30, 2008 were as follows:

	Balance Outstanding 9/30/2007	Increases	Decreases	Balance Outstanding 9/30/2008
Notes Payable	<u>\$ 1,083,195</u>	<u>\$ -</u>	<u>\$ 1,083,195</u>	<u>\$ -</u>

**Conduit Debt Obligations**

In 1995 the City entered into an agreement with the Texas Department of Housing and Community Affairs (TDHCA) to construct a building on land owned by the City for the purpose of leasing the building to Tecni-Quip, Inc., a California manufacturing corporation. Under the agreement, TDHCA provided funding in the form of loans and grants. Repayment of the loan is solely dependent on lease payments from the manufacturing corporation and does not constitute a debt or pledge of the faith and credit of the City.

Accordingly, the loan has not been reported in the accompanying financial statements. At September 30, 2008, outstanding conduit debt from this issue was \$152,750.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

**Conduit Debt Obligations (Continued)**

The City of Seguin has also created a nonprofit education facilities corporation, *The City of Seguin Higher Education Facilities Corporation*, pursuant to Section 53.35 (b) of the Higher Education Authority Act. In March 2004, the Corporation issued the *City of Seguin Higher Education Facilities Corporation Higher Education Revenue and Refunding Bond* (Texas Lutheran University Project), Series 2004, in the aggregate principal amount of \$13,000,000. The bonds are backed solely by the revenues derived from the University pursuant to the provisions of the Bond Resolution and Loan Agreement between the Corporation and Texas Lutheran University. The City has no obligation associated with the bonds. As of September 30, 2008, the total outstanding debt from this issue was \$12,875,000.

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

Texas Municipal Retirement System

**Plan Description**

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of over 827 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. Each of the participating municipalities has an annual individual actuarial valuation performed. All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service, or with 20 years of service regardless of age. An employee is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.



CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

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

Texas Municipal Retirement System (Continued)

**Contributions**

The contribution rate for the employees is 6% of the employee rate, while the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the City's contribution rate is annually determined by the actuary. 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 currently accruing monetary credits due to the City's matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The projected unit credit cost method is used for determining the City's contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2007 valuation is effective for rates beginning January 2009.) A summary of actuarial assumptions is as follows:

Actuarial Valuation Date	December 31, 2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 years - Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	Varies by Age & Service
Inflation Rate	3.0%
Cost-of-Living Adjustments	None
City-specific Assumptions:	
Payroll Growth	3.0%
Withdrawal rates for Male/Female	Mid/Mid

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
2008	\$ 1,482,699	100%	\$ -
2007	1,143,018	100%	-
2006	1,057,163	100%	-

Additional supplementary three-year trend information may be found on page 67.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

Texas Municipal Retirement System (Continued)

**Contributions (Continued)**

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustees rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an 8-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

Texas Statewide Emergency Services Personnel Retirement Fund

**Plan Description and Contribution Information**

The Fire Fighters' Pension Commissioner is the administrator of the Texas Statewide Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. A report may be obtained by contacting the Texas Comptroller (P.O. Box 13528, Capitol Station, Austin, Texas 78711-3528). At August 31, 2008, there were 186 member departments participating in the TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

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

Texas Statewide Emergency Services Personnel Retirement Fund (Continued)

**Plan Description and Contribution Information (Continued)**

The table below summarizes the pension system membership as of August 31, 2008:

(1) Retirees and beneficiaries currently receiving benefits	1,939
(2) Terminated participants entitled to benefits but not yet receiving them	1,975
(3) Current active participants (vested and nonvested)	<u>4,340</u>
(4) Total Members	<u><u>8,254</u></u>

TESRS was created by Senate Bill 411, 65<sup>th</sup> Legislature, Regular Session (1977), and established the applicable benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), recodified the provisions and gave TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas and eligibility requirements by board rule. The system's provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increased 10% for each of the next five years of service so that a member becomes 100% vested within 15 years of service.

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off duty death and on duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

**Funding Policy**

Contribution provisions were established by S.B. 411, 65<sup>th</sup> Legislature, Regular Session (1977) and amended by board rule in 2006. No contributions are required by volunteer emergency services personnel. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member. Additional contributions may be made by a governing body to pay for granting credit of service before the department began participating in TESRS. The State may also be required to make annual contributions up to a limited amount to make the TESRS actuarially sound.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

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

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

**Annual Required Contributions**

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2008 total contributions (dues and prior service) of \$2,439,339 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. In addition, the state appropriated \$8,800,000 for the fiscal year ending August 31, 2008. Total contributions made were equal to the contributions required by the state statute and were equal to the contributions required based on the revised August 31, 2006 actuarial valuation.

The purpose of the biennial actuarial valuation is to test the adequacy of the financing arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2008 revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2009 (\$415,405 to help pay for the System's administrative expenses) and with the assumed continuation of legislative appropriations of (1) the maximum state contribution amount in future years for up to 30 years as is necessary for the System to have a 30-year amortization period, and (2) approximately \$425,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2009 are equal to the contributions required.

Three-Year Trend Information		
Fiscal Year Ending	(ARC) Annual Required Contributions	Percentage of ARC Contributed
August 31, 2006	\$ 2,753,035	100%
August 31, 2007	3,162,742	100%
August 31, 2008	3,160,764	100%

**Notes to Required Supplementary Information**

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. The actuarial assumptions and methods for the two most recent biennial valuations are shown below.

Valuation Date	August 31, 2006	August 31, 2008
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Dollar, Open	Level Dollar, Open

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

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

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

**Notes to Required Supplementary Information (Continued)**

Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 90%/110% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 90%/110% corridor on market value
Actuarial Assumptions:		
Investment Rate of Return*	8.00% per year, net of investment expenses	8.00% per year, net of investment expenses
Projected salary increases	N/A	N/A
*Includes inflation at	3.75%	3.50%
Cost-of-Living adjustments	None	None

Additional supplementary three-year trend information may be found on page 68.

**NOTE K -- POST EMPLOYMENT BENEFITS**

Retiree Health Benefits

The City voted to establish a retiree class within the City's group health plan for the purpose of offering group health benefits to eligible retirees effective January 1, 2003. To meet the eligibility requirements of the plan, an employee must be eligible for service retirement from the Texas Municipal Retirement System subsequent to December 31, 2002, have a minimum of 15 years of continuous service with the City and be at least 57 years of age. Retirees will remain eligible for group coverage until age 65 or when they become eligible for coverage under another group plan, whichever comes first. Each year the City appropriates funds to pay for these health benefits on a "pay-as-you-go" basis. The City will make contributions toward the premiums for retiree coverage according to the following schedule:

Minimum Years Continuous Service	Minimum Age	% Premium Paid by City
15	57	0%
20	60	50%
25	57	100%

As of September 30, 2008, fifty-nine (59) retirees were eligible for coverage and eight (8) had elected to participate for a total cost to the City of \$17,863. As of January 1, 2008, the retiree benefits have been frozen and new employees are not eligible for the plan.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE K -- POST EMPLOYMENT BENEFITS (Continued)**

Retiree Health Benefits (Continued)

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB No. 45 requires employer governments to account for and report the annual cost of other postemployment benefits (OPEB) in the same manner as they do for pensions. This statement is effective for the City's financial statements for periods beginning after December 15, 2007. The City will reflect proper treatment and note disclosure of its OPEB in accordance with GASB 45 beginning with the fiscal year ended September 30, 2009.

In April 2008, the City contracted with an actuarial firm to determine its preliminary liability. The preliminary results yielded an actuarial accrued liability (AAL) of \$468,133 with an annual required contribution (ARC) of \$52,462. The actuarial accrued liability is the amount that employees have earned for past service. The past service cost is allowed to be amortized over 30 years. The contributions to the fund are not irrevocable and are not considered contributions to the OPEB. They are assets of the City.

Supplemental Death Benefits Plan

The Supplemental Death Benefits Fund (SDBF) is a cost-sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS). This is a separate trust administered by the TMRS Board of Trustees. TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial and supplementary information for the SDBF. That report may be obtained from the TMRS website at [www.TMRS.com](http://www.TMRS.com).

Member cities may elect, by ordinance, to provide supplemental death benefits for active members and retirees. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. This benefit is paid in addition to any other TMRS benefits the beneficiary might be entitled to receive. The City contributed \$33,580, \$30,595, and \$27,970 to the plan for each of the fiscal years ending September 30, 2008, 2007, and 2006, respectively.

As of December 31, 2007, there were 714 participating entities. Summarized actuarial information is as follows:

Valuation Date	12/31/2007
Acturial Cost Method	Projected Unit Credit
Amortizatou Method	Level Percent of Payroll
Amortization Period	25 Years - Open Period
Asset Valuation Method	Fund Value
Assumptions - Investment Return	4.25%
Projectual Salary Increases	None
Inflation	3.00%
Cost of Living Adjustments	None

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE L -- OPERATING TRANSFERS**

Operating transfers during the year ended September 30, 2008, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Primary Government</b>		
General Fund	\$ -	\$ 947,664
<i>General Fund Capital Projects:</i>		
General Fund	920,664	-
Nonmajor Capital Project Funds	188,914	246,693
	<u>1,109,578</u>	<u>246,693</u>
<i>Nonmajor Governmental Funds:</i>		
Emergency (Special Revenue) Fund	580,000	-
Capital Projects Fund	57,779	-
	<u>637,779</u>	<u>-</u>
<i>Utility Fund:</i>		
Emergency (Special Revenue) Fund	-	580,000
Retiree Insurance	-	4,000
	<u>-</u>	<u>584,000</u>
<i>Internal Service:</i>		
General Fund	27,000	-
Utility Fund	4,000	-
	<u>31,000</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 1,778,357</u>	<u>\$ 1,778,357</u>

**NOTE M -- SPECIAL ITEMS**

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

	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Net Loss of Sale of Buildings	\$ (304,561)	\$ -
Net Proceeds on Sale of Buildings	-	230,662
Contribution of Infrastructure to State at Net Book Value	<u>(1,026,306)</u>	<u>-</u>
Reported as Special Items	<u>\$ (1,330,867)</u>	<u>\$ 230,662</u>

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE N -- COMMITMENTS AND CONTINGENCIES**

Litigation

The City is currently involved in two eminent domain proceedings whereby the City is purchasing land for a detention pond project. The City has paid \$595,000 toward the purchase of the two tracts. Proceedings are underway to assess the fair market value of the property. Management estimates that additional funds necessary to obtain the property will not exceed \$1,077,000.

Grants

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

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as the park improvements. Estimated future commitments associated with these contracts as of September 30, 2008 is as follows:

	Total	Incurred thru	Estimated
	Commitments	September 2007	Future
<u>General Government</u>			Commitments
Street & Drainage Improvements	\$ 563,165	\$ 446,332	\$ 116,833
Park Improvements	326,895	160,763	166,132
Various Other Commitments	1,210,109	818,252	391,857
	<u>2,100,169</u>	<u>1,425,347</u>	<u>674,822</u>
<u>Utility System</u>			
Utility System Improvements	<u>3,302,037</u>	<u>1,245,637</u>	<u>2,056,400</u>
Total Government-Wide Commitments	<u>\$ 5,402,206</u>	<u>\$ 2,670,984</u>	<u>\$ 2,731,222</u>

Guadalupe Regional Medical Center

The City of Seguin is contingently liable for 50% of operating deficits produced by Guadalupe Regional Medical Center, if any, with Guadalupe County contingently responsible for the remainder. In addition, the City would be responsible for 50% of any long-term obligations should the Hospital be in default (See Note A1). Following is a summary of financial data as reported in the Guadalupe Regional Medical Center's most recent audited financial statements dated September 30, 2008:



CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

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

Guadalupe Regional Medical Center (Continued)

<b>ASSETS:</b>	
Current Assets	\$ 13,026,196
Other Assets	95,969,329
Capital Assets (Net)	35,864,058
<b>TOTAL ASSETS</b>	<b><u>\$ 144,859,583</u></b>
<b>LIABILITIES &amp; NET ASSETS:</b>	
Current Liabilities	\$ 7,657,254
Other Liabilities	103,540,026
<b>TOTAL LIABILITIES</b>	<b><u>111,197,280</u></b>
 Net Assets	 <u>33,662,303</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 144,859,583</u></b>
Operating Revenues:	
Net Revenues from Patient Services	\$ 62,172,847
Other Operating Revenues	1,029,134
<b>Total Operating Revenues</b>	<b><u>63,201,981</u></b>
 Operating Expenses	 <u>58,431,793</u>
<b>Total Net Operating Income</b>	<b><u>4,770,188</u></b>
 Nonoperating Revenues and (Expenses)	 <u>529,435</u>
<b>Increase (Decrease) in Net Assets</b>	<b><u>\$ 5,299,623</u></b>

Schertz/Seguin Local Government Corporation

The City of Seguin is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation (See Note A1). Following is a summary of financial data as reported in the Corporation's audited financial statements dated September 30, 2007:

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

Schertz/Seguin Local Government Corporation (Continued)

**ASSETS:**

Current Assets	\$ 2,734,922
Restricted Cash and Cash Equivalents	6,567,156
Property, Plant & Equipment	48,690,844
Other Assets	2,335,727
<b>TOTAL ASSETS</b>	<b><u>\$ 60,328,649</u></b>

**LIABILITIES & NET ASSETS:**

Current Liabilities	\$ 2,411,326
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	54,666,516
<b>TOTAL LIABILITIES</b>	<b><u>57,077,842</u></b>

**NET ASSETS:**

Invested in Capital Assets, Net of Related Debt	1,113,903
Restricted	190,641
Unrestricted	1,946,263
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 60,328,649</u></b>

The Corporation had revenue bonds outstanding in the amount of \$58,755,000 (as of September 30, 2007) to provide funds to build, improve, extend, enlarge and repair the Corporation's utility system, fund a reserve, and pay the costs of bond issuance. The bond resolution pledges intergovernmental contract revenues from the cities of Schertz and Seguin (the participating governments) to bond holders. Under the intergovernmental water supply contract, the participating governments are unconditionally obligated to pay their respective shares of annual contract revenue bond debt service from the operation of their respective utility systems.

**NOTE O -- RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2008 were \$211,562 for property and casualty and \$119,922 for workers' compensation coverage.

CITY OF SEGUIN, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE P -- PRIOR PERIOD ADJUSTMENT**

The City changed its method of accounting for emergency services (EMS) receivables effective October 1, 2007. The City had recorded all EMS receivables as current revenues as of the date the services were rendered. However, management has determined that the EMS receivables are more correctly recorded as deferred revenue until collections are received in accordance with the current financial resources measurement focus and the modified accrual method of revenue recognition (see Note A3). The beginning fund balance of the general fund has been restated to reflect the cumulative effect of the change in revenue recognition. There was no effect on the government-wide statement of activities.

<i>Governmental Activities/Funds</i>	Fund Statements
Beginning General Fund Balance - originally reported	\$ 4,935,144
Deferred Recognition of EMS Receivables - 9/30/07	(539,307)
Beginning General Fund Balance - restated	\$ 4,395,837

Comparative data for governmental funds have been restated to reflect the cumulative effect of the change, where applicable.

**NOTE Q -- SUBSEQUENT EVENTS**

*City*

The City approved the issuance of 2009 Tax Notes in the amount of \$1,000,000, to fund infrastructure improvements.

*Component Unit*

In December 2008, the component unit reached an agreement with Caterpillar, Inc. to provide financial incentives in the amount of \$2,000,000 to support the location of a Caterpillar manufacturing and assembly plant in the City of Seguin and to fund 2009 Tax Notes issued by the City for infrastructure improvements. The agreement calls for Caterpillar, Inc. to create a minimum of 1,459 full-time jobs by the end of year five.



## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Funding Progress – Defined Benefit Retirement Plans

CITY OF SEGUIN, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Budgeted Amounts		2008 Actual	Variance With Final Budget - Positive (Negative)	(Restated) 2007 Actual
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 7,319,895	\$ 7,341,520	\$ 7,771,290	\$ 429,770	\$ 7,302,267
Licenses and Permits	327,000	391,400	526,993	135,593	270,006
Intergovernmental	662,595	806,297	798,397	(7,900)	739,648
Charges for Services	4,321,433	4,893,633	4,001,657	(891,976)	3,532,994
Fines and Forfeits	640,730	640,730	912,270	271,540	669,397
Interest	176,024	176,024	168,171	(7,853)	226,650
Miscellaneous	183,100	157,100	173,537	16,437	210,443
<b>TOTAL REVENUES</b>	<b>13,630,777</b>	<b>14,406,704</b>	<b>14,352,315</b>	<b>(54,389)</b>	<b>12,951,405</b>
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT:</b>					
<i>Administration:</i>					
Personnel Services	56,294	56,294	56,993	(699)	56,422
Contracted Services	1,200	1,200	907	293	1,093
Supplies	900	900	1,181	(281)	607
Other Services and Charges	30,000	30,000	10,873	19,127	8,818
<i>Total Administration</i>	<u>88,394</u>	<u>88,394</u>	<u>69,954</u>	<u>18,440</u>	<u>66,940</u>
<i>Financial Administration:</i>					
Personnel Services	225,807	225,807	226,662	(855)	213,012
Contracted Services	104,650	114,775	114,215	560	93,976
Supplies	9,550	9,550	8,640	910	8,706
Other Services and Charges	2,775	2,775	1,992	783	1,701
<i>Total Financial Administration</i>	<u>342,782</u>	<u>352,907</u>	<u>351,509</u>	<u>1,398</u>	<u>317,395</u>
<i>City Manager:</i>					
Personnel Services	147,177	147,177	151,270	(4,093)	141,423
Contracted Services	5,600	5,600	4,819	781	4,966
Supplies	2,300	2,300	1,764	536	1,611
Other Services and Charges	8,000	8,000	7,167	833	8,049
<i>Total City Manager</i>	<u>163,077</u>	<u>163,077</u>	<u>165,020</u>	<u>(1,943)</u>	<u>156,049</u>
<i>Human Resources:</i>					
Personnel Services	168,346	168,346	168,863	(517)	153,548
Contracted Services	33,550	45,050	46,711	(1,661)	34,894
Supplies	4,650	4,650	4,174	476	4,247
Other Services and Charges	38,740	38,740	33,279	5,461	33,090
<i>Total Human Resources</i>	<u>\$ 245,286</u>	<u>\$ 256,786</u>	<u>\$ 253,027</u>	<u>\$ 3,759</u>	<u>\$ 225,779</u>

*Continued*

CITY OF SEGUIN, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Budgeted Amounts		2008 Actual	Variance With Final Budget - Positive (Negative)	(Restated) 2007 Actual
	Original	Final			
<b>General Government (Cont.):</b>					
<i>Planning and Zoning Office:</i>					
Personnel Services	\$ 595,341	\$ 596,611	\$ 603,265	\$ (6,654)	\$ 551,504
Contracted Services	84,950	125,950	116,563	9,387	106,466
Supplies	19,500	41,586	39,178	2,408	16,496
Other Services and Charges	9,250	22,380	19,874	2,506	7,894
<i>Total Planning and Zoning Office</i>	709,041	786,527	778,880	7,647	682,360
<i>City Secretary's Office:</i>					
Personnel Services	48,312	48,312	48,475	(163)	47,891
Contracted Services	3,600	3,600	1,663	1,937	1,556
Supplies	2,925	2,925	2,977	(52)	2,164
Other Services and Charges	29,650	29,650	20,935	8,715	9,143
<i>Total City Secretary's Office</i>	84,487	84,487	74,050	10,437	60,754
<i>City Attorney:</i>					
Personal Services	51,863	51,863	52,213	(350)	46,117
Contracted Services	5,350	5,350	4,934	416	1,457
Supplies	650	650	323	327	529
Other Services and Charges	1,325	1,325	940	385	693
<i>Total City Attorney:</i>	59,188	59,188	58,410	778	48,796
<i>Facilities and Grounds:</i>					
Personnel Services	427,222	427,222	396,745	30,477	371,430
Contracted Services	58,540	70,425	66,304	4,121	44,470
Supplies	16,000	16,000	13,886	2,114	14,696
Other Services and Charges	20,000	23,200	22,694	506	16,496
<i>Total Facilities and Grounds</i>	521,762	536,847	499,629	37,218	447,092
<b>Total General Government</b>	2,214,017	2,328,213	2,250,479	77,734	2,005,165
<b>Public Safety:</b>					
<i>Police:</i>					
Personnel Services	3,971,886	3,971,886	3,865,061	106,825	3,516,979
Contracted Services	171,400	167,900	145,199	22,701	141,507
Supplies	52,000	52,000	51,845	155	49,896
Other Services and Charges	139,900	182,400	177,220	5,180	118,841
<i>Total Police</i>	\$ 4,335,186	\$ 4,374,186	\$ 4,239,325	\$ 134,861	\$ 3,827,223

*Continued*

CITY OF SEGUIN, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Budgeted Amounts		2008 Actual	Variance With Final Budget - Positive (Negative)	(Restated) 2007 Actual
	Original	Final			
<b>Public Safety: (Cont.)</b>					
<i>Fire/EMS:</i>					
Personnel Services	\$ 3,170,924	\$ 3,170,924	\$ 3,094,943	\$ 75,981	\$ 2,795,266
Contracted Services	193,550	225,550	256,197	(30,647)	197,281
Supplies	150,950	178,416	178,923	(507)	103,706
Other Services and Charges	242,800	778,800	82,574	696,226	803,345
<i>Total Fire/EMS</i>	3,758,224	4,353,690	3,612,637	741,053	3,899,598
<i>Municipal Court:</i>					
Personnel Services	210,727	215,401	214,238	1,163	200,539
Contracted Services	41,150	41,150	39,620	1,530	40,132
Supplies	5,225	5,225	5,300	(75)	4,622
Other Services and Charges	2,530	2,530	1,883	647	1,873
<i>Total Municipal Court</i>	259,632	264,306	261,041	3,265	247,166
<i>Animal Control:</i>					
Personnel Services	145,524	145,524	139,377	6,147	132,764
Contracted Services	10,525	10,525	8,741	1,784	7,388
Supplies	14,200	10,200	9,660	540	8,530
Other Services and Charges	2,300	7,200	6,763	437	3,511
<i>Total Animal Control</i>	172,549	173,449	164,541	8,908	152,193
<b>Total Public Safety</b>	8,525,591	9,165,631	8,277,544	888,087	8,126,180
<b>Public Service:</b>					
<i>Public Works:</i>					
Personnel Services	757,543	760,643	733,465	27,178	700,587
Contracted Services	849,500	941,420	910,309	31,111	828,623
Supplies	12,555	12,555	11,593	962	24,854
Other Services and Charges	48,600	75,000	72,203	2,797	43,082
<i>Total Public Works</i>	1,668,198	1,789,618	1,727,570	62,048	1,597,146
<i>Vehicle Maintenance:</i>					
Personnel Services	139,295	139,295	139,297	(2)	127,958
Contracted Services	22,230	22,130	20,359	1,771	18,658
Supplies	10,300	10,300	9,443	857	9,481
Other Services and Charges	4,350	5,750	4,799	951	3,035
<i>Total Vehicle Maintenance</i>	\$ 176,175	\$ 177,475	\$ 173,898	\$ 3,577	\$ 159,132

*Continued*



CITY OF SEGUIN, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

Public Service: (Cont.)	Budgeted Amounts		<b>2008 Actual</b>	Variance With Final Budget - Positive (Negative)	(Restated) 2007 Actual
	Original	Final			
<i>Library:</i>					
Personnel Services	\$ 343,981	\$ 343,981	\$ 336,659	\$ 7,322	\$ 305,631
Contracted Services	54,400	55,032	51,626	3,406	47,445
Supplies	78,350	86,120	85,820	300	66,630
Other Services and Charges	3,425	7,425	5,757	1,668	5,126
<i>Total Library</i>	480,156	492,558	479,862	12,696	424,832
<i>Parks and Recreation:</i>					
Personnel Services	531,736	531,736	552,006	(20,270)	500,818
Contracted Services	75,500	77,300	70,360	6,940	94,517
Supplies	69,300	64,550	54,589	9,961	59,896
Other Services and Charges	2,780	12,830	10,151	2,679	7,752
<i>Total Parks and Recreation</i>	679,316	686,416	687,106	(690)	662,983
<i>Golf Course:</i>					
Personnel Services	365,910	374,391	345,414	28,977	332,025
Contracted Services	61,350	60,350	58,823	1,527	43,278
Supplies	38,400	39,400	37,208	2,192	36,560
Other Services and Charges	56,550	60,150	62,983	(2,833)	48,587
<i>Total Golf Course</i>	522,210	534,291	504,428	29,863	460,450
<i>Downtown &amp; Main St. Programs:</i>					
Personnel Services	123,447	123,447	123,710	(263)	112,571
Contracted Services	1,950	1,450	1,088	362	1,007
Supplies	1,700	24,508	27,142	(2,634)	1,523
Other Services and Charges	31,950	32,450	31,713	737	34,704
<i>Total Downtown &amp; Main St. Programs</i>	159,047	181,855	183,653	(1,798)	149,805
<b>Total Public Service</b>	\$ 3,685,102	\$ 3,862,213	\$ 3,756,517	\$ 105,696	\$ 3,454,348

*Continued*

CITY OF SEGUIN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Budgeted Amounts		2008 Actual	Variance With Final Budget - Positive (Negative)	(Restated) 2007 Actual
	Original	Final			
<b>Nondepartmental:</b>					
Contracted Services	\$ 84,015	\$ 96,015	\$ 87,525	\$ 8,490	\$ 73,268
Building and Auto Insurance	140,000	140,000	113,095	26,905	119,348
Unemployment Insurance	8,000	8,000	5,342	2,658	2,075
Contributions - Civic Organizations	1,052,617	1,073,378	1,073,378	-	997,375
Other Services and Charges	34,435	43,435	45,305	(1,870)	29,406
<b>Total Nondepartmental</b>	1,319,067	1,360,828	1,324,645	36,183	1,221,472
<b>Indirect Cost Allocation (Recovery)</b>	(2,140,000)	(2,140,000)	(2,798,522)	658,522	(2,437,684)
<b>TOTAL EXPENDITURES</b>	13,603,777	14,576,885	12,810,663	1,766,222	12,369,481
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	27,000	(170,181)	1,541,652	1,711,833	581,924
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (Out)	(456,746)	(947,664)	(947,664)	-	(468,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(456,746)	(947,664)	(947,664)	-	(468,000)
<b>SPECIAL ITEMS</b>					
Proceeds from Sale of Capital Assets	140,000	140,000	136,800	(3,200)	-
<b>Net Change in Fund Balance</b>	(289,746)	(977,845)	730,788	1,708,633	113,924
<b>Fund Balance at Beginning of Year</b>	4,395,837	4,395,837	4,395,837	-	4,281,913
<b>Fund Balance at End of Year</b>	\$ 4,106,091	\$ 3,417,992	\$ 5,126,625	\$ 1,708,633	\$ 4,395,837

CITY OF SEGUIN, TEXAS  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2008

**Budgetary Information** – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are funds which have legally adopted annual budgets: General Fund, Debt Service Funds, Occupancy Tax (Special Revenue) Fund, Coliseum (Special Revenue) Fund, Aquatic Center (Special Revenue) Fund, Emergency (Special Revenue) Fund, and Police Donations (Special Revenue) Fund. Project – length financial plans are adopted for the Capital Projects Funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF SEGUIN, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 ANALYSIS OF FUNDING PROGRESS  
 LAST THREE FISCAL YEARS

FISCAL YEAR	(1) ACTUARIAL VALUE OF ASSETS **	(2) ACTUARIAL ACCRUED LIABILITY*	(3) FUNDING RATIO (1)/(2)	(4) UNFUNDED ACTUARIAL ACCRUED LIABILITY	(5) ANNUAL COVERED PAYROLL	(6) UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2006	\$ 20,157,228	\$ 27,440,773	73.5%	\$ 7,283,545	\$ 9,768,388	74.6%
2007	\$ 20,722,543	\$ 28,792,331	72.0%	\$ 8,069,788	\$ 10,180,049	79.3%
2008	\$ 21,974,650	\$ 30,123,786	72.9%	\$ 8,149,136	\$ 10,741,521	75.9%

\* As of December 31 of the preceding year, the date of the actuarial valuation.

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

TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL  
 RETIREMENT FUND  
 ANALYSIS OF FUNDING PROGRESS \*  
 LAST THREE ACTUARIAL VALUATIONS

Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) - Entry Age (1) [b]	Unfunded AAL (UAAL) [b]-[a]	Funded Ratio [a/b]	Total Members Covered [c]	UAAL Per Member Covered [d]
8/31/2004	\$ 38,140,501	\$ 51,567,426	\$ 13,426,925	74.0%	7,994	\$ 1,680
8/31/2006 (2)	\$ 42,268,305	\$ 58,082,828	\$ 15,814,523	72.8%	8,061	\$ 1,962
8/31/2008 (3)	\$ 60,987,157	\$ 64,227,341	\$ 3,240,184	95.0%	8,254	\$ 393

\* Represents funding progress of the Texas Statewide Emergency Services Personnel Retirement Fund as a whole. Separate funding information for individual participating governments is not provided.

- (1) The actuarial accrued liability is based upon the entry age actuarial cost method.
- (2) Changes in actuarial assumptions and methods as well as benefit and contribution provisions were first reflected in this valuation.
- (3) Changes in actuarial assumptions were reflected in this valuation.

## OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Combining Statements – Nonmajor Governmental Funds
  - *Combining Statements – Nonmajor Special Revenue Funds*
  - *Combining Statements – Nonmajor Capital Projects Funds*
  - *Budgetary Statements*
- Comparative Statements – Enterprise (Utility) Fund
- Combining Statements – Internal Service (Insurance) Funds
- Combining Statements – Fiduciary (Private Purpose Trust) Funds
- Statement of Changes in Assets & Liabilities – Agency Fund

CITY OF SEGUIN, TEXAS  
 COMPARATIVE BALANCE SHEETS  
 GENERAL FUND  
 SEPTEMBER 30, 2008 AND 2007

<b>ASSETS</b>	<b>2008</b>	(Restated) <b>2007</b>
Cash and Cash Equivalents	\$ 392,368	\$ 128,050
Investments	4,451,691	3,878,512
Receivables:		
Taxes	1,219,310	1,254,189
Accounts	803,877	270,234
Miscellaneous	98,524	28,967
Due from Other Funds	-	57,336
Inventory of Supplies	24,238	15,414
Prepaid Items	42,141	44,198
<b>TOTAL ASSETS</b>	<b>\$ 7,032,149</b>	<b>\$ 5,676,900</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 317,120	\$ 295,292
Accrued Expenditures	446,537	325,673
Due to Component Unit	140,612	155,160
Deferred/Unearned Revenue	996,473	500,084
Due to Others	4,782	4,854
<i>Total Liabilities</i>	<b>1,905,524</b>	<b>1,281,063</b>
<i>Fund Balance:</i>		
Reserved for Inventory and Prepaid Items	66,379	59,612
Unreserved/ Undesignated	5,060,246	4,336,225
<i>Total Fund Balance</i>	<b>5,126,625</b>	<b>4,395,837</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 7,032,149</b>	<b>\$ 5,676,900</b>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 GENERAL FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

<b>REVENUES</b>	<b>2008</b>	(Restated) <b>2007</b>
Taxes	\$ 7,771,290	\$ 7,302,267
Licenses and Permits	526,993	270,006
Intergovernmental	798,397	739,648
Charges for Services	4,001,657	3,532,994
Fines and Forfeits	912,270	669,397
Interest	168,171	226,650
Miscellaneous	173,537	210,443
<b>TOTAL REVENUES</b>	<b>14,352,315</b>	<b>12,951,405</b>
 <b>EXPENDITURES</b>		
Current:		
General Government	2,250,479	2,005,165
Public Safety	8,277,544	8,126,180
Public Service	3,756,517	3,454,348
Nondepartmental	1,324,645	1,221,472
Indirect cost Allocation (Recovery)	(2,798,522)	(2,437,684)
<b>TOTAL EXPENDITURES</b>	<b>12,810,663</b>	<b>12,369,481</b>
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	 <b>1,541,652</b>	 <b>581,924</b>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfers (Out)	(947,664)	(468,000)
 <b>TOTAL OTHER FINANCING SOURCES (USES)</b>	 <b>(947,664)</b>	 <b>(468,000)</b>
 <b>SPECIAL ITEMS</b>		
Proceeds from Sale of Capital Assets	136,800	-
 <b>Net Change in Fund Balance</b>	 <b>730,788</b>	 <b>113,924</b>
 <b>Fund Balance at Beginning of Year</b>	 <b>4,395,837</b>	 <b>4,281,913</b>
 <b>Fund Balance at End of Year</b>	 <b>\$ 5,126,625</b>	 <b>\$ 4,395,837</b>





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

SPECIAL REVENUE FUNDS

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

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

**Coliseum Fund** – To account for the revenues earned by the coliseum that provide for the operations and maintenance of the coliseum.

**Aquatic Center Fund** – To account for the revenues earned by the Aquatic Center that provide for the operations and maintenance of the Aquatic Center.

**Municipal Court Security** – To account for revenues from court fines restricted to improving municipal court security.

**Municipal Court Technology** – To account for revenues from court fines restricted to improving court technology.

**Federal Forfeiture Fund** – To account for revenues under federal laws that allow confiscation of money and property seized during enforcement of controlled substance laws. Revenues are accounted for under federal laws and related agreements.

**State Forfeiture Fund** – To account for revenues under state laws that allow confiscation of money and property seized during enforcement of controlled substance laws. Revenues are accounted for under state laws and related agreements.

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

Debt Service funds are used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on general long-term debt.

CAPITAL PROJECTS FUNDS

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



CITY OF SEGUIN, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2008

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 23,048	\$ 4,007	\$ 11,923	\$ 38,978
Investments	3,188,702	832,812	192,330	4,213,844
Receivables (net of allowances for uncollectibles):				
Taxes	131,600	133,243	-	264,843
Accounts	11,513	-	-	11,513
Prepaid Items	2,160	-	-	2,160
Restricted Assets:				
Cash and Cash Equivalents	-	-	1,290	1,290
Investments	-	-	2,134,857	2,134,857
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 3,357,023</u>	<u>\$ 970,062</u>	<u>\$ 2,340,400</u>	<u>\$ 6,667,485</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 4,312	\$ -	\$ 597,481	\$ 601,793
Accrued Expenditures	1,094	-	-	1,094
Deferred Revenues	11,428	118,247	-	129,675
Due to Others	32,186	-	87,095	119,281
<i>Total Liabilities</i>	<u>49,020</u>	<u>118,247</u>	<u>684,576</u>	<u>851,843</u>
<i>Fund Balance:</i>				
Reserved for Prepaid Items	2,160	-	-	2,160
Reserved for Capital Projects	-	-	1,536,564	1,536,564
Unreserved	3,305,843	851,815	119,260	4,276,918
<i>Total Equity and Other Credits</i>	<u>3,308,003</u>	<u>851,815</u>	<u>1,655,824</u>	<u>5,815,642</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<u>\$ 3,357,023</u>	<u>\$ 970,062</u>	<u>\$ 2,340,400</u>	<u>\$ 6,667,485</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<b>REVENUES</b>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Taxes	\$ 523,108	\$ 2,284,396	\$ -	\$ 2,807,504
Licenses and Permits	15,200	-	-	15,200
Intergovernmental	154,453	-	-	154,453
Charges for Services	182,997	50,168	25,191	258,356
Fines and Forfeits	52,482	-	-	52,482
Interest	93,780	57,932	151,272	302,984
Miscellaneous	300	250,000	-	250,300
<b>TOTAL REVENUES</b>	<u>1,022,320</u>	<u>2,642,496</u>	<u>176,463</u>	<u>3,841,279</u>
<b>EXPENDITURES</b>				
Current:				
General Government	680,129	-	329	680,458
Nondepartmental	4,875	-	87,095	91,970
Capital Outlay	175,995	-	4,708,882	4,884,877
Debt Service:				
Principal	-	1,139,676	6,663	1,146,339
Interest & Fiscal Charges	-	1,303,657	19,709	1,323,366
<b>TOTAL EXPENDITURES</b>	<u>860,999</u>	<u>2,443,333</u>	<u>4,822,678</u>	<u>8,127,010</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>161,321</u>	<u>199,163</u>	<u>(4,646,215)</u>	<u>(4,285,731)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	580,000	-	57,779	637,779
Proceeds of Bond Issues	-	-	1,000,000	1,000,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>580,000</u>	<u>-</u>	<u>1,057,779</u>	<u>1,637,779</u>
Net Change in Fund Balances	741,321	199,163	(3,588,436)	(2,647,952)
Fund Balances/Equity, October 1	<u>2,566,682</u>	<u>652,652</u>	<u>5,244,260</u>	<u>8,463,594</u>
Fund Balances/Equity September 30	<u>\$ 3,308,003</u>	<u>\$ 851,815</u>	<u>\$ 1,655,824</u>	<u>\$ 5,815,642</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2008

	Occupancy Tax Fund	Coliseum Fund	Acquatic Center Fund	Municipal Ct. Security Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 15,652	\$ 957	\$ 144	\$ 1,606
Investments	59,980	338,471	11,447	30,808
Receivables (net of allowances for uncollectibles):				
Accounts	-	6,627	-	1,091
Taxes	131,600	-	-	-
Prepaid Items	-	-	-	1,575
<b>TOTAL ASSETS</b>	<b>\$ 207,232</b>	<b>\$ 346,055</b>	<b>\$ 11,591</b>	<b>\$ 35,080</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 170	\$ 15	\$ -
Accrued Expenditures/Expenses	-	1,094	-	-
Due to Others	-	32,162	-	-
Deferred Revenue	-	-	46	1,091
<i>Total Liabilities</i>	-	33,426	61	1,091
<i>Fund Balance:</i>				
Reserved for Prepaid Items	-	-	-	1,575
Unreserved/Undesignated	207,232	312,629	11,530	32,414
<i>Total Equity and Other Credits</i>	207,232	312,629	11,530	33,989
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 207,232</b>	<b>\$ 346,055</b>	<b>\$ 11,591</b>	<b>\$ 35,080</b>

<u>Municipal Ct. Technology</u>	<u>Federal Forfeiture Seizure</u>	<u>State Forfeiture Seizure</u>	<u>DARE Program Fund</u>
\$ 2,509	\$ 173	\$ 2	\$ 385
36,470	27,426	17,658	90,727
1,495	-	-	-
-	-	-	-
585	-	-	-
<u>\$ 41,059</u>	<u>\$ 27,599</u>	<u>\$ 17,660</u>	<u>\$ 91,112</u>
\$ -	\$ -	\$ -	\$ 109
-	-	-	-
4	-	-	-
1,491	-	-	-
<u>1,495</u>	<u>-</u>	<u>-</u>	<u>109</u>
585	-	-	-
38,979	27,599	17,660	91,003
<u>39,564</u>	<u>27,599</u>	<u>17,660</u>	<u>91,003</u>
<u>\$ 41,059</u>	<u>\$ 27,599</u>	<u>\$ 17,660</u>	<u>\$ 91,112</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2008

	Emergency Fund	Justice Grant	Police Department Donations	Park Development Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 33	\$ 21	\$ 117	\$ 1,248
Investments	2,318,515	-	79,902	59,227
Receivables (net of allowances for uncollectibles):				
Accounts	2,300	-	-	-
Taxes	-	-	-	-
Prepaid Items	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,320,848</b>	<b>\$ 21</b>	<b>\$ 80,019</b>	<b>\$ 60,475</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 8	\$ -	\$ 4,010	\$ -
Accrued Expenditures/Expenses	-	-	-	-
Due to Others	20	-	-	-
Deferred Revenue	8,800	-	-	-
<i>Total Liabilities</i>	8,828	-	4,010	-
<i>Fund Balance:</i>				
Reserved for Prepaid Items	-	-	-	-
Unreserved/Undesignated	2,312,020	21	76,009	60,475
<i>Total Equity and Other Credits</i>	2,312,020	21	76,009	60,475
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 2,320,848</b>	<b>\$ 21</b>	<b>\$ 80,019</b>	<b>\$ 60,475</b>



Library Bldg Fund	<u>Totals</u>
\$ 201	\$ 23,048
118,071	3,188,702
-	11,513
-	131,600
-	2,160
<u>\$ 118,272</u>	<u>\$ 3,357,023</u>
\$ -	\$ 4,312
-	1,094
-	32,186
-	11,428
<u>-</u>	<u>49,020</u>
-	2,160
118,272	3,305,843
<u>118,272</u>	<u>3,308,003</u>
<u>\$ 118,272</u>	<u>\$ 3,357,023</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<b>REVENUES</b>	Occupancy Tax	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
Taxes	\$ 523,108	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	88,923	94,074	-
Fines and Forfeits	-	-	-	18,560
Interest	3,130	9,542	490	744
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>526,238</b>	<b>98,465</b>	<b>94,564</b>	<b>19,304</b>
<b>EXPENDITURES</b>				
Current:				
General Government	357,298	173,707	84,278	-
Nondepartmental	-	-	-	3,120
Capital Outlay	-	-	16,600	-
<b>TOTAL EXPENDITURES</b>	<b>357,298</b>	<b>173,707</b>	<b>100,878</b>	<b>3,120</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	168,940	(75,242)	(6,314)	16,184
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In (Out)	(152,691)	152,691	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(152,691)</b>	<b>152,691</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	16,249	77,449	(6,314)	16,184
Fund Balances/Equity, October 1	190,983	235,180	17,843	17,805
Fund Balances/Equity September 30	<u>\$ 207,232</u>	<u>\$ 312,629</u>	<u>\$ 11,529</u>	<u>\$ 33,989</u>

<u>Municipal Court Technology</u>	<u>Federal Forfeiture Seizure Fund</u>	<u>State Forfeiture Seizure Fund</u>	<u>DARE Program Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	37,503
-	-	-	-
25,187	3,085	5,650	-
1,656	939	528	2,978
-	-	-	-
<u>26,843</u>	<u>4,024</u>	<u>6,178</u>	<u>40,481</u>
13,975	-	-	36,597
-	-	-	-
<u>40,068</u>	<u>14,061</u>	<u>3,904</u>	<u>-</u>
<u>54,043</u>	<u>14,061</u>	<u>3,904</u>	<u>36,597</u>
<u>(27,200)</u>	<u>(10,037)</u>	<u>2,274</u>	<u>3,884</u>
-	-	-	-
-	-	-	-
<u>(27,200)</u>	<u>(10,037)</u>	<u>2,274</u>	<u>3,884</u>
<u>66,765</u>	<u>37,636</u>	<u>15,386</u>	<u>87,119</u>
<u>\$ 39,565</u>	<u>\$ 27,599</u>	<u>\$ 17,660</u>	<u>\$ 91,003</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<b>REVENUES</b>	<u>Emergency Fund</u>	<u>Justice Grant</u>	<u>Police Department Donations</u>	<u>Park Development Fund</u>
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	15,200
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest	65,917	-	4,929	1,605
Miscellaneous	-	-	300	-
<b>TOTAL REVENUES</b>	<u>65,917</u>	<u>-</u>	<u>5,229</u>	<u>16,805</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	14,274	-
Nondepartmental	1,755	-	-	-
Capital Outlay	-	-	101,362	-
<b>TOTAL EXPENDITURES</b>	<u>1,755</u>	<u>-</u>	<u>115,636</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,162</u>	<u>-</u>	<u>(110,407)</u>	<u>16,805</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In (Out)	<u>580,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>580,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	644,162	-	(110,407)	16,805
Fund Balances/Equity, October 1	<u>1,667,858</u>	<u>21</u>	<u>186,416</u>	<u>43,670</u>
Fund Balances/Equity September 30	<u>\$ 2,312,020</u>	<u>\$ 21</u>	<u>\$ 76,009</u>	<u>\$ 60,475</u>

Library Building Fund	<u>Totals</u>
\$ -	\$ 523,108
-	15,200
116,950	154,453
-	182,997
-	52,482
1,322	93,780
-	300
118,272	1,022,320
-	680,129
-	4,875
-	175,995
-	860,999
118,272	161,321
-	580,000
-	580,000
118,272	741,321
-	2,566,682
\$ 118,272	\$ 3,308,003

CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2008

	2002 Tax Notes	2004 GO Bonds	2002 Project Fund	Tecni-Quip Development Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 87	\$ 1	\$ 1	\$ 25
Investments	3,603	7,646	7,490	5,084
Restricted Cash and Investments	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,690</u></u>	<u><u>\$ 7,647</u></u>	<u><u>\$ 7,491</u></u>	<u><u>\$ 5,109</u></u>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 6,223	\$ -	\$ -
Due to Others	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Liabilities</i>	<u>          </u>	<u>6,223</u>	<u>          </u>	<u>          </u>
<i>Fund Balance:</i>				
Reserved for Fund Balance	<u>3,690</u>	<u>1,424</u>	<u>7,491</u>	<u>5,109</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Fund Balance</i>	<u>3,690</u>	<u>1,424</u>	<u>7,491</u>	<u>5,109</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<u><u>\$ 3,690</u></u>	<u><u>\$ 7,647</u></u>	<u><u>\$ 7,491</u></u>	<u><u>\$ 5,109</u></u>

Golf Course Capital Projects	2007 Bond Fund	2005 Bond Fund	2006 Bond Fund
\$ 944	\$ -	\$ 4,146	\$ -
28,845	-	51,509	-
-	1,614,640	-	512,876
<u>\$ 29,789</u>	<u>\$ 1,614,640</u>	<u>\$ 55,655</u>	<u>\$ 512,876</u>
\$ 306	\$ 531,916	\$ -	\$ 59,036
-	-	-	-
306	531,916	-	59,036
<u>29,483</u>	<u>1,082,724</u>	<u>55,655</u>	<u>453,840</u>
<u>29,483</u>	<u>1,082,724</u>	<u>55,655</u>	<u>453,840</u>
<u>\$ 29,789</u>	<u>\$ 1,614,640</u>	<u>\$ 55,655</u>	<u>\$ 512,876</u>





CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2008

<b>ASSETS</b>	IH 10 Frontage Rd Drainage Fund	SIB Loan Fund	2008 Tax Notes	<b>Total</b>
Cash and Cash Equivalents	\$ -	\$ 6,719	\$ -	\$ 11,923
Investments	88,153	-	-	192,330
Restricted Cash and Investments	-	-	8,631	2,136,147
<b>TOTAL ASSETS</b>	<b>\$ 88,153</b>	<b>\$ 6,719</b>	<b>\$ 8,631</b>	<b>\$ 2,340,400</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 597,481
Due to Others	87,095	-	-	87,095
<i>Total Liabilities</i>	87,095	-	-	684,576
<i>Fund Balance:</i>				
Reserved for Fund Balance	1,058	6,719	8,631	1,655,824
<i>Total Fund Balance:</i>	1,058	6,719	8,631	1,655,824
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 88,153</b>	<b>\$ 6,719</b>	<b>\$ 8,631</b>	<b>\$ 2,340,400</b>

CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<b>REVENUES</b>	<u>2002 Tax Notes</u>	<u>2004 GO Bonds</u>	<u>2002 Bonds</u>	<u>Tecni-Quip</u>
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest	127	1,889	2,928	169
<b>TOTAL REVENUES</b>	<u>127</u>	<u>1,889</u>	<u>2,928</u>	<u>169</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	-	-	-	-
Nondepartmental	-	-	-	-
Capital Outlay	-	94,001	100,585	-
Debt Service:				
Principal	-	-	-	-
Interest & Fiscal Charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>94,001</u>	<u>100,585</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>127</u>	<u>(92,112)</u>	<u>(97,657)</u>	<u>169</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfer In (Out)	-	246,693	-	-
Proceeds from Bond Issue	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>246,693</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	127	154,581	(97,657)	169
Fund Balances/Equity, October 1	<u>3,563</u>	<u>(153,157)</u>	<u>105,148</u>	<u>4,940</u>
Fund Balances/Equity September 30	<u>\$ 3,690</u>	<u>\$ 1,424</u>	<u>\$ 7,491</u>	<u>\$ 5,109</u>

Golf Course Capital Projects	2007 Bond Fund	2005 Bond Fund	2006 Bond Fund
\$ 25,191	\$ -	\$ -	\$ -
735	91,620	2,423	36,263
<u>25,926</u>	<u>91,620</u>	<u>2,423</u>	<u>36,263</u>
-	-	329	-
-	-	-	-
9,311	2,431,241	13,005	1,083,935
6,663	-	-	-
1,209	-	-	-
<u>17,183</u>	<u>2,431,241</u>	<u>13,334</u>	<u>1,083,935</u>
<u>8,743</u>	<u>(2,339,621)</u>	<u>(10,911)</u>	<u>(1,047,672)</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
<u>8,743</u>	<u>(2,339,621)</u>	<u>(10,911)</u>	<u>(1,047,672)</u>
<u>20,740</u>	<u>3,422,345</u>	<u>66,566</u>	<u>1,501,512</u>
<u>\$ 29,483</u>	<u>\$ 1,082,724</u>	<u>\$ 55,655</u>	<u>\$ 453,840</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<b>REVENUES</b>	IH 10 Frontage road Drainage Fund	SIB Loan Fund	2008 Tax Notes	<b>Total</b>
Charges for Services	\$ -	\$ -	\$ -	\$ 25,191
Interest	10,008	1,175	3,935	151,272
<b>TOTAL REVENUES</b>	<b>10,008</b>	<b>1,175</b>	<b>3,935</b>	<b>176,463</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	-	-	-	329
Nondepartmental	87,095	-	-	87,095
Capital Outlay	-	-	976,804	4,708,882
Debt Service:				
Principal	-	-	-	6,663
Interest & Fiscal Charges	-	-	18,500	19,709
<b>TOTAL EXPENDITURES</b>	<b>87,095</b>	<b>-</b>	<b>995,304</b>	<b>4,822,678</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,087)	1,175	(991,369)	(4,646,215)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In (Out)	-	(188,914)	-	57,779
Proceeds of Bond Issue	-	-	1,000,000	1,000,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(188,914)</b>	<b>1,000,000</b>	<b>1,057,779</b>
Net Change in Fund Balance	(77,087)	(187,739)	8,631	(3,588,436)
Fund Balances/Equity, October 1	78,145	194,458	-	5,244,260
Fund Balances/Equity September 30	<u>\$ 1,058</u>	<u>\$ 6,719</u>	<u>\$ 8,631</u>	<u>\$ 1,655,824</u>

CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
OCCUPANCY TAX FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Final Budgeted Amounts	2008	Variance Favorable (Unfavorable)	2007
<b>REVENUES</b>				
Occupancy Tax	\$ 509,989	\$ 523,108	\$ 13,119	\$ 457,310
Interest	2,500	3,130	630	4,908
<b>TOTAL REVENUES</b>	<u>512,489</u>	<u>526,238</u>	<u>13,749</u>	<u>462,218</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government:</i>				
Contributions to Local Organizations	357,298	357,298	-	312,999
<b>TOTAL EXPENDITURES</b>	<u>357,298</u>	<u>357,298</u>	<u>-</u>	<u>312,999</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>155,191</u>	<u>168,940</u>	<u>13,749</u>	<u>149,219</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(152,691)	(152,691)	-	(138,203)
<b>Net Change in Fund Balance</b>	2,500	16,249	13,749	11,016
<b>FUND BALANCES/EQUITY, OCTOBER 1</b>				
Prior Period Adjustment	190,983	190,983	-	39,239
	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,729</u>
<b>FUND BALANCES/EQUITY, SEPTEMBER 30</b>	<u>\$ 193,483</u>	<u>\$ 207,232</u>	<u>\$ 13,749</u>	<u>\$ 190,984</u>

CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
COLISEUM FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Final Budgeted Amounts	2008	Variance Favorable (Unfavorable)	2007
<b>REVENUES</b>				
Charges for Services	\$ 114,075	\$ 88,923	\$ (25,152)	\$ 102,867
Interest	8,000	9,542	1,542	12,754
<b>TOTAL REVENUES</b>	<u>122,075</u>	<u>98,465</u>	<u>(23,610)</u>	<u>115,621</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government/Facilities &amp; Grounds</i>				
Personal Services	45,584	44,536	1,048	38,543
Contracted Services	126,025	123,174	2,851	122,973
Supplies	10,350	5,329	5,021	8,182
Other Services and Charges	6,790	668	6,122	28,740
<b>TOTAL EXPENDITURES</b>	<u>188,749</u>	<u>173,707</u>	<u>15,042</u>	<u>198,438</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(66,674)</u>	<u>(75,242)</u>	<u>(8,568)</u>	<u>(82,817)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>122,520</u>	<u>152,691</u>	<u>30,171</u>	<u>138,203</u>
<b>Net Change in Fund Balance</b>	55,846	77,449	21,603	55,386
<b>FUND BALANCES/EQUITY, OCTOBER 1</b>	<u>235,180</u>	<u>235,180</u>	<u>-</u>	<u>179,794</u>
<b>FUND BALANCES/EQUITY, SEPTEMBER 30</b>	<u><u>\$ 291,026</u></u>	<u><u>\$ 312,629</u></u>	<u><u>\$ 21,603</u></u>	<u><u>\$ 235,180</u></u>

CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
AQUATIC CENTER FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Final Budgeted Amounts	2008	Variance Favorable (Unfavorable)	2007
<b>REVENUES</b>				
Charges for Services	\$ 86,300	\$ 94,074	\$ 7,774	\$ 81,551
Interest	110	490	380	727
<b>TOTAL REVENUES</b>	<u>86,410</u>	<u>94,564</u>	<u>8,154</u>	<u>82,278</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government/Facilities &amp; Grounds</i>				
Personnel Expenses	42,137	36,468	5,669	35,441
Contracted Services	26,800	30,433	(3,633)	23,213
Supplies	16,525	17,377	(852)	15,154
Other Services and Charges	-	-	-	-
Capital Outlay	16,600	16,600	-	-
<b>TOTAL EXPENDITURES</b>	<u>102,062</u>	<u>100,878</u>	<u>1,184</u>	<u>73,808</u>
<b>Net Change in Fund Balance</b>	(15,652)	(6,314)	9,338	8,470
<b>FUND BALANCES/EQUITY, OCTOBER 1</b>	<u>17,843</u>	<u>17,843</u>	<u>-</u>	<u>9,373</u>
<b>FUND BALANCES/EQUITY, SEPTEMBER 30</b>	<u>\$ 2,191</u>	<u>\$ 11,529</u>	<u>\$ 9,338</u>	<u>\$ 17,843</u>

CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
EMERGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Final Budgeted Amounts	2008	Variance Favorable (Unfavorable)	2007
<b>REVENUES</b>				
Interest	\$ 81,500	\$ 65,917	\$ (15,583)	\$ 117,636
<b>TOTAL REVENUES</b>	<u>81,500</u>	<u>65,917</u>	<u>(15,583)</u>	<u>117,636</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government/Nondepartmental Supplies</i>	-	1,755	(1,755)	702,815
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>1,755</u>	<u>(1,755)</u>	<u>702,815</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>81,500</u>	<u>64,162</u>	<u>(17,338)</u>	<u>(585,179)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	330,000	580,000	250,000	(350,000)
<b>Net Change in Fund Balance</b>	411,500	644,162	232,662	(935,179)
<b>FUND BALANCES/EQUITY, OCTOBER 1</b>	<u>1,667,858</u>	<u>1,667,858</u>	<u>-</u>	<u>2,603,037</u>
<b>FUND BALANCES/EQUITY, SEPTEMBER 30</b>	<u>\$ 2,079,358</u>	<u>\$ 2,312,020</u>	<u>\$ 232,662</u>	<u>\$ 1,667,858</u>



CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
POLICE DONATIONS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Final Budgeted Amounts	2008	Variance Favorable (Unfavorable)	2007
<b>REVENUES</b>				
Interest	\$ 2,600	\$ 4,929	\$ 2,329	\$ 9,007
Miscellaneous/Donations	-	300	300	200,520
<b>TOTAL REVENUES</b>	<u>2,600</u>	<u>5,229</u>	<u>2,629</u>	<u>209,527</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government/Nondepartmental</i>				
Supplies	15,000	10,727	4,273	7,921
Other Services and Charges	20,000	3,547	16,453	17,085
Capital Outlay	118,142	101,362	16,780	41,388
<b>TOTAL EXPENDITURES</b>	<u>153,142</u>	<u>115,636</u>	<u>37,506</u>	<u>66,394</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(150,542)</u>	<u>(110,407)</u>	<u>40,135</u>	<u>143,133</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
<b>Net Change in Fund Balance</b>	(150,542)	(110,407)	40,135	143,133
<b>FUND BALANCES/EQUITY, OCTOBER 1</b>	<u>186,416</u>	<u>186,416</u>	<u>-</u>	<u>43,284</u>
<b>FUND BALANCES/EQUITY, SEPTEMBER 30</b>	<u>\$ 35,874</u>	<u>\$ 76,009</u>	<u>\$ 40,135</u>	<u>\$ 186,417</u>

CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Final Budgeted Amounts	2008	Variance Favorable (Unfavorable)	2007
<b>REVENUES</b>				
Interest	\$ 2,097,841	\$ 2,284,396	\$ 186,555	\$ 2,063,432
Charges for Services	34,000	50,168	16,168	30,206
Interest	45,025	57,932	12,907	39,776
Miscellaneous/Donations	-	250,000	250,000	-
<b>TOTAL REVENUES</b>	<u>2,176,866</u>	<u>2,642,496</u>	<u>465,630</u>	<u>2,133,414</u>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	1,140,587	1,139,676	911	915,000
Interest and Fiscal Charges	1,347,737	1,303,657	44,080	1,030,750
<b>TOTAL EXPENDITURES</b>	<u>2,488,324</u>	<u>2,443,333</u>	<u>44,991</u>	<u>1,945,750</u>
<b>Net Change in Fund Balance</b>	(311,458)	199,163	510,621	187,664
<b>FUND BALANCES/EQUITY, OCTOBER 1</b>	<u>652,652</u>	<u>652,652</u>	<u>-</u>	<u>464,987</u>
<b>FUND BALANCES/EQUITY, SEPTEMBER 30</b>	<u><u>\$ 341,194</u></u>	<u><u>\$ 851,815</u></u>	<u><u>\$ 510,621</u></u>	<u><u>\$ 652,651</u></u>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF NET ASSETS  
 UTILITY FUND  
 SEPTEMBER 30, 2008 AND 2007

<b>ASSETS</b>	<u>2008</u>	<u>2007</u>
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 100,943	\$ 269,287
Investments	9,870,900	9,312,841
Restricted Cash & Investments:		
Cash and Cash Equivalents	982	538
Investments	8,517,993	4,560,094
Accounts Receivable (Net)	4,960,596	4,294,999
Miscellaneous Receivables	950,669	1,109,505
Due from Component Unit	14,061	15,516
Inventories	1,306,215	1,202,942
Prepaid Items	27,956	32,188
<i>Total Current Assets</i>	<u>25,750,315</u>	<u>20,797,910</u>
Bond Issuance Costs (Net)	461,361	340,388
Net Present Value of Lease Financing	780,986	812,338
Capital Assets	72,950,751	70,272,945
Accumulated Depreciation	(36,513,187)	(34,276,070)
<b>TOTAL ASSETS</b>	<u>\$ 63,430,226</u>	<u>\$ 57,947,511</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 3,215,594	\$ 2,654,873
Accrued Wages and Benefits	252,667	202,146
Due to Others	200	200
Due to Other Funds	93,673	211,009
Unearned Revenue	213,319	70,313
Customer Deposits	623,819	504,167
Capital Leases Payable-Current Portion	19,695	15,266
<i>Total Current Liabilities</i>	<u>4,418,967</u>	<u>3,657,974</u>
 <i>Payable from Restricted Assets:</i>		
Accrued Interest Payable	120,076	94,854
Revenue Bonds Due Within One Year	750,000	555,000
Capital Leases Payable (Net of Current Maturities)	185,324	178,526
Compensated Absences	121,827	130,228
Revenue Bonds Payable (Net of Current Maturities)	16,506,267	13,115,000
<i>Total Liabilities</i>	<u>22,102,461</u>	<u>17,731,582</u>
 <i>Net Assets:</i>		
Invested in Capital Assets, Net of Related Debt	24,502,485	24,767,252
Restricted for:		
Debt Service	1,089,902	883,784
Capital Projects (IH10 Frontage Project)	32,505	227,105
Unrestricted	15,702,873	14,337,788
<i>Total Net Assets</i>	<u>41,327,765</u>	<u>40,215,929</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 63,430,226</u>	<u>\$ 57,947,511</u>

CITY OF SEGUIN, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
UTILITY FUND  
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

<b>OPERATING REVENUES</b>	<u>2008</u>	<u>2007</u>
Charges for Services:		
Electric	\$ 26,160,837	\$ 23,488,063
Water	6,359,658	5,296,203
Sewer	4,291,056	4,050,492
Miscellaneous Revenues	1,523,242	1,245,091
<b>TOTAL OPERATING REVENUES</b>	<u><b>38,334,793</b></u>	<u><b>34,079,849</b></u>
 <b>OPERATING EXPENSES</b>		
Administration	1,608,177	1,454,353
Operation and Maintenance:		
Electric	23,193,293	18,772,980
Water Production	4,240,513	3,668,614
Water Distribution	2,576,863	2,360,006
Sewer	1,656,421	1,679,082
Economic Development	141,655	184,775
Facilities Maintenance	508,184	443,847
City Attorney	58,138	53,577
Nondepartmental	512,615	403,467
Indirect Cost Allocation	2,798,522	2,437,684
<b>TOTAL OPERATING EXPENSES</b>	<u><b>37,294,381</b></u>	<u><b>31,458,385</b></u>
 Operating Income (Loss)	<u><b>1,040,412</b></u>	<u><b>2,621,464</b></u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	565,238	771,998
Gain (Loss) on Sale of Assets	20,167	243,192
Interest and Fiscal Charges	(709,600)	(672,318)
Contributions to Joint Venture	-	(70,327)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u><b>(124,195)</b></u>	<u><b>272,545</b></u>
 Net Income (Loss) before Contributions and Transfers	<b>916,217</b>	2,894,009
 Capital Contributions	779,619	385,110
Operating Transfers In (Out)	<u><b>(584,000)</b></u>	<u><b>229,454</b></u>
 Change in Net Assets	<b>1,111,836</b>	3,508,573
 Net Assets at Beginning of Year	<b>40,215,929</b>	36,962,113
Prior Period Adjustment	-	(254,757)
Net Assets at End of Year	<u><u><b>\$ 41,327,765</b></u></u>	<u><u><b>\$ 40,215,929</b></u></u>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 UTILITY FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 38,090,690	\$ 33,402,808
Cash Paid for Employee Wages and Benefits	(4,213,544)	(4,016,941)
Cash Paid to Suppliers for Goods and Services	(27,528,548)	(22,804,331)
Cash Paid General Fund for Indirect Costs	(2,798,522)	(2,437,684)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,550,076</b>	<b>4,143,852</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfers (To) From Other Funds	(584,000)	229,454
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(584,000)</b>	<b>229,454</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase/Construction of Capital Assets	(2,599,991)	(3,858,681)
Principal Payments on Long-Term Debt	(555,000)	(480,000)
Proceeds from Revenue Bonds	4,146,997	-
Proceeds from Capital Lease Financing	27,268	-
Interest and Fiscal Charges Paid	(664,722)	(679,590)
Bond Issue Costs	(146,360)	-
Principal Payments on Capital Leases	(16,041)	(13,756)
Advances To (From) Component Unit	1,455	1,510
Proceeds from Sale of Capital Assets	22,473	312,198
Capital Contributions	569,313	385,110
Contributions to Joint Venture	-	(70,327)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>785,392</b>	<b>(4,403,536)</b>
<b>Cash Flows From Investing Activities:</b>		
Sale/(Purchase) of Investment Securities	(4,515,958)	(733,575)
Investment Interest Received	565,238	771,998
Lease Financing - Principal Payments Received	31,352	30,175
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(3,919,368)</b>	<b>68,598</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(167,900)</b>	<b>38,368</b>
<b>Cash and Equivalents at Beginning of Year:</b>		
Cash and Cash Equivalents	269,825	231,457
<b>Cash and Equivalents at End of Year:</b>		
Cash and Cash Equivalents	100,943	269,287
Restricted Cash and Cash Equivalents	982	538
	<b>\$ 101,925</b>	<b>\$ 269,825</b>
<b>Transactions Not Affecting Cash and Cash Equivalents:</b>		
Contributions - Capital Assets	<b>\$ 210,306</b>	<b>\$ -</b>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)  
 UTILITY FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<b>2008</b>	<b>2007</b>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities:</b>		
Operating Income	\$ 1,040,412	\$ 2,621,464
Adjustments to reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation:		
Charged to Operations	2,367,303	2,212,886
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(506,761)	(677,041)
Inventory/Prepaid Items	(99,041)	(203,853)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	560,721	63,548
Accrued Expenses	42,120	12,652
Interfund Payables	(117,336)	(2,664)
Unearned Revenue	143,006	66,993
Customer Deposits	119,652	49,867
	<b>3,550,076</b>	<b>4,143,852</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,550,076</b>	<b>\$ 4,143,852</b>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 UTILITY FUND  
 YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<i>Administration:</i>		
Personnel Services	\$ 1,352,116	\$ 1,226,752
Contracted Services	93,724	68,693
Supplies and Materials	77,285	73,360
Other Charges	33,256	33,271
Depreciation	51,796	52,277
<i>Total Administration</i>	<u>1,608,177</u>	<u>1,454,353</u>
<i>Electric Production and Distribution:</i>		
Personnel Services	1,024,301	985,238
Contracted Services	1,056,972	777,982
Supplies and Materials	20,775,435	16,615,627
Other Charges	(14,691)	67,385
Depreciation	351,276	326,748
<i>Total Electric Production and Distribution</i>	<u>23,193,293</u>	<u>18,772,980</u>
<i>Water Production:</i>		
Personnel Services	506,929	500,323
Contracted Services	3,403,272	2,828,190
Supplies and Materials	61,313	87,962
Other Charges	5,276	4,343
Depreciation	263,723	247,796
<i>Total Water Production</i>	<u>4,240,513</u>	<u>3,668,614</u>
<i>Water/Sewer Maintenance:</i>		
Personnel Services	387,654	367,062
Contracted Services	850,467	985,483
Supplies and Materials	37,441	23,226
Other Charges	250,164	38,279
Depreciation	1,051,137	945,956
<i>Total Water/Sewer Maintenance</i>	<u>2,576,863</u>	<u>2,360,006</u>
<i>Sewer Plant:</i>		
Personnel Services	328,324	323,269
Contracted Services	642,684	663,510
Supplies and Materials	57,018	70,170
Other Charges	3,314	1,742
Depreciation	625,081	620,391
<i>Total Sewer Plant</i>	<u>\$ 1,656,421</u>	<u>\$ 1,679,082</u>

CITY OF SEGUIN, TEXAS  
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)  
 UTILITY FUND  
 YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
<i>Economic Development:</i>		
Personnel Services	\$ 122,871	\$ 157,212
Contracted Services	2,314	8,073
Supplies and Materials	1,032	2,012
Other Charges	13,338	15,378
Depreciation	2,100	2,100
<i>Total Economic Development</i>	141,655	184,775
 <i>Facilities Maintenance:</i>		
Personnel Services	480,361	422,698
Contracted Services	1,834	2,058
Supplies and Materials	19,545	13,331
Other Charges	205	564
Depreciation	6,239	5,196
<i>Total Facilities Maintenance</i>	508,184	443,847
 <i>City Attorney:</i>		
Personnel Services	53,108	47,039
Contracted Services	4,158	4,886
Supplies and Materials	320	663
Other Charges	552	989
<i>Total City Attorney</i>	58,138	53,577
 <i>Nondepartmental:</i>		
Contracted Services	242,110	199,317
Supplies and Materials	64,979	2,913
Other Charges	189,382	188,816
Depreciation	16,144	12,421
<i>Total Nondepartmental</i>	512,615	403,467
Indirect Cost Allocation	2,798,522	2,437,684
<b>Total Operating Expenses</b>	<b>\$ 37,294,381</b>	<b>\$ 31,458,385</b>



CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2008  
 (WITH COMPARATIVE AMOUNTS FOR 2007)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				<b>2008</b>	2007
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 17,079	\$ 959	\$ 13,228	<b>\$ 31,266</b>	\$ 8,183
Investments	192,481	105,105	111,333	<b>408,919</b>	300,645
<b>TOTAL ASSETS</b>	<b>\$ 209,560</b>	<b>\$ 106,064</b>	<b>\$ 124,561</b>	<b>\$ 440,185</b>	<b>\$ 308,828</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities	\$ 171	\$ -	\$ -	<b>\$ 171</b>	\$ 2,300
Total Liabilities	171	-	-	<b>171</b>	2,300
Net Assets:					
Unrestricted	209,389	106,064	124,561	<b>440,014</b>	306,528
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 209,560</b>	<b>\$ 106,064</b>	<b>\$ 124,561</b>	<b>\$ 440,185</b>	<b>\$ 308,828</b>

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS - INTERNAL SERVICE FUNDS  
 YEAR ENDED SEPTEMBER 30, 2008  
 (WITH COMPARATIVE AMOUNTS FOR 2007)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2008	2007
<b>OPERATING REVENUES</b>					
Charges for Premiums	\$ 1,696,118	\$ 14,541	\$ 175,124	<b>\$ 1,885,783</b>	\$ 1,818,626
Miscellaneous Revenues	-	-	-	-	3,500
<b>TOTAL OPERATING REVENUES</b>	<u>1,696,118</u>	<u>14,541</u>	<u>175,124</u>	<u><b>1,885,783</b></u>	<u>1,822,126</u>
<b>OPERATING EXPENSES</b>					
Premiums	1,640,246	32,404	93,688	<b>1,766,338</b>	2,026,453
Administration	27,300	-	-	<b>27,300</b>	23,400
<b>TOTAL OPERATING EXPENSES</b>	<u>1,667,546</u>	<u>32,404</u>	<u>93,688</u>	<u><b>1,793,638</b></u>	<u>2,049,853</u>
<b>OPERATING INCOME (LOSS)</b>	<u>28,572</u>	<u>(17,863)</u>	<u>81,436</u>	<u><b>92,145</b></u>	<u>(227,727)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Income	5,615	3,701	1,025	<b>10,341</b>	14,464
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>5,615</u>	<u>3,701</u>	<u>1,025</u>	<u><b>10,341</b></u>	<u>14,464</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	34,187	(14,162)	82,461	<b>102,486</b>	(213,263)
<b>Operating Transfers In (Out)</b>	-	31,000	-	<b>31,000</b>	27,000
<b>CHANGE IN NET ASSETS</b>	34,187	16,838	82,461	<b>133,486</b>	(186,263)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>175,202</u>	<u>89,226</u>	<u>42,100</u>	<u><b>306,528</b></u>	<u>492,791</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 209,389</u></u>	<u><u>\$ 106,064</u></u>	<u><u>\$ 124,561</u></u>	<u><u><b>\$ 440,014</b></u></u>	<u><u>\$ 306,528</u></u>

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED SEPTEMBER 30, 2008  
 (WITH COMPARATIVE AMOUNTS FOR 2007)

	Internal	Retirees	Workers	Totals	
	Insurance Fund	Insurance Fund	Compensation Fund	2008	2007
<b>Cash Flows From Operating Activities:</b>					
Cash Received from Interfund Services	\$ 1,267,724	\$ -	\$ 175,124	\$ 1,442,848	\$ 1,383,230
Cash Paid from Users	428,394	14,541	-	442,935	438,896
Cash Paid to Suppliers	(1,669,675)	(32,404)	(93,688)	(1,795,767)	(2,049,052)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>26,443</u>	<u>(17,863)</u>	<u>81,436</u>	<u>90,016</u>	<u>(226,926)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Operating Transfers from/to Other Funds	-	31,000	-	31,000	27,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>-</u>	<u>31,000</u>	<u>-</u>	<u>31,000</u>	<u>27,000</u>
<b>Cash Flows From Investing Activities:</b>					
Sale/(Purchase) of Investments	(20,168)	(16,088)	(72,018)	(108,274)	39,549
Investment Interest Received	5,615	3,701	1,025	10,341	14,464
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(14,553)</u>	<u>(12,387)</u>	<u>(70,993)</u>	<u>(97,933)</u>	<u>54,013</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	11,890	750	10,443	23,083	(145,913)
<b>Cash and Equivalents at Beginning of Year:</b>	<u>5,189</u>	<u>209</u>	<u>2,785</u>	<u>8,183</u>	<u>154,096</u>
<b>Cash and Equivalents at End of Year</b>	<u>\$ 17,079</u>	<u>\$ 959</u>	<u>\$ 13,228</u>	<u>\$ 31,266</u>	<u>\$ 8,183</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 28,572	\$(17,863)	\$ 81,436	\$ 92,145	\$ (227,727)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in Accounts Payable	(2,129)	-	-	(2,129)	801
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 26,443</u>	<u>\$(17,863)</u>	<u>\$ 81,436</u>	<u>\$ 90,016</u>	<u>\$ (226,926)</u>

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF NET ASSETS  
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS  
 SEPTEMBER 30, 2008

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 511	\$ -	\$ 778	\$ 599	\$ 1,888
Investments	92,108	89,854	247,316	42,180	471,458
Notes Receivable	-	-	19,650	-	19,650
Inventory	-	-	359,431	-	359,431
<b>TOTAL ASSETS</b>	<b><u>\$ 92,619</u></b>	<b><u>\$ 89,854</u></b>	<b><u>\$ 627,175</u></b>	<b><u>\$ 42,779</u></b>	<b><u>\$ 852,427</u></b>
<b>LIABILITIES &amp; FUND BALANCE</b>					
<i>Liabilities:</i>					
Due to Others	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reserved for Fund Balance	92,619	89,854	627,175	42,779	852,427
Total Equity and Other Credits	<u>92,619</u>	<u>89,854</u>	<u>627,175</u>	<u>42,779</u>	<u>852,427</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 92,619</u></b>	<b><u>\$ 89,854</u></b>	<b><u>\$ 627,175</u></b>	<b><u>\$ 42,779</u></b>	<b><u>\$ 852,427</u></b>

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF CHANGES IN NET ASSETS  
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS  
 SEPTEMBER 30, 2008

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	<b>Total Private Purpose Trusts</b>
<b>ADDITIONS</b>					
Interest	\$ 3,003	\$ 2,915	\$ 7,625	\$ 1,451	<b>\$ 14,994</b>
Private Source Donations	-	25	-	2,642	<b>2,667</b>
Miscellaneous	3,472	-	-	-	<b>3,472</b>
<b>TOTAL ADDITIONS</b>	<b>6,475</b>	<b>2,940</b>	<b>7,625</b>	<b>4,093</b>	<b>21,133</b>
<b>DEDUCTIONS</b>					
Distribution of Participants	5,865	2,915	-	5,344	<b>14,124</b>
<b>TOTAL DEDUCTIONS</b>	<b>5,865</b>	<b>2,915</b>	<b>-</b>	<b>5,344</b>	<b>14,124</b>
<b>Change in Net Assets</b>	<b>610</b>	<b>25</b>	<b>7,625</b>	<b>(1,251)</b>	<b>7,009</b>
<b>Net Assets, Beginning of Year</b>	<b>92,009</b>	<b>89,829</b>	<b>619,550</b>	<b>44,030</b>	<b>845,418</b>
<b>Net Assets, End of Year</b>	<b>\$ 92,619</b>	<b>\$ 89,854</b>	<b>\$ 627,175</b>	<b>\$ 42,779</b>	<b>\$ 852,427</b>

CITY OF SEGUIN, TEXAS  
STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>Evidence/Abandoned Funds</u>	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<i>Assets:</i>				
Cash and Equivalents	\$ 7,383	\$ 143	\$ -	\$ 7,526
<i>Liabilities</i>				
Due to Others	\$ 7,383	\$ 142	\$ -	\$ 7,525

**CITY OF SEGUIN, TEXAS  
STATISTICAL SECTION  
SEPTEMBER 30, 2008**

This part of the City of Seguin's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Seguin's overall financial health.

Financial Trends

Net Assets by Component  
Changes in Net Assets  
Fund Balances, Governmental Funds  
Changes in Fund Balances, Governmental Funds

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

Revenue Capacity

Tax Revenues by Source, Governmental Funds  
Assessed Value and Actual Value of Property  
Direct and Overlapping Property Tax Rates  
Principal Property Taxpayers  
Property Tax Levies and Collections

*These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax.*

Debt Capacity

Ratios of Outstanding Debt by Type  
Ratios of General Bonded Debt Outstanding  
Direct and Overlapping Governmental Activities Debt  
Legal Debt Margin  
Pledged Revenue Coverage

*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information

Demographic and Economic Statistics  
Principal Employers

*These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.*

Operating Information

Operating Indicators by Function  
Capital Asset Statistics by Function  
Full-time Equivalent City Government Employees by Function

*These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.*

CITY OF SEGUIN, TEXAS  
NET ASSETS BY COMPONENT  
LAST SIX FISCAL YEARS  
(Accrual Basis of Accounting)

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

\*Includes retroactive reporting of infrastructure assets.



TABLE 1

Fiscal Year	
<u>2007</u>	<u>2008</u>
\$ 21,202,151	\$ 18,958,130
791,109	970,062
<u>10,218,373</u>	<u>12,007,988</u>
<u>\$ 32,211,633</u>	<u>\$ 31,936,180</u>
\$ 24,767,252	\$ 24,502,485
1,110,889	1,122,407
<u>14,337,788</u>	<u>15,702,873</u>
<u>\$ 40,215,929</u>	<u>\$ 41,327,765</u>
\$ 45,969,403	\$ 43,460,615
1,901,998	2,092,469
<u>24,556,161</u>	<u>27,710,861</u>
<u>\$ 72,427,562</u>	<u>\$ 73,263,945</u>

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

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

TABLE 2

Fiscal Year	
2007	2008
\$ 2,604,612	\$ 2,924,246
8,898,829	8,891,772
5,418,440	5,946,254
1,711,444	1,668,599
(2,437,684)	(2,798,522)
-	-
1,035,118	1,368,967
<u>17,230,759</u>	<u>18,001,316</u>
<u>32,201,030</u>	<u>38,003,981</u>
<u>32,201,030</u>	<u>38,003,981</u>
<u>\$ 49,431,789</u>	<u>\$ 56,005,297</u>
\$ 1,964,123	\$ 2,396,731
2,482,048	2,178,103
2,355,714	1,948,256
396,114	566,929
599,544	144,622
<u>7,797,543</u>	<u>7,234,641</u>
34,079,849	38,334,793
111,000	105,500
274,110	674,119
<u>34,464,959</u>	<u>39,114,412</u>
<u>\$ 42,262,502</u>	<u>\$ 46,349,053</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (6,781,959)	\$ (6,644,382)	\$ (7,792,500)	\$ (8,217,070)
Business-Type Activities	(388,841)	(151,975)	158,450	2,870,944
Total Primary Government Net (Expense)	<u>\$ (7,170,800)</u>	<u>\$ (6,796,357)</u>	<u>\$ (7,634,050)</u>	<u>\$ (5,346,126)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
<i>Governmental Activities:</i>				
General Property Taxes	\$ 3,392,321	\$ 3,497,038	\$ 3,693,120	\$ 4,046,240
Franchise Taxes	751,306	830,076	862,023	554,974
Sales Taxes	3,043,737	3,265,288	3,563,124	3,776,429
Occupancy Taxes	-	-	-	386,595
Interest and Investment Earnings	236,159	205,057	482,666	1,004,432
Miscellaneous	300,729	44,083	243,970	-
Gain (Loss) on Sale of Capital Assets	-	-	-	2,264
Special Items	-	-	-	-
Transfers	103,000	150,000	194,846	44,681
<i>Total Governmental Activities</i>	<u>7,827,252</u>	<u>7,991,542</u>	<u>9,039,749</u>	<u>9,815,615</u>
<i>Business-Type Activities Charges for Services:</i>				
Interest and Investment Earnings	145,252	167,130	292,971	537,526
Gain (Loss) on Sale of Capital Assets	-	-	40,092	2,510
Transfers	(103,000)	(150,000)	(194,846)	(44,681)
<i>Total Business-Type Activities</i>	<u>42,252</u>	<u>17,130</u>	<u>138,217</u>	<u>495,355</u>
<b>Total Primary Government</b>	<u>\$ 7,869,504</u>	<u>\$ 8,008,672</u>	<u>\$ 9,177,966</u>	<u>\$ 10,310,970</u>
<b>Change in Net Assets</b>				
Governmental Activities	\$ 1,045,293	\$ 1,347,160	\$ 1,247,249	\$ 1,598,545
Business-Type Activities	(346,589)	(134,845)	296,667	3,366,299
Total Primary Government	<u>\$ 698,704</u>	<u>\$ 1,212,315</u>	<u>\$ 1,543,916</u>	<u>\$ 4,964,844</u>

TABLE 2 (CONT.)

Fiscal Year	
2007	2008
\$ (9,433,216)	\$(10,766,675)
<u>2,263,929</u>	<u>1,110,431</u>
<u>\$ (7,169,287)</u>	<u>\$ (9,656,244)</u>
\$ 4,582,576	\$ 5,049,451
620,386	625,509
4,096,755	4,355,410
457,310	523,108
1,056,068	684,611
-	-
(45,385)	-
-	(1,330,867)
<u>(229,454)</u>	<u>584,000</u>
<u>10,538,256</u>	<u>10,491,222</u>
771,998	565,238
243,192	20,167
<u>229,454</u>	<u>(584,000)</u>
<u>1,244,644</u>	<u>1,405</u>
<u>\$ 11,782,900</u>	<u>\$ 10,492,627</u>
\$ 1,105,040	\$ (275,453)
<u>3,508,573</u>	<u>1,111,836</u>
<u>\$ 4,613,613</u>	<u>\$ 836,383</u>

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

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

(1) 2007 has been restated to reflect the effects of a prior period adjustment to record EMS revenues as deferred until collected.

Financial data prior to fiscal year 2003 was not available.

TABLE 3

Fiscal Year	
Restated (1) 2007	2008
\$ 59,612	\$ 66,379
<u>4,336,225</u>	<u>5,060,246</u>
<u>\$ 4,395,837</u>	<u>\$ 5,126,625</u>
\$ 5,576,509	\$ 10,642,833
2,566,682	3,305,843
<u>2,278,642</u>	<u>2,196,305</u>
<u>\$ 10,421,833</u>	<u>\$ 16,144,981</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 7,071,217	\$ 7,556,687	\$ 8,126,084	\$ 8,981,094
Licenses and Permits	327,132	318,832	244,411	233,974
Intergovernmental	1,434,897	1,919,841	1,364,244	845,670
Charges for Services	3,534,622	3,567,468	3,768,684	3,908,322
Fines and Forfeits	722,118	711,088	681,638	676,168
Interest	229,873	199,082	476,020	987,113
Miscellaneous	300,731	143,685	273,960	352,559
<b>Total Revenues</b>	<u>13,620,590</u>	<u>14,416,683</u>	<u>14,935,041</u>	<u>15,984,900</u>
<b>Expenditures</b>				
General Government	1,994,572	2,060,908	2,142,238	2,443,736
Public Safety	6,223,810	6,298,063	6,459,052	7,129,917
Public Service	2,970,226	2,973,870	3,220,304	3,419,339
Nondepartmental	2,042,011	1,604,448	1,315,515	1,834,751
Indirect Cost Allocation (Recovery)	(2,047,999)	(2,047,327)	(2,332,859)	(2,333,433)
Capital Projects/ Outlay	2,193,336	4,607,113	5,235,737	8,712,503
Debt Service:				
Principal	635,000	890,000	1,130,000	946,411
Interest and Fiscal Charges	429,363	391,375	560,085	740,680
Bond Issue Costs	-	70,374	-	192,351
<b>Total Expenditures</b>	<u>14,440,319</u>	<u>16,848,824</u>	<u>17,730,072</u>	<u>23,086,255</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(819,729)</u>	<u>(2,432,141)</u>	<u>(2,795,031)</u>	<u>(7,101,355)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	1,389,138	1,617,403	2,945,540	1,084,933
Operating Transfers (Out)	(1,678,778)	(1,494,403)	(2,444,660)	(1,208,609)
Proceeds of Long-term Financing	-	7,100,000	162,502	8,805,242
<b>Total Other Financing Sources (Uses)</b>	<u>(289,640)</u>	<u>7,223,000</u>	<u>663,382</u>	<u>8,681,566</u>
<b>SPECIAL ITEMS</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	<u><u>\$(1,109,369)</u></u>	<u><u>\$ 4,790,859</u></u>	<u><u>\$(2,131,649)</u></u>	<u><u>\$ 1,580,211</u></u>
Debt Service as a percentage of Noncapital Expenditures	9.5%	12.4%	15.6%	15.0%

(1) 2007 has been restated to reflect the effects of a prior period adjustment to record EMS revenue as deferred until collected.

Financial data prior to fiscal year 2003 was not available.



TABLE 4

Fiscal Year	
Restated (1) 2007	2008
\$ 9,823,009	\$ 10,578,794
313,206	542,193
1,007,956	999,436
3,770,273	4,260,013
719,521	964,752
1,041,605	674,264
975,127	455,465
<u>17,650,697</u>	<u>18,474,917</u>
2,550,851	2,930,937
8,164,911	8,277,544
4,300,974	3,907,102
1,221,472	1,416,615
(2,437,684)	(2,798,522)
12,469,055	5,705,912
961,856	1,189,174
1,037,116	1,307,381
143,930	249,427
<u>28,412,481</u>	<u>22,185,570</u>
<u>(10,761,784)</u>	<u>(3,710,653)</u>
1,537,142	1,747,357
(1,793,596)	(1,194,357)
<u>6,645,271</u>	<u>9,380,927</u>
<u>6,388,817</u>	<u>9,933,927</u>
<u>-</u>	<u>230,662</u>
<u><u>\$(4,372,967)</u></u>	<u><u>\$ 6,453,936</u></u>
13.4%	16.7%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Occupancy	Franchise	Total
2003	\$ 3,276,174	\$ 3,043,737	\$ 273,988	\$ 477,318	\$ 7,071,217
2004	3,461,323	3,265,288	304,981	525,095	7,556,687
2005	3,700,937	3,563,124	320,536	541,487	8,126,084
2006	4,035,681	3,776,429	527,324	641,660	8,981,094
2007	4,648,558	4,096,755	457,310	620,386	9,823,009
2008	5,074,767	4,355,410	523,108	625,509	10,578,794

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

CITY OF SEGUIN, TEXAS  
 ASSESSED VALUE AND ACTUAL VALUE OF PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

TABLE 6

Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	\$ 602,014,523	\$ 330,995,847	\$ 312,967,426	\$ 190,092,227	\$ 320,532,212	\$ 1,115,537,811	0.4726
2007	514,576,330	287,310,912	316,582,669	148,873,333	295,009,577	972,333,667	0.4814
2006	477,295,664	260,735,171	353,323,689	140,742,393	284,400,722	947,696,195	0.4326
2005	459,102,183	231,834,159	383,374,394	134,838,056	290,829,976	918,318,816	0.4021
2004	431,398,362	222,509,407	403,661,349	134,405,275	310,352,245	881,622,148	0.3976
2003	--	--	--	--	--	814,802,346	0.4007
2002	--	--	--	--	--	774,039,815	0.3891
2001	--	--	--	--	--	690,972,247	0.3947
2000	--	--	--	--	--	642,653,082	0.3964
1999	--	--	--	--	--	607,430,011	0.3940

Source: Guadalupe County Appraisal District

Tax rates are per \$100 of assessed value.

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

Total Taxable Assessed Value is not adjusted for enacted freeze on property values for certain taxpayers, which became effective January 1, 2006.

The freeze adjusted taxable value for the 2007 tax roll was \$478,398,545.

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

TABLE 7

Fiscal Year	City Direct Rates			Overlapping Rates	
	General M&O	Debt Service	Total Direct	School District	Guadalupe County
2003	0.26910	0.13160	0.40070	1.6400	0.36540
2004	0.27670	0.12090	0.39760	1.6850	0.35310
2005	0.26450	0.13760	0.40210	1.6850	0.40310
2006	0.27180	0.16080	0.43260	1.6944	0.40310
2007	0.27060	0.21080	0.48140	1.6890	0.40310
2008	0.25870	0.21390	0.47260	1.1600	0.38450

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

TABLE 8

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Temec Automotive (Motorola)	\$ 47,400,142	1	3.91%	\$ 81,224,750	1	12.59%
Rio Nogales Power	20,105,231	2	1.65%	-		-
Hexcel Corporation	19,114,090	3	1.57%	21,450,854	2	3.32%
ITW Minigrip/Zip-Pak Inc.	12,101,856	4	0.99%	6,958,420	7	1.08%
Tyson Foods, Inc.	10,613,878	5	0.87%	7,983,958	4	1.24%
Frontier Land Limited	9,359,098	6	0.77%	5,931,792	8	0.92%
Wal-Mark Real Estate Business Trust	7,435,946	7	0.61%	-		-
Wal-Mart Stores #901	6,882,258	8	0.56%	12,534,043	3	1.94%
HD Development Properties LP	6,087,804	9	0.50%	-		-
Slomovic & Mark LLC	6,025,123	10	0.49%	-		-
Alamo Group, Inc.	-		-	7,125,147	6	1.10%
HE Butt Grocery Co.	-		-	5,289,696	9	0.82%
Southwestern Bell Telephone	-		-	7,154,469	5	1.11%
Seguin Housing Partners	-		-	4,232,000	10	0.66%
<b>Total</b>	<b>\$ 145,125,426</b>		<b>11.92%</b>	<b>\$ 159,885,129</b>		<b>24.78%</b>

CITY OF SEGUIN, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 9

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
1999	\$ 2,393,274	\$ 2,320,690	97.0%	67,023	\$ 2,387,713	99.8%
2000	2,554,370	2,448,856	95.9%	100,333	2,549,189	99.8%
2001	2,658,602	2,619,580	98.5%	27,235	2,646,815	99.6%
2002	3,010,830	2,903,070	96.4%	94,801	2,997,871	99.6%
2003	3,264,913	3,148,767	96.4%	102,081	3,250,848	99.6%
2004	3,461,322	3,314,635	95.8%	123,072	3,437,707	99.3%
2005	3,670,226	3,560,194	97.0%	79,310	3,639,504	99.2%
2006	4,043,713	3,854,709	95.3%	137,602	3,992,311	98.7%
2007	4,527,973	4,325,674	95.5%	67,859	4,393,533	97.0%
2008	5,061,063	4,855,402	95.9%	-	4,855,402	95.9%

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

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases				
2003	\$ 5,650,000	\$ 915,000	\$ -	\$ 3,610,000	\$ -	\$ 10,175,000	\$ 814,802,346	1.2%	\$ 446
2004	11,570,000	1,205,000	-	9,315,000	-	22,090,000	881,622,148	2.5%	968
2005	11,165,000	480,000	144,084	8,985,000	222,009	20,996,093	918,318,816	2.3%	919
2006	19,250,000	240,000	137,019	14,150,000	207,548	33,984,567	947,696,195	3.6%	1,355
2007	24,365,000	760,000	90,162	13,670,000	193,792	39,078,954	972,333,667	4.0%	1,470
2008	31,535,000	1,589,749	40,664	17,095,000	205,019	50,465,432	1,115,537,811	4.5%	1,805

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

*\* Population data can be found on page 129.*

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

CITY OF SEGUIN, TEXAS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST SIX FISCAL YEARS  
(UNAUDITED)

TABLE 11

Fiscal Year	General Bonded Debt		Available in Debt Service Funds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
	General Obligation Bonds	Notes Payable					
2003	\$ 5,650,000	\$ 915,000	\$ (622,022)	\$ 5,942,978	\$ 814,802,346	0.7%	\$ 260
2004	11,570,000	1,205,000	(485,625)	12,289,375	881,622,148	1.4%	538
2005	11,165,000	480,000	(519,072)	11,125,928	918,318,816	1.2%	487
2006	19,250,000	240,000	(464,988)	19,025,012	947,696,195	2.0%	758
2007	24,365,000	760,000	(652,652)	24,472,348	972,333,667	2.5%	920
2008	31,535,000	1,589,749	(601,815)	32,522,934	1,115,537,811	2.9%	1,164

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

*\*Population data can be found on page 129.*



CITY OF SEGUIN, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2008  
(UNAUDITED)

TABLE 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Guadalupe County	\$ 10,865,000	18.03%	\$ 1,958,960
Seguin Independent School District	38,945,831	54.70%	<u>21,303,370</u>
Subtotal, Overlapping Debt			23,262,330
Seguin Direct Debt (Net)			<u>32,522,934</u>
Total Direct and Overlapping Debt			<u><u>\$55,785,264</u></u>

Source: Municipal Advisory Council of Texas.

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

CITY OF SEGUIN, TEXAS  
 COMPUTATION OF LEGAL DEBT MARGIN  
 SEPTEMBER 30, 2008  
 (UNAUDITED)

**Legal Debt Margin Calculation for Fiscal Year 2008**

Assessed Value	\$ 1,115,537,811
* Debt limit (10% of assessed value)	111,553,781
Outstanding Debt <sup>[1]</sup>	33,124,749
Less amount set aside for repayment of general obligation debt	(601,815)
Total net debt applicable to limit	32,522,934
Economic Debt Margin	\$ 79,030,847

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

<sup>[1]</sup> Texas does not have a legal debt margin for cities. The only limit on taxation is \$2.50 per \$100 of assessed value. Good financial integrity calls for 10% of assessed value to be used for debt limit.

TABLE 13

Fiscal Year	
<u>2007</u>	<u>2008</u>
\$ 97,233,367	\$ 111,553,781
<u>(24,472,348)</u>	<u>(32,522,934)</u>
<u>\$ 72,761,019</u>	<u>\$ 79,030,847</u>



CITY OF SEGUIN, TEXAS  
 PLEDGED REVENUE COVERAGE  
 LAST SIX FISCAL YEARS  
 (UNAUDITED)

TABLE 14

Fiscal Year	Utility Service Charges	Less: Operating Expenses*	Net Available Revenue	Debt Service Principal	Interest	Coverage
2003	\$ 23,736,976	\$(21,739,036)	\$ 1,997,940	\$ 1,270,000	\$ 239,555	1.32
2004	25,303,119	(23,359,392)	1,943,727	795,000	376,103	1.66
2005	28,092,264	(25,577,533)	2,514,731	330,000	409,413	3.40
2006	35,133,605	(30,070,979)	5,062,626	335,000	375,609	7.12
2007	34,079,849	(29,245,499)	4,834,350	480,000	677,022	4.18
2008	38,334,793	(34,927,078)	3,407,715	555,000	715,330	2.68

\* All operating expenses exclusive of depreciation

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

CITY OF SEGUIN, TEXAS  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS  
 (UNAUDITED)

TABLE 15

Year	Census Population	Population Estimate	Median Family Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1999	18,853	20,707	\$ 24,395	\$ 8,876	30.2	7,393	2.5
2000	22,011	20,707	36,931	13,740	32.6	7,457	3.4
2001	22,011	22,075	36,931	13,740	32.6	7,541	3.8
2002	22,011	22,075	36,931	13,740	32.6	7,393	5.2
2003	22,011	22,832	36,931	13,740	32.6	7,408	5.2
2004	22,011	22,832	36,931	13,740	32.6	7,397	4.7
2005	22,011	22,845	36,931	13,740	32.6	7,502	4.4
2006	22,011	25,090	38,051	13,740	32.6	7,555	4.4
2007	22,011	26,590	38,051	13,740	32.6	7,879	3.6
2008	22,011	27,951	36,931	13,740	32.6	7,501	4.7

*Sources: Population, median family income, per capita personal income, and median age information provided by the United States Census Bureau and the Texas State Data Center and are the most recent available for the city. Population estimates are based on addition of annexed areas. School enrollment information provided by Seguin Independent School District. Unemployment rate is for Guadalupe County and is provided by the Texas Workforce Commission and the U.S. Dept. of Labor. Unemployment data is not available for the City.*

CITY OF SEGUIN, TEXAS  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND FOUR YEARS AGO  
 (UNAUDITED)

TABLE 16

<u>Employer</u>	<u>2008</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Seguin Independent School District	1,184	1	2.21%	1,231	2	2.58%
Commercial Metals Company (SMI)	832	2	1.56%	800	3	1.67%
Continental AG (Motorola)	789	3	1.48%	1,800	1	3.77%
Guadalupe Regional Medical Center	691	4	1.29%	737	4	1.54%
Tyson Foods, Inc.	682	5	1.28%	650	5	1.36%
Guadalupe County	446	6	0.83%	373	7	0.78%
Wal-Mart Supercenter	400	7	0.75%	400	6	0.84%
Texas Lutheran University	315	8	0.59%	305	8	0.64%
City of Seguin	299	9	0.56%	285	10	0.60%
HEB Food Stores	283	10	0.53%	221	9	0.46%
<b>Total</b>	<b>5,921</b>		<b>11.08%</b>	<b>6,802</b>		<b>14.24%</b>

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

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

Function	Fiscal Year				
	2008	2007	2006	2005	2004
<b>Police</b>					
Physical arrests	1,210	1,019	1,062	1,347	1,396
Traffic citations	17,612	7,922	9,314	9,518	8,434
Parking citations	850	1,485	828	292	878
<b>Fire/EMS</b>					
Emergency responses	3,578	3,661	3,429	3,235	3,288
Non-emergency response/Service Calls	609	813	580	606	592
Inspections	670	564	556	299	235
<b>Refuse collection (by private contractor)</b>					
# of customers	7,450	7,346	7,200	7,126	7,122
<b>Parks and Recreation</b>					
Park and sport facility rentals	709	689	778	686	740
Sport league participants	2,008	2,117	2,005	1,994	1,765
Program participants	6,214	5,800	5,220	4,775	4,391
Wave Pool admissions	14,015	13,453	12,525	13,356	11,683
<b>Library</b>					
Volumes in collection	75,202	72,755	69,864	70,638	67,820
Total volumes borrowed	218,206	192,701	199,148	198,528	191,885
<b>Electric</b>					
# of customers	8,069	8,075	8,053	7,903	7,824
Sales (millions of \$)	25.6	23.2	23.6	18.8	17.1
<b>Water</b>					
# of customers	7,036	7,036	6,998	6,924	6,834
Average daily production (millions of gal.)					
Surface water	2,317	2,586	3,148	3,069	1,812
Well water	3,789	3,228	3,145	2,986	2,596
Total	6,106	5,814	6,293	6,055	4,408
Water main repairs (main sizes from 3/4" to 16")	70	102	86	70	51
<b>Wastewater</b>					
Average daily sewage treatment (millions of gal.)	3.020	3.456	3.420	3.259	3.645

Sources: City departments

Notes: (a) Data not available. Fire/EMS statistics are on a calendar basis. Program participants under Parks and Recreation include day camp, after-school, softball, & swimming lessons. Sales of electricity are of purchased power; the City does not generate electric power.



TABLE 17

Fiscal Year				
2003	2002	2001	2000	1999
677	719	641	794	844
6,418	8,914	9,055	6,186	4,931
1,341	2,208	856	968	981
3,067	2,909	3,170	(a)	(a)
498	529	538	(a)	(a)
247	218	189	(a)	(a)
7,056	6,929	9,872	6,250	(a)
423	414	364	(a)	(a)
1,527	1,541	889	(a)	(a)
3,874	3,962	3,145	(a)	(a)
10,941	8,104	2,453	(a)	(a)
64,868	65,531	65,500	68,057	67,136
175,882	157,586	171,821	172,176	158,012
7,848	7,824	7,754	7,704	7,736
16.3	14.5	14.8	13.2	12.8
6,816	6,779	6,707	6,698	6,609
1.302	4.428	4.041	4.005	3.942
2.150	NA	NA	NA	NA
3.452	4.428	4.041	4.005	3.942
64	(a)	(a)	(a)	(a)
4.036	(a)	(a)	(a)	(a)

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

Function	Fiscal Year				
	2008	2007	2006	2005	2004
Police					
Stations	1	1	1	1	1
Police vehicles	60	61	60	56	55
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	174.52	173.81	172.10	162.62	161.92
Parks and Recreation					
Number of parks	10	10	10	10	10
Acreage	289.41	289.41	289.41	289.41	273.94
Water					
Water mains (miles)	117.64	117.14	117.14	116.50	115.39
Fire hydrants	976	973	967	955	934
Storage capacity (millions of gallons)	7.79	7.79	7.79	7.79	7.79
Wastewater					
Sanitary sewers (miles)	119.25	118.70	118.52	111.79	109.72

Notes:

(a) Data not available

TABLE 18

Fiscal Year				
2003	2002	2001	2000	1999
1	1	1	1	1
55	(a)	(a)	(a)	(a)
3	3	3	3	3
161.02	160.70	153.16	152.37	150.74
10	10	10	10	10
273.94	261.50	261.50	119.60	119.60
113.55	113.55	107.25	107.25	106.13
883	825	776	744	716
7.79	7.79	5.79	5.79	5.79
107.36	107.36	103.50	103.50	102.80

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

TABLE 19

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

Source: City Human Resources Department

COMPLIANCE SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City of Seguin, Texas, basic financial statements and have issued our report thereon dated January 30, 2009. We conducted our audit in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Seguin, Texas' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Seguin, Texas' financial statements that is more than inconsequential will not be prevented or detected by the City of Seguin, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Seguin, Texas' internal control.

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

## Compliance

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

This report is intended solely for the information and use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

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

Armstrong, Vaughan & Assoc., P.C.

January 30, 2009

