

***CITY OF SEAGOVILLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OCTOBER 31, 2015 - SEPTEMBER 30, 2016***



Seagoville ★

CITY OF SEAGOVILLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

As Prepared By
Finance Department
City of Seagoville, Texas

Seagoville ★

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INTRODUCTORY SECTION

Seagoville ★



March 31, 2017

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

The comprehensive annual financial report (“CAFR”) of the City of Seagoville, Texas, for the fiscal year ending September 30, 2016 is hereby submitted. The City accepts full responsibility for the accuracy of the data, as well as, the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The City charter requires an annual audit to be conducted of the financial records by an independent public accountant. This requirement has been fulfilled and the report of the independent auditor is included in this report. Fox, Byrd and Company, P.C, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Seagoville’s financial statements as of and for the year ended September 30, 2016. The independent auditors’ report is located at the front of the financial section of this report.

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

Reporting Entity

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

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

This report includes the financial statements of the funds required to account for those activities, as well as organizations and functions which are related to the City and are controlled by or dependent upon the City's governing body, the City Council. The criteria used by the City for including activities in preparing its financial statements are set forth in Governmental Accounting Standards Board (GASB) Statements. Based on these criteria, all municipal services listed are included in the City's 2016 financial statements.

The City of Seagoville

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

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



The City provides a full range of services, general administrative services, public safety services, to include: police and fire protection, communications, ambulance services, an animal shelter and code enforcement; community services: municipal court, library, senior center, health and sanitation; community development: building inspection, planning, streets, parks and recreation; additionally, water and sewer utility services.

The City of Seagoville is a Home rule city which operates under a Council/City Manager form of government. The Council consists of the Mayor and five Council members. Council members serve two- year terms and are responsible for appointing the City Manager, Municipal Judge and City Secretary. The City Manager serves as the administrative head of the government and is responsible for implementing and carrying out the goals and objectives set forth by the City Council; and is responsible for the overall operations of the entire city.

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

Economic Outlook and Conditions

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

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

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

upgrade was maintained through Moody's Investor Service with the subsequent 2015 \$3,915,000 bond issue.

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

Major Initiatives

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

Public safety improvements enhanced the quality of life for Seagoville residents. This year, the city added a public safety vehicle and replaced an emergency siren on Ard Road.

The City made the final payment on the FY 1996 Police Facility bonds and added a full time dispatcher for emergency services. Resources were provided to facilitate major roof repairs to the existing City Hall facility.

The City established a two person litter crew to abate litter issues, provide mowing and upkeep of City rights of way. Additionally the FY 2016 budget provided resources to complete street improvements in various areas of the City.

Long-Term Financial Planning

Unassigned fund balance in the general fund (41.45% of total general fund expenditures, not including capital outlay) falls within the policy guidelines set by the Council for budgetary and planning purposes (approximately 16.7 % of total general fund expenditures).

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seagoville for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2015. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

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

Respectfully Submitted,

Patrick Stallings

Patrick Stallings
City Manager

Patrick Harvey

Patrick Harvey
Finance Director

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Government Finance Officers Association

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

Presented to

**City of Seagoville
Texas**

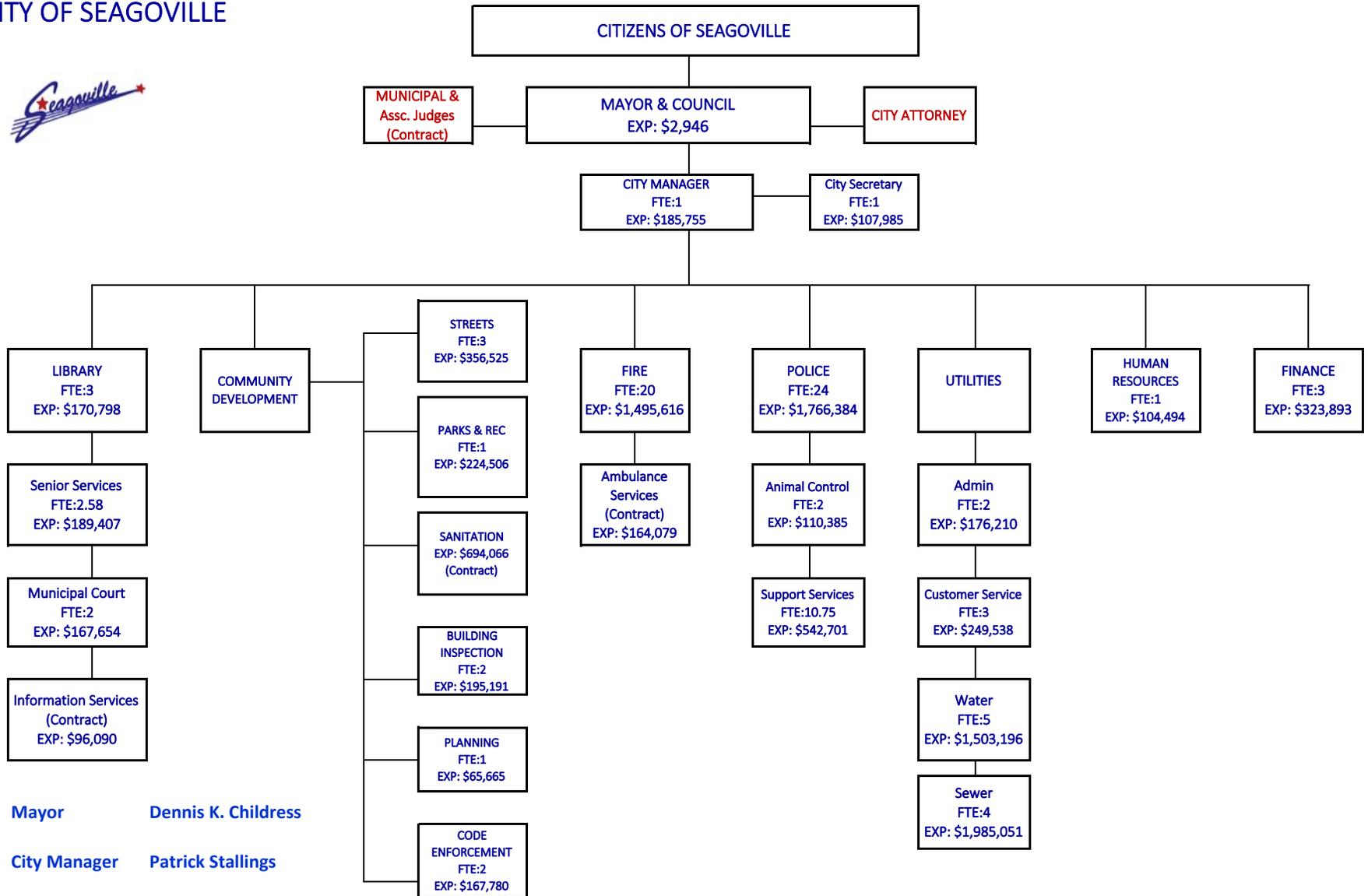
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO



CITY OF SEAGOVILLE



City of Seagoville, Texas

Principal City Officials

2015-2016

City Council

Dennis Childress	Mayor	Term Expires May, 2017
Jose Hernandez	Mayor Pro-Tem, Place 2	Term Expires May, 2017
Rick Howard	Council Member, Place 1	Term Expires May, 2018
Harold Magill	Council Member, Place 3	Term Expires May, 2018
Mike Fruin	Council Member, Place 4	Term Expires May, 2017
Jon Epps	Council Member, Place 5	Term Expires May, 2018

City Executive Staff

Pat Stallings	City Manager
Patrick J. Harvey	Director of Finance
Ray Calverley	Police Chief
Todd Gilcrease	Fire Chief
Cindy Brown	Director of Human Resources
Vacant	City Secretary
Liz Gant	Director of Library
Phil DeChant	Water Utilities Director
Ladis Barr	Community Development Director

FINANCIAL SECTION

Seagoville ★

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Seagoville, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Seagoville, Texas (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seagoville, Texas as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-17), the General Fund budgetary comparison information (pages 81-82), the Texas Municipal Retirement System Schedule of Changes in Net Pension Liability (Asset) and Related Ratios (pages 84 & 85) and the schedule of funding progress for participation in Texas Municipal Retirement System (page 86) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Tox, Byrd + Company, P.C.

Dallas, Texas
March 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Seagoville ★

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

As management of the City of Seagoville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities and position of the City of Seagoville for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report. Management's Discussion and Analysis has comparative data for the current year with the prior year.

Financial Highlights

- The assets of the City of Seagoville exceeded its liabilities at the close of the fiscal year ended September 30, 2016 by \$32,378,964 (net position). Of this amount, \$5,226,839 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Seagoville's governmental funds reported combined ending fund balances of \$3,577,055. Approximately 89% of this amount, \$3,172,548 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,172,548 or 35% of the general fund expenditures.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Seagoville's basic financial statements. The City of Seagoville's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

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

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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

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

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

The government-wide financial statements can be found on pages 21-25 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seagoville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Seagoville can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 35-40 of this report.

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

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

financial statements. The notes to the financial statements can be found on pages 41-75 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Seagoville's (1) General Fund budgetary compliance, and (2) progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 77-86 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Seagoville, assets exceeded liabilities by \$32,378,964 as compared to net position for the prior year of \$31,807,654.

A large portion of the City of Seagoville's net position, \$25,262,872 (78.0%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Seagoville uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Seagoville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table presents a comparative summary of the City's assets, liabilities, and net position as of September 30, 2016 and September 30, 2015.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	City of Seagoville's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 4,370,152	\$ 3,810,709	\$ 6,067,656	\$ 6,485,115	\$ 10,437,808	\$ 10,295,824
Capital assets	17,285,843	16,656,443	15,030,825	15,244,579	32,316,668	31,901,022
Total assets	<u>21,655,995</u>	<u>20,467,152</u>	<u>21,098,481</u>	<u>21,729,694</u>	<u>42,754,476</u>	<u>42,196,846</u>
Deferred outflows of resources	1,253,758	377,842	205,537	66,678	1,459,295	444,520
Long-term liabilities	3,974,393	2,144,701	6,862,620	6,870,167	10,837,013	9,014,868
Other liabilities	401,447	1,130,979	542,185	611,447	943,632	1,742,427
Total liabilities	<u>4,375,840</u>	<u>3,275,680</u>	<u>7,404,805</u>	<u>7,481,614</u>	<u>11,780,645</u>	<u>10,757,294</u>
Deferred inflows of resources	45,815	64,955	8,347	11,463	54,162	76,418
Net position:						
Net investment in capital assets	15,422,815	14,812,747	9,840,057	10,929,761	25,262,872	25,742,508
Restricted for capital assets	80,341	63,204	1,718,468	2,587,737	1,798,809	2,650,941
Restricted for debt service	12,548	8,671	31,263	30,262	43,811	38,933
Restricted for community development	31,370	28,092	-	-	31,370	28,092
Restricted for public safety	8,263	9,434	-	-	8,263	9,434
Restricted for other	-	86,203	-	-	-	86,203
Unrestricted	<u>2,932,761</u>	<u>2,496,008</u>	<u>2,301,078</u>	<u>755,535</u>	<u>5,233,839</u>	<u>3,251,543</u>
Total net position	<u>\$ 18,488,098</u>	<u>\$ 17,504,359</u>	<u>\$ 13,890,866</u>	<u>\$ 14,303,295</u>	<u>\$ 32,378,964</u>	<u>\$ 31,807,654</u>

An additional portion of the City's net position (5.8%) represents resources that are subject to external restriction on how they may be used. The remaining balance of *unrestricted net position* (\$5,226,339) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Seagoville is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City of Seagoville's net position by \$977,044. The following table presents a comparative summary of the City's operations for the years ended September 30, 2016 and September 30, 2015.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

City of Seagoville Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,741,177	\$ 1,538,808	\$ 5,546,058	\$ 5,385,478	\$ 7,287,235	\$ 6,924,286
Operating grants and contributions	51,244	47,179	-	-	51,244	47,179
Capital grants and contributions	23,883	639,262	-	809,663	23,883	1,448,925
General revenues:						
Property taxes	3,572,962	3,350,955	-	-	3,572,962	3,350,955
Sales taxes	2,222,971	2,098,855	-	-	2,222,971	2,098,855
Other	742,283	713,561	11,407	2,372	753,690	715,933
Total revenues	8,354,520	8,388,620	5,557,465	6,197,513	13,911,985	14,586,133
Expenses:						
General government	1,407,576	1,158,100	-	-	1,407,576	1,158,100
Public safety	4,448,824	4,246,256	-	-	4,448,824	4,246,256
Community services	1,256,382	1,235,828	-	-	1,256,382	1,235,828
Community development	1,449,306	1,375,088	-	-	1,449,306	1,375,088
Interest on long-term debt	88,089	90,101	-	-	88,089	90,101
Water and sewer	-	-	4,697,193	4,329,104	4,697,193	4,329,104
Total expenses	8,650,177	8,105,373	4,697,193	4,329,104	13,347,370	12,434,477
Increase (decrease) in net position before transfers	(295,657)	283,247	860,272	1,868,409	564,615	2,151,656
Transfers	1,272,701	1,859,470	(1,272,701)	(1,859,470)	-	-
Increase (Decrease) in net assets	977,044	2,142,717	(412,429)	8,939	564,615	2,151,656
Net position - Beginning	17,504,359	15,837,348	14,303,295	14,378,304	31,807,654	30,215,652
Prior period adjustment	6,695	(475,706)	-	(83,948)	6,695	(559,654)
Net position - Ending	\$ 18,488,098	\$ 17,504,359	\$ 13,890,866	\$ 14,303,295	\$ 32,378,964	\$ 31,807,654

Total key elements in Governmental Activities revenues for 2016 are as follows:

- Property taxes of \$3,572,962 were recognized on a tax base of \$494,621,920 in gross taxable valuations at a rate of 71.4 cents per each \$100 of property value.
- Other tax revenues were \$2,222,971 representing 34 percent of governmental program revenues and other governmental revenues.
- Franchise taxes were \$736,978, or 11 percent of governmental program revenues and other governmental revenues.

Total key elements in expenses for 2016 are as follows:

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

- Public safety expenses totaled \$4,448,824, of which \$3,592,653 (81 percent) was for personnel services. The increase in expenses can be attributed to retention pay for first responders and dispatch operations, increased fringe benefit expenditures for medical and dental insurance and increased firefighter uniform and minor equipment acquisitions.
- The City of Seagoville contracts with Republic Services for its sanitation services, which accounts for all of the \$694,067 of expenses in Sanitation Department.
- General Government expenses of \$1,407,576 include costs for City Council, City Manager/Human Resources, City Secretary, Finance, and non-departmental activities. The increase in expenses is attributed to filling the City Manager vacant position, retention pay and increased fringe benefit expenditures for medical and dental insurance.
- Community Services expenses of \$1,256,382 include costs for Municipal Court, Library, Senior Center and Sanitation. The increase in expenses is due to third party contractor payments for sanitation services, retention pay and increased fringe benefit expenditures for medical and dental insurance.
- Community Development expenses of \$1,449,306 include costs for Building Inspection, Streets, Parks and Planning. The increase in expenses is staffing and equipping of the two man litter crew to enhance the City's litter control efforts.
- Interest on long term debt of \$88,089 reflects debt service on the FY 2016 notes payable. The debt provided resources for City Hall roof repair.

Business-type activities. Business-type activities net position decreased by \$412,429. Including a \$977,044 net position increase for governmental activities, the total increase in net position for the City was \$564,615. Key elements of the business-type activities are as follows:

- Charges for services for business-type activities account for a significant portion of the revenue sources. The water and sewer utilities total charges for service, \$5,546,058, represent 99 percent of the total business-type revenue. The revenue sources for this fund represent increased rates recommended by a revenue rate study approved by City Council in FY 2015 budget.
- Likewise, the expenses for the water and sewer utilities total, \$4,697,193, which is 100 percent of the overall business-type expenditures. The increase in expenses is primarily due to increase cost of purchases of raw water from Dallas Water Utilities, and sewer treatment services provided by North Texas Municipal Water District.
- Revenues exceeded expenses, before net transfers and capital contributions, by \$860,272.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Seagoville's governmental funds reported combined ending fund balances of \$3,577,055, an increase of \$595,347 in comparison with the prior year. Approximately 89 percent of the total combined fund balance (\$3,172,548) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either *restricted, committed, or assigned* to indicate that it is 1) restricted for particular purposes (\$134,260), committed for particular purposes (\$165,386), or 4) assigned for particular purposes (\$104,861).

The general fund is the chief operating fund of the City of Seagoville. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,172,548. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35 percent of total general fund expenditures.

The general fund balance of the City of Seagoville increased by \$555,657 during the current fiscal year, as a result of revenues exceeding prior year by \$548,625 and expenditures decreasing from the prior year by \$59,739. The overall increase in fund balance was largely generated by increases in property tax revenues due to an increase in assessed valuations, sanitation services reflecting community growth and increased commercial and residential development enhancing licenses, permits and fees revenue. The overall expenditure increases were previously highlighted in key elements in expenses above.

Proprietary funds. The City of Seagoville's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. The unrestricted net position of the City of Seagoville's Enterprise Fund at the end of the year is \$2,301,078, an increase of \$1,545,543 to the unrestricted net position at September 30, 2015. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$419,164, due to increased sales taxes generated by the opening of new retail enterprises (Tractor Supply) and increased consumer spending (Wal-Mart), improved local demand for utility services (franchise fees), new residential development activity in the Highland Meadows and the Meadows subdivisions (licenses, permits and fees and sanitation), and intergovernmental revenues. Actual expenditures (excluding capital outlay) were below budgeted appropriations by \$443,597, from unfilled positions and attrition in the Police, Support Services, Animal Control and Fire, deferred street maintenance in Streets with citywide strong budgetary controls over program operations resulting in multiple other departments having gone under budget as well.

Capital Asset and Debt Administration

Capital assets. The City of Seagoville's investment in capital assets for its governmental and business-type activities, net of accumulated depreciation, as of September 30, 2016 amounts to \$32,316,668. This investment in capital assets includes land, buildings, system expansion, improvements, machinery and equipment, park facilities, streets and drainage. The capital assets, net of depreciation, for governmental activities totaled \$17,285,843 and for the business-type activities totaled \$15,030,825.

There were a few capital assets and projects acquired during the year. For governmental activities there was **Buildings:** roof repair to City Hall facility (\$173,423), **Machinery and Equipment:** acquisition of an exchange server (\$14,137), a Police patrol in car camera (\$5,008) and vehicle (\$45,962) a barcode evidence scanner for the Police department (\$12,548) replacement of the Ard Road emergency siren – Fire department (\$24,985), acquisition of a litter crew truck (\$24,761), an asphalt roller for the Street department (\$39,999), 2016 Bearden Park improvements (29,127) and a Toro mower for the Parks department (\$72,125). **Infrastructure: Street improvements** - Robinwood Addition improvements (\$391,185), Malloy Bridge improvements (\$196,547), Stark Road improvements (\$97,686), Ard Road improvements (\$253,973), South Kaufman Road improvements (\$86,291) . For the business type activities **Infrastructure**, the City replaced the water line in front of the fire station (\$43,795) **Machinery and Equipment:** The City acquired a replacement meter head for the Ard Road digital flow meter (\$7,937) and acquired a F450 truck and service bed (\$56,526). The following table presents a comparative summary of the City's capital assets as of September 30, 2016 and September 30, 2015.

**CITY OF SEGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

City of Seagoville's Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land (not depreciated)	\$ 2,617,405	\$ 2,617,405	\$ 97,912	\$ 97,912	\$ 2,715,317	\$ 2,715,317
Construction in Progress: (not depreciated)	1,244,044	1,411,569	272,150	108,979	1,516,194	1,520,548
Buildings	1,274,193	1,141,471	76,250	78,826	1,350,443	1,220,297
Improvements other than buildings	221,371	245,398	12,165	14,036	233,536	259,434
Machinery and Equipment	846,473	816,242	204,463	194,181	1,050,936	1,010,423
Infrastructure	11,082,357	10,424,358	14,367,885	14,750,645	25,450,242	25,175,003
	<u>\$ 17,285,843</u>	<u>\$ 16,656,443</u>	<u>\$ 15,030,825</u>	<u>\$ 15,244,579</u>	<u>\$ 32,316,668</u>	<u>\$ 31,901,022</u>

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

Noncurrent Liabilities/Long-term debt. At the end of the current fiscal year, the City of Seagoville had total noncurrent liabilities of \$10,837,013. Of this amount, \$1,659,999 comprises general certificates of obligation and \$6,280,000 is for proprietary fund debt. The following table presents a comparative summary of the city noncurrent liabilities for September 30, 2016 and September 30, 2015

City of Seagoville Non Current Liabilities

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Certificates of obligation	\$ 1,659,999	\$ 1,813,332	\$ -	\$ -	\$ 1,659,999	\$ 1,813,332
Combination tax and revenue refunding bonds	-	-	6,280,000	6,581,667	6,280,000	6,581,667
Premium on bonds	28,029	30,364	239,807	254,374	267,836	284,738
Compensated absences	276,112	301,005	27,886	34,126	303,998	335,131
Notes payable	137,291	-	-	-	137,291	-
Pension liability	1,872,962	732,850	314,927	129,327	2,187,889	862,177
	<u>\$ 3,974,393</u>	<u>\$ 2,877,551</u>	<u>\$ 6,862,620</u>	<u>\$ 6,999,494</u>	<u>\$10,837,013</u>	<u>\$ 9,877,046</u>

The City of Seagoville's total long term debt increased by \$959,967 during the current fiscal year due to the FY 2016 note payable of \$175,000 offset by scheduled payments of \$37,709 during the fiscal year. Bonded debt decreased by \$455,000 due to scheduled payments during the fiscal year. Pension liability increased \$1,325,712 due

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

to a change in actuarial assumptions by the Texas Municipal Retirement System. Premium on bonds decreased \$16,902 due to amortization. Compensated absences decreased \$31,133 due to staff replacement.

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

Economic Factors and Next Year's Budgets and Rates

These and other factors were considered in preparing the City of Seagoville's budget for the 2016-2017 fiscal year.

Charges for services are the City's largest revenue source, representing 47% of total budgeted revenues. They consist of revenue earned by the City in exchange for specific types of services provided. Examples of services include water sales, sewer service charges, sanitation fees, and delinquent payment penalty fees. Water and sewer sales are increased to reflect the new rates proposed in the recently completed water and sewer rate study. For the average monthly user of 5,000 gallons, the increase in the combined water/sewer rate is \$15.30 monthly. For the average monthly user of 10,000 gallons, the increase in the combined water/sewer rate is \$27.25 monthly. The increased rates are estimated to yield an additional \$1,233,050 in water and sewer revenues. This increase in the water/sewer rates provides for anticipated increase in the cost of raw water purchases and sewer treatment services. This rate increase also provides resources to fund the development of water and wastewater infrastructure plans and provides a foundation to address deficiencies cited by state and federal regulatory authorities.

Property Taxes represent 26% of total budgeted revenues. Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within the City. Assessed values represent the appraised value less applicable exemptions. Appraised values are established by the Dallas Central Appraisal District and the Kaufman County Appraisal District at 100% of market value and certified by the Chief Appraisers of each district. The 2016 certified taxable value of \$526,144,667 is a 6.37% increase from the 2015 certified taxable value of \$494,621,920. The City has adopted a property tax rate of \$0.743800 per \$100 of valuation. This is a 4.2% increase over the prior fiscal year tax rate of \$0.713800 per \$100 of valuation. There are two components of the tax rate. The first component is for maintenance and operations (M&O) while the second component relates to debt service interest and sinking fund requirements. The City has adopted a tax rate of \$0.707498 for operations and maintenance, which is a 3.2 cent increase over the previous fiscal year. The operations and maintenance portion of the property tax is collected through

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

the General Fund. The City has adopted a tax rate of \$0.036302 for debt service interest and sinking fund requirements, which is collected through the Debt Service Fund. This is a decrease of .1698 cents from last year

Sales Taxes represent 14% of total budgeted revenues. Sales taxes are estimated to experience an estimated 5% increase in FY 2017, due to the presence of new retail companies.

Franchise Fees are charged to specific businesses that conduct business in the City of Seagoville. Utilities (electric, water, sanitation, telephone, gas and cable) that operate in the City pay this fee for their use of the City's right of way to conduct their business. Franchise fees are based on a percentage of gross receipts. Projections are conservatively based on historical trends. Franchise fees for the 2017 fiscal year are estimated to be virtually unchanged from the FY 2016 budget of \$648,300. This increased estimate considers the impact of the new Ace Hardware and new residential development in the City, increasing utility consumption.

**CITY OF SEAGOVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

CITY EXPENDITURES - BY CATEGORY

Description	2015 Actual	2016 Budget	2016 Projected	2017 Budget	\$ Increase (Decrease)	% Change
Personnel	5,725,305	6,130,417	6,010,435	6,440,133	309,716	5%
Supplies	701,904	888,620	728,448	783,056	(105,564)	-12%
Contractual Services	4,811,367	5,110,750	5,738,923	6,102,667	991,917	19%
Capital Outlay	4,933,104	3,074,838	989,346	2,912,864	(161,974)	-5%
Debt Service	794,911	785,964	785,964	863,665	77,701	10%
Total Expenditures	16,966,591	15,990,589	14,253,116	17,102,385	1,111,797	7%

Total fiscal year 2017 expenditures are budgeted to increase \$1,111,797, a 7% increase from the budget of fiscal year 2016. Personnel and Contractual Services increased \$309,716 and \$991,917 respectively. Capital Outlay decreased \$161,974 (5%) and Supplies decreased \$105,564 (12%) respectively.

A summary of City-wide expenditure highlights appears below:

The increase in **Personnel** reflects a 3% increase provided to full time employees. Additionally, there is a 7.7% increase in budgeted expenditures for employer contribution to health insurance. There additional resources provided to provide for an 11.44% increase in retirement contributions.

Supplies include decreases in vehicle fuel and maintenance, traffic signs and paving supplies and provides resources for sewer main maintenance.

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

Capital Outlay expenditures include resources allocated for the completion of the FY 2015 Street Improvements Program (\$1,774,815), repairing Lasater/Simonds, Woodhaven, Shadybrook, Elizabeth/Tunnell and Bowers/Elmo Seago streets. It also provides for the acquisition of a patrol vehicle (\$50,000), a down payment for the acquisition of a quint fire apparatus for the Fire Department (\$72,000), emergency siren replacement (\$25,000), and the second year of four year funding to replace the Library roof (\$47,412).

Water & Sewer fund capital outlay includes an estimated \$400,000 for the Woodhaven water improvements, \$600,000 for the development of the Highway 175 gravity main crossing at Environmental Way, \$43,000 for the acquisition of a Holt Cat track hoe and \$25,000 to replace a water meter services vehicle.

Requests for Information

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

Seagoville ★

BASIC FINANCIAL STATEMENTS

Seagoville ★

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Seagoville ★

CITY OF SEAGOVILLE, TEXAS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 3,522,582	\$ 4,687,102	\$ 8,209,684	\$ 781,114
Restricted assets				
Cash and cash equivalents	-	642,097	642,097	-
Receivables				
Taxes, net of allowance	788,986	-	788,986	128,296
Accounts, net of allowance	47,736	738,457	786,193	-
Prepaid items	-	-	-	-
Due from component unit	10,848	-	10,848	-
Assets held for incentive	-	-	-	108,597
Capital assets, net of accumulated depreciation:				
Non-depreciable	3,861,449	370,062	4,231,511	322,816
Depreciable (net)	13,424,394	14,660,763	28,085,157	388,468
Total Assets	\$ 21,655,995	\$ 21,098,481	\$ 42,754,476	\$ 1,729,291
Deferred Outflows of Resources				
Pension Contributions after 12/31/2015	260,063	42,336	302,399	-
Investment Experience - Pensions	993,695	163,201	1,156,896	-
Total Deferred Outflows of Resources	1,253,758	205,537	1,459,295	-
Liabilities				
Accounts payable	\$ 202,180	\$ 170,863	\$ 373,043	\$ 2,446
Accrued expenses	199,267	52,682	251,949	-
Due to primary government	-	-	-	10,848
Customer deposits	-	318,640	318,640	700
Noncurrent liabilities:				
Due within one year	188,821	326,245	515,066	111,973
Due in more than one year	3,785,572	6,536,375	10,321,947	201,411
Total Liabilities	4,375,840	7,404,805	11,780,645	327,376
Deferred Inflows of Resources				
Actual Experience vs. Assumptions - Pensions	45,815	8,347	54,162	-
Total Deferred Inflows of Resources	45,815	8,347	54,162	-
Net Position				
Net investment in capital assets	15,422,815	9,840,057	25,262,872	711,285
Restricted for:				
Capital asset acquisition/construction	80,341	1,718,468	1,798,809	-
Debt service	12,548	31,263	43,811	-
Community services	31,370	-	31,370	-
Public safety	8,263	-	8,263	-
Unrestricted	2,932,761	2,301,078	5,233,839	690,630
Total Net Position	\$ 18,488,098	\$ 13,890,866	\$ 32,378,964	\$ 1,401,915

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

CITY OF SEAGOVILLE, TEXAS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2016

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,407,576	\$ 62,795	\$ -	\$ -
Public safety	4,448,824	262,729	16,737	12,548
Community services	1,256,382	919,912	34,507	-
Community development	1,449,306	495,741	-	11,335
Interest on long term debt	88,089	-	-	-
Total governmental activities	8,650,177	1,741,177	51,244	23,883
Business-type activities				
Water and sewer	4,697,193	5,546,058	-	-
Total business-type activities	4,697,193	5,546,058	-	-
Total primary government	13,347,370	7,287,235	51,244	23,883
Component unit:				
Economic Development Corporation	604,582	22,600	-	-
Total component units	\$ 604,582	\$ 22,600	\$ -	\$ -

General Revenues:

Taxes:

 Ad valorem

 Other Local Taxes

 Franchise taxes

Investment income

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position - ending

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

Net (Expenses) Revenue and Changes in Net Position

Governmental Activities	Business - type Activities	Total	Component Unit
\$ (1,344,781)	\$ -	\$ (1,344,781)	\$ -
(4,156,810)	-	(4,156,810)	-
(301,962)	-	(301,962)	-
(942,230)	-	(942,230)	-
(88,089)	-	(88,089)	-
<u>(6,833,873)</u>	<u>-</u>	<u>(6,833,873)</u>	<u>-</u>
-	848,865	848,865	-
-	848,865	848,865	-
<u>(6,833,873)</u>	<u>848,865</u>	<u>(5,985,008)</u>	<u>-</u>
-	-	-	(581,982)
-	-	-	(581,982)
3,572,962	-	3,572,962	-
2,222,971	-	2,222,971	695,869
736,978	-	736,978	-
5,305	11,407	16,712	718
1,272,701	(1,272,701)	-	-
<u>7,810,917</u>	<u>(1,261,294)</u>	<u>6,549,623</u>	<u>696,587</u>
<u>977,044</u>	<u>(412,429)</u>	<u>564,615</u>	<u>114,605</u>
<u>17,504,359</u>	<u>14,303,295</u>	<u>31,807,654</u>	<u>1,287,310</u>
<u>6,695</u>	<u>-</u>	<u>6,695</u>	<u>-</u>
<u>\$ 18,488,098</u>	<u>\$ 13,890,866</u>	<u>\$ 32,378,964</u>	<u>\$ 1,401,915</u>

Seagoville ★

FUND FINANCIAL STATEMENTS

Seagoville ★

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Seagoville ★

**CITY OF SEAGOVILLE, TEXAS
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2016**

	<u>General</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 3,284,532	\$ 238,050	\$ 3,522,583
Receivables			
Ad valorem taxes	369,023	35,075	404,098
Sales taxes	384,888	-	384,888
Other	41,711	6,025	47,736
Due from component unit	10,848	-	10,848
Total Assets	<u>\$ 4,091,002</u>	<u>\$ 279,150</u>	<u>\$ 4,370,152</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 199,808	\$ 2,372	\$ 202,180
Accrued liabilities	192,417	623	193,040
Total Liabilities	<u>392,225</u>	<u>2,995</u>	<u>395,220</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	363,133	34,744	397,877
Total Deferred Inflows of Resources	<u>363,133</u>	<u>34,744</u>	<u>397,877</u>
FUND BALANCES			
Restricted:			
Restricted for debt service	-	18,775	18,775
Restricted for other	-	-	-
Restricted for court improvements	-	31,370	31,370
Restricted for police operations	-	3,774	3,774
Restricted for capital expenditures	80,341	-	80,341
Committed:			
Community development	-	160,897	160,897
Public safety	-	4,489	4,489
Assigned:			
Workforce development	-	2,231	2,231
Vehicle replacement	82,755	-	82,755
Police operations	-	8,782	8,782
Community services	-	11,093	11,093
Unassigned	<u>3,172,548</u>	<u>-</u>	<u>3,172,548</u>
Total fund balances	<u>3,335,644</u>	<u>241,411</u>	<u>3,577,055</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,091,002</u>	<u>\$ 279,150</u>	<u>\$ 4,370,152</u>

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

CITY OF SEAGOVILLE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
September 30, 2016

Total fund balances - governmental funds	\$ 3,577,055
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	17,285,843
Deferred Outflows of Resources are not considered available funds and are not recorded in governmental funds	1,253,758
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(6,228)
Revenues earned but not available within sixty days of the year end are not recognized as revenue in the fund financial statements.	397,877
Deferred Inflows of Resources are not considered available funds and are not recorded in governmental funds	(45,815)
Compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.	(276,112)
Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Pension liability	1,872,962
Bond premium	28,029
Long term debt	<u>1,797,289</u>
	<u>(3,698,280)</u>
Net position of governmental activities	<u><u>\$ 18,488,098</u></u>

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

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

For the Fiscal Year Ended September 30, 2016

	<u>General</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes			
Ad valorem	\$ 3,418,150	\$ 194,653	\$ 3,612,803
Sales	2,189,064	-	2,189,064
Franchise	736,978	-	736,978
Hotel/motel	-	33,907	33,907
Sanitation collection charges	912,035	-	912,035
Licenses, permits and fees	479,697	69,618	549,315
Municipal court fines	199,001	7,921	206,922
Intergovernmental	61,412	2,380	63,792
Investment income	5,273	32	5,305
Miscellaneous	66,594	6,311	72,905
	<u>8,068,204</u>	<u>314,822</u>	<u>8,383,026</u>
Total revenues			
Expenditures:			
Current:			
General government	1,297,529	33,907	1,331,436
Public safety	4,079,168	11,343	4,090,511
Community services	1,221,927	17,549	1,239,476
Community development	1,009,668	-	1,009,668
Debt Service:			
Principal	37,709	153,333	191,043
Interest	7,950	83,095	91,044
Capital outlay	1,288,897	-	1,288,897
	<u>8,942,848</u>	<u>299,227</u>	<u>9,242,075</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(874,644)</u>	<u>15,595</u>	<u>(859,049)</u>
Other financing sources (uses):			
Transfers in	1,300,301	45,000	1,345,301
Transfers out	(45,000)	(27,600)	(72,600)
Notes payable	175,000	-	175,000
	<u>1,430,301</u>	<u>17,400</u>	<u>1,447,701</u>
Total other financing sources (uses)			
Net change in fund balances	555,657	32,995	588,652
Fund Balances - beginning	2,773,292	208,416	2,981,708
Prior period adjustment - franchise revenue recorded incorrectly	6,695	-	6,695
Fund Balances - ending	<u>\$ 3,335,644</u>	<u>\$ 241,411</u>	<u>\$ 3,577,055</u>

**CITY OF SEAGOVILLE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2016**

Net change in fund balances - total governmental funds	\$ 588,652
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	1,288,897
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(670,832)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds	
o Change in deferred revenue	(39,841)
The issuance of long-term debt (e.g. bonds and capital lease) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and deferred losses on refunding when debt is first issued; however the amounts are deferred and amortized in the government-wide financial statements. This amount represents the net effect of the the following items:	
o Issuance of Note Payable - 175,000	
o Amortization on Bond Premium - 2,335	
o Repayments on Bonds and Notes - 191,043	
	18,378
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
o Change in Accrued Compensated Absences	24,893
o Pension Expense	(245,058)
The effect of transactions involving contributions of capital assets, increasing net assets	11,335
Current year changes in accrued interest payable do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>620</u>
Change in net position of governmental activities	<u><u>\$ 977,044</u></u>

PROPRIETARY FUND FINANCIAL STATEMENTS

Seagoville ★

**CITY OF SEAGOVILLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016**

EXHIBIT 7

	Enterprise
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,687,102
Receivables	
Accounts receivable, net	738,457
Total current assets	5,425,559
Noncurrent assets:	
Restricted cash and cash equivalents	642,097
Capital assets	
Land	97,912
Construction in Progress	272,149
Buildings	129,763
Improvements other than buildings	198,496
Machinery and equipment	699,410
Infrastructure	25,155,942
Accumulated depreciation	(11,522,847)
Total noncurrent assets	15,672,922
TOTAL ASSETS	\$ 21,098,481
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions after 12/31/2015	42,336
Pension investment experience	163,201
TOTAL DEFERRED OUTFLOWS OF RESOURCES	205,537
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 170,863
Accrued expenses	52,690
Customer deposits	318,640
Compensated absences-current	2,789
Bonds payable-current	323,457
Total current liabilities	868,439
Noncurrent Liabilities:	
Bonds payable	6,196,349
Pension liability	314,926
Compensated absences	25,091
Total noncurrent liabilities	6,536,366
TOTAL LIABILITIES	7,404,805
DEFERRED INFLOWS OF RESOURCES	
Pension actual experience vs. assumptions	8,347
NET POSITION	
Net investment in capital assets	9,840,057
Restricted for debt service	31,263
Restricted for construction	1,718,468
Unrestricted	2,301,078
TOTAL NET POSITION	\$ 13,890,866

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

CITY OF SEAGOVILLE, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016

	Enterprise
	Water and Sewer Fund
OPERATING REVENUES	
Charges for service:	
Water sales	\$ 2,462,782
Sewer sales	2,882,845
Tap fees	2,450
Penalties and interest	123,702
Reconnect fees	50,825
Miscellaneous	23,454
Total operating revenue	5,546,058
OPERATING EXPENSES	
Water operations	1,503,196
Sewer operations	1,985,052
Water and sewer administration	176,211
Customer service operations	249,538
Other expenses	65,929
Depreciation	485,183
Total operating expenses	4,465,109
Operating income	1,080,949
NONOPERATING REVENUES (EXPENSES)	
Interest income	11,407
Interest expense	(232,084)
Total nonoperating revenues (expenses)	(220,677)
Income before capital contributions and transfers	860,272
Transfers out	(1,272,701)
Change in net position	(412,429)
NET POSITION, beginning	14,303,295
NET POSITION, ending	\$ 13,890,866

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

**CITY OF SEAGOVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016**

	Enterprise
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 5,550,583
Cash paid to employees	(794,618)
Cash paid to suppliers	(3,099,275)
Net cash provided by operating activities	1,656,690
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(1,272,701)
Net cash used in noncapital financing activities	(1,272,701)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on debt	(301,667)
Capital asset acquisitions	(271,428)
Interest paid on debt	(246,653)
Net cash used in capital and related financing activities	(819,748)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	11,408
Net cash provided by investing activities	11,408
Net increase in cash	(424,352)
Cash and cash equivalents, beginning of year	5,753,551
Cash and cash equivalents, end of year	\$ 5,329,199
Cash and cash equivalents	\$ 4,687,102
Restricted cash and cash equivalents	642,097
TOTAL CASH AND CASH EQUIVALENTS	\$ 5,329,199

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

**CITY OF SEAGOVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016**

	Enterprise
	Water and Sewer Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,080,949
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	485,183
Decrease in accounts receivable	(6,893)
Increase in accounts payable	50,386
Decrease in accrued expenses	(1,732)
Increase in pension liability	43,624
Increase in customer deposits	11,418
Decrease in compensated absences	(6,245)
Net cash provided by operating activities	\$ 1,656,690

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

NOTES TO FINANCIAL STATEMENTS

Seagoville ★

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

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

Financial Reporting Entity

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity-Continued

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity-Continued

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

Basis of Presentation

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

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

Fund Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements-Continued

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

Governmental Funds

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

The government reports the following major governmental funds:

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

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

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

Special Revenue Funds:

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation-Continued

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

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

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

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

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

Proprietary Funds

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

The City reports the following major proprietary fund:

Water and Sewer Enterprise Fund

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Water and Sewer Enterprise Fund-Continued

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

Group Insurance Trust

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

Measurement Focus and Basis of Accounting

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting-Continued

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

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

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

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

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

Cash, Cash Equivalents and Investments

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash, Cash Equivalents and Investments-Continued

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

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Dallas Central Appraisal District at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the tax year 2015 levy was based was \$494,621,920. Taxes are due on October 1 and are delinquent after the following January 31.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2016 was \$0.714 per \$100 of assessed valuation.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes-Continued

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

Inter fund Receivables and Payables

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

Transactions Between Funds

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

Restricted Assets

Certain proceeds of the Water and Sewer Enterprise Fund’s revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Restricted Resources

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

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

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

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

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

Deferred Outflows of Resources

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows of Resources-Continued

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

Deferred Inflows of Resources

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

Compensated Absences

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds if material in amount. In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

Pensions

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Policies

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

Net Position Flow Assumption

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Flow Assumptions

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

Estimates

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

Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2016 up through March 31, 2017, the date the financial statements were issued. During this period there were no subsequent events requiring disclosure.

NOTE 2. CASH AND INVESTMENTS

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 2. CASH AND INVESTMENTS – CONTINUED

depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2016 the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included as cash and cash equivalents) was \$8,851,781 and the bank balance was \$9,023,588. The City's cash deposits at September 30, 2016 and during the year ended September 30, 2016 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Legal and contractual provisions governing deposits and investments:

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

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

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

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 2. CASH AND INVESTMENTS - CONTINUED

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 8,401,396
Restricted cash and cash equivalents	<u>450,385</u>
Total Primary Government	8,851,781
Component Unit:	
Cash and cash equivalents	781,114
Restricted cash and cash equivalents	<u>-</u>
Total Component Unit	781,114
Total cash and investments	<u><u>\$ 9,632,895</u></u>

Cash and cash equivalents as of September 30, 2016 consist of the following:

Cash on hand	\$ 1,900
Deposits with financial institutions	4,747,119
Investments	<u>4,883,876</u>
Total cash and investments	<u><u>\$ 9,632,895</u></u>

Disclosures Relating to Interest Rate Risk

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

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 2. CASH AND INVESTMENTS - CONTINUED

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

As of September 30, 2016, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
Texstar	\$ 1,721,039	43 days
Texpool	3,162,837	45 days
Total	<u>\$ 4,883,876</u>	

As of September 30, 2016 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Texstar	\$ 1,721,039	N/A	AAAM
Texpool	3,162,836	N/A	AAAM
Total	<u>\$ 4,883,876</u>		

NOTE 2. CASH AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2016 other than external investment pools the City did not have 5% or more of its investment with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. As of September 30, 2016 the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

Investment in State Investment Pools

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

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 2. CASH AND INVESTMENTS - CONTINUED

Investment in State Investment Pools-Continued

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

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 2,617,405	\$ -	\$ -	\$ -	\$ 2,617,405
Construction-in-progress	1,411,569	875,949	(1,043,474)		1,244,044
	<u>4,028,974</u>	<u>875,949</u>	<u>(1,043,474)</u>	<u>-</u>	<u>3,861,449</u>
Capital assets being depreciated:					
Buildings	2,341,636	173,423	-	-	2,515,059
Improvements other than buildings	1,052,035	-	-	-	1,052,035
Machinery & equipment	2,597,626	268,652	(76,119)	-	2,790,159
Infrastructure	19,970,872	1,025,682	-	-	20,996,554
	<u>25,962,169</u>	<u>1,467,757</u>	<u>(76,119)</u>	<u>-</u>	<u>27,353,807</u>
Accumulated depreciation:					
Buildings	1,200,165	40,701	-	-	1,240,866
Improvements other than buildings	806,636	24,028	-	-	830,664
Machinery & equipment	1,781,384	238,421	(76,119)	-	1,943,686
Infrastructure	9,546,515	367,682	-	-	9,914,197
	<u>13,334,700</u>	<u>670,832</u>	<u>(76,119)</u>	<u>-</u>	<u>13,929,413</u>
Capital assets being depreciated, net	<u>12,627,469</u>	<u>796,925</u>	<u>-</u>	<u>-</u>	<u>13,424,394</u>
Governmental activities capital assets, net	<u>\$ 16,656,443</u>	<u>\$ 1,672,874</u>	<u>\$(1,043,474)</u>	<u>\$ -</u>	<u>\$ 17,285,843</u>

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 3. CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital Assets not being depreciated:					
Land	\$ 97,912	\$ -	\$ -	\$ -	\$ 97,912
Construction-In-Progress	108,979	163,171	-	-	272,150
	<u>206,891</u>	<u>163,171</u>	<u>-</u>	<u>-</u>	<u>370,062</u>
Capital Assets Being Depreciated:					
Buildings	129,763	-	-	-	129,763
Improvements Other Than Buildings	198,496	-	-	-	198,496
Machinery & Equipment	759,952	64,463	(125,006)	-	699,409
Infrastructure	25,112,147	43,795	-	-	25,155,942
	<u>26,200,358</u>	<u>108,258</u>	<u>(125,006)</u>	<u>-</u>	<u>26,183,610</u>
Capital Assets Including Land	<u>26,407,249</u>	<u>271,429</u>	<u>(125,006)</u>	<u>-</u>	<u>26,553,672</u>
Accumulated Depreciation:					
Buildings	50,937	2,577	-	-	53,513
Improvements Other Than Buildings	184,460	1,871	-	-	186,331
Machinery & Equipment	565,771	54,180	(125,006)	-	494,946
Infrastructure	10,361,502	426,555	-	-	10,788,057
	<u>11,162,670</u>	<u>485,183</u>	<u>(125,006)</u>	<u>-</u>	<u>11,522,847</u>
Capital Assets Being Depreciated, Net	<u>15,037,688</u>	<u>(376,925)</u>	<u>-</u>	<u>-</u>	<u>14,660,763</u>
Business Type Activities Capital Assets, Net	<u>\$ 15,244,579</u>	<u>\$ (213,754)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,030,825</u>

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

Governmental activities:

General government	\$ 29,487
Public safety	225,543
Community services	990
Community development	<u>414,812</u>

Total depreciation expense- governmental activities	<u>\$ 670,832</u>
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Business-type activities:

Water and sewer	<u>\$ 485,183</u>
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CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 4. LONG-TERM DEBT

The City issues certificates of obligation and combination tax and revenue bonds to provide for the acquisition and construction of major capital facilities and infrastructure. Certificates of obligation pledge the full faith and credit of the City. Combination tax and revenue bonds are payable from the net revenues of the water and sewer system and general debt service tax. Details of long-term debt outstanding as of September 30, 2016 are as follows:

Primary Government:

Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/16
Governmental activities:					
Certificates of obligation					
Improvements	1,250,000	2006	2026	4.00%-5.50%	774,999
Improvements	1,250,000	2008	2028	3.50%-5.125%	<u>885,000</u>
Total governmental activities					<u>\$ 1,659,999</u>
Business-type activities:					
Combination tax and revenue refunding bonds					
Improvements	1,000,000	2006	2006	4.00%-5.50%	620,000
Improvements	2,000,000	2008	2008	4.50%-5.125%	1,890,000
Improvements	3,915,000	2015	2035	2.00%-4.00%	<u>3,770,000</u>
Total business-type activities					<u>\$ 6,280,000</u>
Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/16
Note payable -					
City Hall roof repair	\$ 175,000	2016	2020	4.00%	<u>\$ 137,291</u>

Component Unit:

Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/16
Note payable -					
Project funding	\$ 872,770	2012	2019	2.90%	<u>\$ 111,973</u>

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 4. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term transactions for the year ended September 30, 2016:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due Within One year
Governmental activities:					
Certificates of obligation	\$ 1,813,332	\$ -	\$ (153,333)	\$ 1,659,999	\$ 116,111
Premium on bonds	30,364	-	(2,335)	28,029	2,335
Compensated absences	301,005	22,675	(47,568)	276,112	27,611
Notes payable	-	175,000	(37,709)	137,291	42,764
Pension liability	732,850	1,140,112	-	1,872,962	
Total governmental activities	<u>\$ 2,877,551</u>	<u>\$ 1,337,787</u>	<u>\$ (240,945)</u>	<u>\$ 3,974,393</u>	<u>\$ 188,821</u>
Business-type activities:					
Combination tax and revenue refunding bonds	\$ 6,581,667	\$ -	\$ (301,667)	\$ 6,280,000	\$ 308,889
Premium on bonds	254,374	-	(14,567)	239,807	14,567
Total bonds payable	<u>6,836,041</u>	<u>-</u>	<u>(316,234)</u>	<u>6,519,807</u>	<u>323,456</u>
Pension liability	129,327	185,600		314,927	
Compensated absences	34,126	2,182	(8,422)	27,886	2,789
Total business-type activities	<u>\$ 6,999,494</u>	<u>\$ 187,782</u>	<u>\$ (324,656)</u>	<u>\$ 6,862,620</u>	<u>\$ 326,245</u>

Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due Within One year
Notes payable	<u>\$ 471,806</u>	<u>\$ -</u>	<u>\$ (158,422)</u>	<u>\$ 313,384</u>	<u>\$ 111,973</u>

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

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 4. LONG-TERM DEBT – CONTINUED

Annual debt service requirements as of September 30, 2016 are as follows:

Primary Government:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Bonds Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2017	116,111	74,726	308,889	235,965
2018	123,889	69,532	321,111	225,359
2019	129,444	63,901	330,556	212,665
2020	137,222	58,050	342,778	198,093
2021	145,000	51,828	360,000	182,975
2022-2026	823,333	154,861	2,026,666	665,631
2027-2031	185,000	12,600	1,605,000	277,725
2032-2035			985,000	79,950
	<u>\$ 1,659,999</u>	<u>\$ 485,498</u>	<u>\$ 6,280,000</u>	<u>\$ 2,078,363</u>

Year Ending September 30,	Notes Payable	
	Principal	Interest
2017	42,764	4,706
2018	44,501	2,969
2019	46,314	1,156
2020	3,712	12
	<u>\$ 137,291</u>	<u>\$ 8,843</u>

Component Unit:

Year Ending September 30,	Notes Payable	
	Principal	Interest
2017	111,973	7,786
2018	115,310	4,449
2019	86,101	1,088
	<u>\$ 313,384</u>	<u>\$ 13,323</u>

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 5. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2016 were as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Water & Sewer	\$ 74,826	In lieu of franchise fees - water
General Fund	Water & Sewer	79,034	In lieu of franchise fees - sewer
General Fund	Water & Sewer	242,892	General and admin - indirect costs
General Fund	Water & Sewer	875,949	Transfer of construction in progress
General Fund	Storm Water	27,600	Establish street litter crew
Debt Service	General Fund	45,000	Resources for debt service
	Totals	<u>\$ 1,345,301</u>	

NOTE 6. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Benefits Provided-Continued

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

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

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

Employees covered by benefit terms –

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	54
Active employees	91
Total	195

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the actuary annually determines the City contribution rate, using the Entry Age Normal (EAN) cost method.

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Seagoville were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Seagoville were 9.88% and 9.70% in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the fiscal year ended September 30, 2016 were \$423,561.49, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 13,621,251	\$ 12,759,074	\$ 862,177
Changes for the year:			
Service cost	634,753	-	634,753
Interest	959,710	-	959,710
Change of benefit terms	-	-	-
Difference between expected and actual experience	164,824	-	164,824
Changes of assumptions	311,847	-	311,847
Contributions - employer	-	429,211	(429,211)
Contributions - employee	-	309,420	(309,420)
Net investment income	-	18,826	(18,826)
Benefit payments, including refunds of employee contributions	(456,956)	(456,956)	-
Administrative expense	-	(11,467)	11,467
Other changes	-	(568)	568
Net changes	1,614,178	288,466	1,325,712
Balance at 12/31/2015	\$ 15,235,429	\$ 13,047,540	\$ 2,187,889

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
City's net pension liability	\$ 4,413,194	\$ 2,187,889	\$ 358,212

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2016, the City recognized pension expense of \$699,332. This amount is included as part of personnel service expenses within the functional activities.

At September 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actuarial assumptions and actual experience	\$ 218,806	\$ 54,162
Changes in actuarial assumptions used	238,643	
Difference between projected and actual investment earnings	699,447	-
Contributions subsequent to the measurement date	<u>302,399</u>	<u>-</u>
Total	<u><u>\$ 1,459,295</u></u>	<u><u>\$ 54,162</u></u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$302,399 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the city's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

	Net deferred outflows (inflows) of <u>resources</u>
2016	\$ 295,391
2017	295,391
2018	307,999
2019	203,952
2020	-
Thereafter	-
Total	\$ 1,102,733

Other Post-Employment Benefits

Supplemental Death Benefits Plan

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF).

The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

The City offers supplemental death to:	Plan Year 2015	Plan Year 2016
Active employees	Yes	Yes
Retirees	Yes	Yes

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Other Post-Employment Benefits (continued)

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$739, \$1,273 and \$667, respectively, which equaled the required contributions each year.

NOTE 7. COMMITMENTS AND CONTINGENCIES

In 2005, the City entered into a contract with the North Texas Municipal Water District (the "District") for the transportation, treatment and disposal of sanitary sewage and other waste. The contract will continue in force at least until all bonds issued by the District pursuant to the contract have been paid in full and will remain in force thereafter throughout the useful life of the District's sanitary sewer system. The contract requires the City to pay varying amounts based on the costs associated with sewage transported and/or treated and disposed of. The cost includes the City's proportionate share of the District's operating and maintenance expenses and related debt service costs. During 2016, the City's share of these costs was \$1,552,956.

NOTE 8. RISK FINANCING AND INSURANCE

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

CITY OF SEAGOVILLE
Notes to Financial Statements
September 30, 2016

NOTE 8. RISK FINANCING AND INSURANCE - CONTINUED

for workers' compensation, \$250,000 for property, and \$1,000,000 for liability damages. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

The limits of liability and deductible are:

	<u>Limit</u>	<u>Deductible</u>
General Liability	\$ 1,000,000 Each Occurrence \$ 2,000,000 Annual	\$ 1,000
Auto Liability	\$ 1,000,000 Each Occurrence	\$ -
Law Enforcement Liability	\$ 1,000,000 Annual \$ 2,000,000	\$ 1,000
Errors and Omissions Liability	\$ 2,000,000 Each Occurrence \$ 4,000,000 Annual	\$ 1,000
Auto Physical Damage	A. C. V. Per Vehicle Each Occurrence	\$ 500 \$ 10,000
Real and Personal Property	\$14,539,187	\$ 500
Mobile Equipment	\$ 830,581	\$ 500
Workers' Compensation	Statutory	

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REQUIRED SUPPLEMENTARY INFORMATION

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BUDGETARY COMPARISON GENERAL FUND

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CITY OF SEAGOVILLE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Ad valorem	\$ 3,377,800	\$ 3,377,800	\$ 3,418,150	\$ 40,350
Sales	2,040,040	2,040,040	2,189,064	149,024
Franchise	648,300	648,300	736,978	88,678
Sanitation collection charges	901,725	909,225	912,035	2,810
Licenses, permits and fees	204,175	404,175	476,893	72,718
Municipal court fines	238,000	238,000	201,829	(36,171)
Intergovernmental	24,000	24,000	66,384	42,384
Investment income	1,500	1,500	5,273	3,773
Miscellaneous revenues	6,000	6,000	61,598	55,598
Total revenues	<u>7,441,540</u>	<u>7,649,040</u>	<u>8,068,204</u>	<u>419,164</u>
Expenditures:				
Current				
General government				
City council	5,450	5,450	2,946	2,504
City manager	163,193	163,193	185,755	(22,562)
City secretary	116,241	117,058	107,985	9,073
Finance	321,994	332,062	323,893	8,169
Human Resources	105,781	106,661	104,495	2,166
Non-departmental	297,835	497,835	492,365	5,470
Information Technology	79,259	79,259	80,090	(831)
Total general government	<u>1,089,753</u>	<u>1,301,518</u>	<u>1,297,529</u>	<u>3,989</u>
Public safety				
Police	1,909,333	1,919,769	1,766,385	153,384
Fire	1,536,599	1,547,491	1,495,616	51,875
EMS	164,080	164,080	164,080	-
Support Services	601,573	605,424	542,702	62,722
Animal Control	131,454	127,487	110,385	17,102
Total public safety	<u>\$ 4,343,039</u>	<u>\$ 4,364,251</u>	<u>\$ 4,079,168</u>	<u>\$ 285,083</u>

**CITY OF SEAGOMILLE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Services				
Municipal court	168,750	169,648	167,654	1,994
Library	167,688	171,426	170,799	627
Senior center	190,031	190,532	189,407	1,125
Sanitation	682,920	690,420	694,067	(3,647)
Total community services	1,209,389	1,222,026	1,221,927	99
Community development				
Building inspection	191,946	202,346	195,191	7,155
Code enforcement	170,029	170,946	167,781	3,165
Streets	521,255	498,883	356,526	142,357
Parks	226,663	226,663	224,506	2,157
Planning	64,800	65,256	65,664	(408)
Total community development	1,174,693	1,164,094	1,009,668	154,427
Debt Service	47,412	47,412	45,659	1,753
Capital Outlay	164,677	328,589	1,288,897	(960,308)
Total expenditures	8,028,963	8,427,890	8,942,848	(514,956)
Excess (deficiency) of revenues over expenditures	(587,423)	(778,850)	(874,644)	(95,791)
Other financing sources (uses)				
Transfers in	404,904	404,904	1,300,301	895,397
Transfers out	(87,000)	(87,000)	(45,000)	42,000
Proceeds of note payable	-	-	175,000	
Total other financing sources (uses)	317,904	317,904	1,430,301	937,397
Net change in fund balance	(269,519)	(460,946)	555,657	841,606
Fund Balances - beginning	2,773,292	2,773,292	2,773,292	-
Add: Prior Period Adjustment Correction of Error	-	-	6,695	6,695
Fund Balances - ending	\$ 2,503,773	\$ 2,312,346	\$ 3,335,644	\$ 848,301

CITY OF SEAGOVILLE, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2016

Budgetary Data

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

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

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

CITY OF SEAGOVILLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TWO FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

EXHIBIT A-2

Plan Year	2014	2015
A. Total Pension Liability		
Service Cost	\$ 552,231	\$ 634,753
Interest (on the Total Pension Liability)	901,226	959,710
Changes of benefit terms	-	-
Difference between expected and actual experience	(98,674)	164,824
Change of assumptions	-	311,847
Benefit payments, including refunds of employee contributions	(664,148)	(456,956)
	690,635	1,614,178
Net Change in Total Pension Liability		
Total Pension Liability - Beginning	12,930,616	13,621,251
Total Pension Liability - Ending (a)	\$ 13,621,251	\$ 15,235,429
B. Plan Fiduciary Net Position		
Contributions - Employer	\$ 383,407	\$ 429,211
Contributions - Employee	277,832	309,420
Net Investment Income	691,059	18,826
Benefit payments, including refunds of employee contributions	(664,148)	(456,956)
Administrative Expense	(7,214)	(11,467)
Other	(593)	(568)
	680,343	288,466
Net Change in Plan Fiduciary Net Position		
Plan Fiduciary Net Position - Beginning	12,078,731	12,759,074
Plan Fiduciary Net Position - Ending (b)	\$ 12,759,074	\$ 13,047,540
C. Net Pension Liability - Ending (a) - (b)	\$ 862,177	\$ 2,187,889
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.67%	85.64%
E. Covered Employee Payroll	3,969,024	4,420,284
F. Net Pension Liability as a Percentage of Total Pension Liability	21.72%	49.50%

Data presented is based on December 31, 2015

**CITY OF SEAGOVILLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**

EXHIBIT A-2
(continued)

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TWO FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)**

Plan Year	2014	2015
Actuarially Determined Contribution	\$ 383,407	\$ 429,211
Contributions in relation to the actuarially determined contribution	383,407	429,211
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 3,969,024	\$ 4,420,284
Contributions as a percentage of covered employee payroll	9.66%	9.71%

Notes to Schedule of Contributions

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information

Notes There were no benefit changes during the year.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL)		Covered Payroll (c)	UAAL (Excess) as a Percentage of Covered Payroll		Average City Rate (d / c)
			(Excess of Assets over AAL) (b - a)	Funded Ratio (a / b)		City Contribution (d)	((b - a) / c)	
12/31/06	4,618,603	6,443,130	1,824,527	71.7%	3,401,950	53.6%	296,199	8.71%
12/31/07	4,996,695	6,836,484	1,839,789	73.1%	3,622,340	50.8%	376,490	10.39%
12/31/08	5,487,445	7,347,266	1,859,821	74.7%	3,993,787	46.6%	452,446	11.33%
12/31/09	6,344,356	8,273,715	1,929,359	76.7%	4,178,736	46.2%	440,856	10.55%
12/31/10	8,551,609	10,147,941	1,596,332	84.3%	4,101,364	38.9%	408,532	9.96%
12/31/11	9,472,245	10,845,293	1,373,048	87.3%	3,915,927	35.1%	401,314	10.25%
12/31/12	10,348,351	11,411,550	1,063,199	90.7%	4,075,542	26.1%	396,866	9.74%
12/31/13	11,400,716	12,930,616	1,529,900	88.2%	3,973,912	38.5%	386,476	9.73%
12/31/14	12,241,726	13,621,251	1,379,525	89.9%	3,969,024	34.8%	383,407	9.66%
12/31/15	13,328,624	15,235,429	1,906,805	87.5%	4,420,284	43.1%	429,211	9.71%

COMBINING SCHEDULES AND STATEMENTS

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUND

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

CITY OF SEAGOVILLE, TEXAS
 COMBINING BALANCE SHEET -
 NON MAJOR GOVERNMENTAL FUNDS
 September 30, 2016

	Special Revenue			
	Hotel/Motel Occupancy Tax	Special Police	Miscellaneous Grants	Municipal Court Technology
ASSETS				
Cash and cash equivalents	\$ 2,077	\$ 8,667	\$ 11,388	\$ 31,370
Accounts receivable:				
Customers	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
TOTAL ASSETS	\$ 2,077	\$ 8,667	\$ 11,388	\$ 31,370
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,077	\$ -	\$ 295	\$ -
Due to other funds	-	-	-	-
Accrued liabilities	-	623	-	-
TOTAL LIABILITIES	2,077	623	295	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES				
Restricted				
Restricted for debt service	-	-	-	-
Restricted for other	-	-	-	-
Restricted for court improvements	-	-	-	31,370
Restricted for police operations	-	3,774	-	-
Restricted for animal shelter	-	-	-	-
Committed				
Community development	-	-	-	-
Assigned				
Workforce development	-	-	-	-
Police operations	-	4,270	-	-
Community services	-	-	11,093	-
TOTAL FUND BALANCES	-	8,044	11,093	31,370
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,077	\$ 8,667	\$ 11,388	\$ 31,370

<u>Park Development</u>	<u>Revenue Recycling</u>	<u>Animal Shelter</u>	<u>Storm Water</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service</u>	<u>Total Non Major Governmental Funds</u>
\$ 59,685	\$ 2,231	\$ 9,001	\$ 95,187	\$ 219,606	\$ 18,444	\$ 238,049
-	-	-	6,025	6,025	-	6,025
-	-	-	-	-	35,075	35,075
				-	-	-
<u>\$ 59,685</u>	<u>\$ 2,231</u>	<u>\$ 9,001</u>	<u>\$ 101,212</u>	<u>\$ 225,631</u>	<u>\$ 53,519</u>	<u>\$ 279,150</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,372	\$ -	\$ 2,372
-	-	-	-	-	-	-
-	-	-	-	623	-	623
-	-	-	-	2,995	-	2,995
-	-	-	-	-	34,744	34,744
-	-	-	-	-	34,744	34,744
-	-	-	-	-	18,775	18,775
-	-	-	-	-	-	-
-	-	-	-	31,370	-	31,370
-	-	-	-	3,774	-	3,774
-	-	4,489	-	4,489	-	4,489
59,685	-	-	101,212	160,897	-	160,897
-	2,231	-	-	2,231	-	2,231
-	-	4,512	-	8,782	-	8,782
-	-	-	-	11,093	-	11,093
<u>59,685</u>	<u>2,231</u>	<u>9,001</u>	<u>101,212</u>	<u>222,636</u>	<u>18,775</u>	<u>241,411</u>
<u>\$ 59,685</u>	<u>\$ 2,231</u>	<u>\$ 9,001</u>	<u>\$ 101,212</u>	<u>\$ 225,631</u>	<u>\$ 53,519</u>	<u>\$ 279,150</u>

CITY OF SEAGOVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON MAJOR
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2016

	<u>Special Revenue</u>			
	<u>Hotel/Motel Occupancy Tax</u>	<u>Special Police</u>	<u>Miscellaneous Grants</u>	<u>Municipal Court Technology</u>
Revenues				
Taxes:				
Hotel/ motel taxes	\$ 33,907	\$ -	\$ -	\$ -
Ad valorem	-	-	-	-
Municipal court fines	-	-	-	7,921
Investment income	-	-	-	-
Donations	-	-	-	-
Grant revenue	-	-	2,380	-
Fees	-	-	-	-
Other revenue	-	787	77	-
Total revenues	33,907	787	2,457	7,921
Expenditures:				
Current:				
General government	33,907	-	-	-
Public safety	-	2,176	-	4,643
Community development	-	-	1,803	-
Capital Outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Total expenditures	33,907	2,176	1,803	4,643
Excess (deficiency) of revenues over expenditures	-	(1,389)	654	3,278
Other financing sources (uses):				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(1,389)	654	3,278
Fund Balances - beginning	-	9,433	10,439	28,092
Fund Balances - ending	\$ -	\$ 8,044	\$ 11,093	\$ 31,370

<u>Park Development</u>	<u>Revenue Recycling</u>	<u>Animal Shelter</u>	<u>Storm Water Grant</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service</u>	<u>Total Non Major Governmental Funds</u>
\$ -	\$ -	-	\$ -	\$ 33,907	\$ -	\$ 33,907
-	-	-	-	-	194,653	194,653
-	-	-	-	7,921	-	7,921
-	-	-	-	-	32	32
-	-	3,326	-	3,326	-	3,326
-	-	-	-	2,380	-	2,380
1,685	-	-	67,933	69,618	-	69,618
-	2,121	-	-	2,985	-	2,985
<u>1,685</u>	<u>2,121</u>	<u>3,326</u>	<u>67,933</u>	<u>120,137</u>	<u>194,685</u>	<u>314,822</u>
-	-	-	-	33,907	-	33,907
-	-	4,524	-	11,343	-	11,343
-	861	-	14,885	17,549	-	17,549
-	-	-	-	-	-	-
-	-	-	-	-	153,333	153,333
-	-	-	-	-	83,095	83,095
<u>-</u>	<u>861</u>	<u>4,524</u>	<u>14,885</u>	<u>62,799</u>	<u>236,428</u>	<u>299,227</u>
<u>1,685</u>	<u>1,260</u>	<u>(1,198)</u>	<u>53,049</u>	<u>57,338</u>	<u>(41,743)</u>	<u>15,595</u>
-	-	-	-	-	45,000	45,000
-	-	-	(27,600)	(27,600)	-	(27,600)
-	-	-	(27,600)	(27,600)	45,000	17,400
1,685	1,260	(1,198)	25,448	29,738	3,257	32,995
58,000	971	10,199	75,764	192,898	15,518	208,416
<u>\$ 59,685</u>	<u>\$ 2,231</u>	<u>\$ 9,001</u>	<u>\$ 101,212</u>	<u>\$ 222,636</u>	<u>\$ 18,775</u>	<u>\$ 241,411</u>

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	\$ 187,956	194,653	\$ 6,697
Interest Income	25	32	7
	<u>187,981</u>	<u>194,685</u>	<u>6,704</u>
Total revenues	187,981	194,685	6,704
Expenditures:			
Debt Service			
Principal	153,333	153,333	-
Interest and service charges	83,531	83,095	436
	<u>236,864</u>	<u>236,428</u>	<u>436</u>
Total Expenditures	236,864	236,428	436
Excess (deficiency) of revenues over expenditures	<u>(48,883)</u>	<u>(41,743)</u>	<u>7,140</u>
Other financing sources (uses)			
Transfers in	45,000	45,000	-
	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net change in fund balance	(3,883)	3,257	7,140
Fund Balances - beginning of year	<u>15,518</u>	<u>15,518</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 11,635</u>	<u>\$ 18,775</u>	<u>\$ 7,140</u>

STATISTICAL SECTION

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

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net Investment in Capital Assets	\$ 12,280,692	\$ 10,989,258	\$ 11,976,087	\$ 12,031,436	\$ 12,211,638	\$ 13,131,435	\$ 12,263,442	\$ 12,952,871	\$ 14,812,747	\$ 15,422,815
Restricted for debt service	116,316	120,590	133,609	102,826	82,539	600,366	236,378	4,135	8,671	125,548
Unrestricted	2,841,049	4,250,738	2,555,649	2,672,837	2,319,600	1,880,895	2,609,561	2,793,280	2,496,008	2,932,761
Restricted for other	-	-	-	-	43,512	-	537,138	87,062	186,933	6,974
Total governmental activities net assets	\$ 15,238,057	\$ 15,360,586	\$ 14,665,345	\$ 14,807,099	\$ 14,657,289	\$ 15,612,696	\$ 15,646,519	\$ 15,837,348	\$ 17,504,359	\$ 18,488,098
Business-type activities										
Net Investment in Capital Assets	\$ 11,821,765	\$ 9,788,858	\$ 9,692,891	\$ 9,694,536	\$ 10,050,136	\$ 10,296,997	\$ 10,488,488	\$ 11,066,442	\$ 10,929,761	\$ 9,840,057
Restricted for debt service	222,719	158,103	161,694	87,821	87,687	87,972	40,126	40,297	30,262	31,263
Unrestricted	3,342,263	3,275,618	3,332,715	3,463,834	3,429,257	3,531,320	3,407,933	3,271,565	755,535	2,301,078
Restricted for other	-	-	-	-	-	-	-	-	2,587,737	1,718,468
Total business-type activities net assets	\$ 15,386,747	\$ 13,222,579	\$ 13,187,300	\$ 13,246,191	\$ 13,567,080	\$ 13,916,289	\$ 13,936,547	\$ 14,378,304	\$ 14,303,295	\$ 13,890,866
Primary government										
Net Investment in Capital Assets	\$ 24,102,457	\$ 20,778,116	\$ 21,668,978	\$ 21,725,972	\$ 22,261,774	\$ 23,428,432	\$ 22,751,930	\$ 24,019,313	\$ 25,742,508	\$ 25,262,872
Restricted for debt service	339,035	278,693	295,303	190,647	170,226	688,338	276,504	104,852	38,933	156,811
Unrestricted	6,183,312	7,526,356	5,888,364	6,136,671	5,748,857	5,412,215	6,017,494	6,064,846	3,251,543	5,233,839
Restricted for other	-	-	-	-	43,512	-	537,138	26,642	2,774,670	1,725,442
Total primary governmental net assets	\$ 30,624,804	\$ 28,583,165	\$ 27,852,645	\$ 28,053,290	\$ 28,224,369	\$ 29,528,985	\$ 29,583,066	\$ 30,215,653	\$ 31,807,654	\$ 32,378,964

Source: Comprehensive Annual Financial Report

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 1,073,921	\$ 1,214,815	\$ 1,331,400	\$ 1,531,896	\$ 1,175,176	\$ 1,023,213	\$ 1,079,154	\$ 1,105,185	\$ 1,158,100	\$ 1,407,576
Public safety	3,350,968	3,500,767	3,653,761	3,598,398	3,889,013	3,842,926	3,894,917	4,082,494	4,246,256	4,448,824
Community services	919,770	969,199	1,060,379	1,059,095	1,095,077	1,137,186	1,164,392	1,212,182	1,235,828	1,256,382
Community development	1,475,536	1,457,928	1,923,442	1,336,002	1,271,429	1,228,934	1,326,012	1,287,368	1,375,088	1,449,306
Interest on long-term debt	127,778	123,459	169,274	84,276	143,485	126,691	111,743	154,957	90,101	88,089
Total governmental activities expenses	6,947,973	7,266,168	8,138,256	7,609,667	7,574,180	7,358,950	7,576,218	7,842,186	8,105,373	8,650,177
Business-type activities:										
Water and sewer	3,503,216	3,972,794	3,942,737	3,769,705	3,693,774	3,936,099	3,958,272	4,209,035	4,329,104	4,697,193
Total business-type activities expenses	3,503,216	3,972,794	3,942,737	3,769,705	3,693,774	3,936,099	3,958,272	4,209,035	4,329,104	4,697,193
Total primary government expenses	\$ 10,451,189	\$ 11,238,962	\$ 12,080,993	\$ 11,379,372	\$ 11,267,954	\$ 11,295,049	\$ 11,534,490	\$ 12,051,221	\$ 12,434,477	\$ 13,347,370
Program Revenues										
Governmental activities:										
General Government					65,271	11,448	34,849	44,723	19,199	62,795
Public Safety	62,578	59,746	60,578	61,636	303,064	318,220	343,961	318,775	239,417	262,729
Community Services	968,543	963,167	946,664	994,133	858,254	829,979	849,191	850,564	865,990	919,912
Community Development	199,254	124,514	61,999	169,086	251,834	151,962	186,482	255,313	414,202	495,741
Charges for services	\$ 1,230,375	\$ 1,147,427	\$ 1,069,241	\$ 1,224,855	\$ 1,478,423	\$ 1,311,609	\$ 1,414,483	\$ 1,469,375	\$ 1,538,808	\$ 1,741,177
Operating grants and contributions	167,532	70,258	117,005	304,485	255,705	92,997	88,935	46,263	47,179	51,244
Capital grants and contributions	824,102	104,051	201,965	25,160	-	894,854	96,100	325,001	639,262	23,883
Total governmental activities program revenues	2,222,009	1,321,736	1,388,211	1,554,500	1,734,128	2,299,460	1,599,518	1,840,639	2,225,249	1,816,304
Business-type activities:										
Charges for services	3,402,082	3,631,160	4,036,498	4,082,833	4,237,841	4,100,458	4,196,388	4,829,101	5,385,478	5,546,058
Capital grants and contributions	450,548	-	-	-	-	401,995	-	41,200	809,663	-
Total business-type activities program revenues	3,852,630	3,631,160	4,036,498	4,082,833	4,237,841	4,502,453	4,196,388	4,870,301	6,195,141	5,546,058
Total primary government program revenues	\$ 6,074,639	\$ 4,952,896	\$ 5,424,709	\$ 5,637,333	\$ 5,971,969	\$ 6,801,913	\$ 5,795,906	\$ 6,710,940	\$ 8,420,390	\$ 7,362,362
Net (Expenses) Revenue										
Governmental activities	\$ (4,725,964)	\$ (5,944,432)	\$ (6,750,045)	\$ (6,055,167)	\$ (5,840,052)	\$ (5,059,490)	\$ (5,976,700)	\$ (6,001,547)	\$ (5,880,124)	\$ (6,833,873)
Business-type activities	349,414	(341,634)	93,761	313,128	544,067	566,354	238,116	661,266	1,866,037	848,865
Total primary government net expenses	\$ (4,376,550)	\$ (6,286,066)	\$ (6,656,284)	\$ (5,742,039)	\$ (5,295,985)	\$ (4,493,136)	\$ (5,738,584)	\$ (5,340,281)	\$ (4,014,087)	\$ (5,985,008)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,819,773	\$ 3,019,148	\$ 3,164,449	\$ 3,136,646	\$ 2,857,199	\$ 3,219,875	\$ 3,142,526	\$ 3,222,817	\$ 3,350,955	\$ 3,572,962
Sales taxes	1,786,791	2,058,226	2,001,793	1,967,218	1,998,294	1,945,982	2,030,123	2,093,769	2,098,855	2,222,971
Other taxes	599,534	589,119	614,469	605,005	655,294	624,731	615,497	660,718	711,433	736,978
Investment income	236,308	146,798	42,116	6,759	4,684	4,191	2,259	2,099	2,128	5,305
Miscellaneous revenues	54,860	40,876	60,129	220,175	226,783	220,118	220,118	220,118	1,859,470	-
Transfers	185,985	181,943	171,848	261,118	-	-	-	-	-	1,272,701
Total governmental activities	5,683,251	6,036,110	6,054,804	6,196,921	5,742,254	6,014,897	6,010,523	6,199,521	8,022,841	7,810,917
Business-type activities:										
Other	250,459	127,098	42,808	6,880	3,606	2,973	2,260	609	2,372	11,407
Special Items		(1,790,333)								
Transfers	(185,985)	(181,943)	(171,848)	(261,118)	(226,783)	(220,118)	(220,118)	(220,118)	(1,857,098)	(1,272,701)
Total business-type activities	64,474	(1,845,178)	(129,040)	(254,238)	(223,177)	(217,145)	(217,858)	(219,509)	(6,165,743)	(1,261,294)
Total primary government	\$ 5,747,725	\$ 4,190,932	\$ 5,925,764	\$ 5,942,683	\$ 5,519,077	\$ 5,797,752	\$ 5,792,665	\$ 5,980,012	\$ 1,857,098	\$ 6,549,623
Change in Net Position										
Governmental activities	\$ 957,287	\$ 91,678	\$ (695,241)	\$ 141,754	\$ (97,798)	\$ 955,407	\$ 33,823	\$ 197,974	\$ 2,142,717	\$ 977,044
Business-type activities	413,888	(2,186,812)	(35,279)	58,890	320,890	349,209	20,258	441,757	8,939	(412,429)
Total primary government	\$ 1,371,175	\$ (2,095,134)	\$ (730,520)	\$ 200,644	\$ 223,092	\$ 1,304,616	\$ 54,081	\$ 639,731	\$ 2,151,656	\$ 564,615

Source: Comprehensive Annual Financial Report

CITY OF SEAGOVILLE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved ^a	\$ 47,805	\$ -	\$ -	\$ -
Unreserved	1,919,427	1,963,454	1,611,850	1,851,626
Nonspendable	-	-	-	-
Restricted for Capital Expenditures	-	-	-	-
Assigned for Vehicle Replacement	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 1,967,232</u>	<u>\$ 1,963,454</u>	<u>\$ 1,611,850</u>	<u>\$ 1,851,626</u>

All Other Governmental Funds

Reserved for:

Tourism & Promotion	-	-	-	-
Crime prevention	-	-	-	-
Construction	1,471,738	2,770,492	1,103,150	910,874
Debt service	70,841	75,456	74,694	42,154

Restricted for:

Debt Service	-	-	-	-
Other	-	-	-	-
Court improvements	-	-	-	-
Police operations	-	-	-	-
Animal shelter	-	-	-	-
Capital expenditures	-	-	-	-

Assigned for Capital projects

Assigned for Capital projects	-	-	-	-
Committed:				
Community development	-	-	-	-
Public safety	-	-	-	-

Assigned:

Workforce development	-	-	-	-
Police operations	-	-	-	-
Community services	-	-	-	-

Unassigned:

Special revenue funds	57,264	72,313	37,490	63,798
Capital projects funds	-	-	-	-
General funds	-	-	-	-

Total all other governmental funds	<u>\$ 1,599,843</u>	<u>\$ 2,918,261</u>	<u>\$ 1,215,334</u>	<u>\$ 1,016,826</u>
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Source: Comprehensive Annual Financial Report

Notes: a Includes encumbrances

Table 3

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
38,108	-	-	46,417	5,082	-
-	28,339	35,466	46,850	63,204	80,341
-	-	-	-	2,312	82,755
2,063,613	2,342,501	2,301,538	2,415,417	2,702,694	3,172,548
<u>\$ 2,101,721</u>	<u>\$ 2,370,840</u>	<u>\$ 2,337,004</u>	<u>\$ 2,508,684</u>	<u>\$ 2,773,292</u>	<u>\$ 3,335,644</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
17,596	184,033	189,033	11,760	15,518	18,775
9,208	16,593	72,295	2,335	4,489	-
43,055	47,898	45,008	26,642	28,092	31,370
31,156	4,679	2,753	6,746	4,283	3,774
7,193	9,203	10,651	-	-	-
-	-	-	4,489	-	-
614,530	255,171	421,047	-	-	-
-	-	-	62,660	133,764	160,897
-	-	-	66,392	-	4,489
-	-	-	1,436	971	2,231
-	-	-	6,221	10,860	8,782
-	-	-	11,374	10,439	11,093
(2,842)	-	1,809	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 719,896</u>	<u>\$ 517,577</u>	<u>\$ 742,596</u>	<u>\$ 200,055</u>	<u>\$ 208,416</u>	<u>\$ 241,411</u>

CITY OF SEAGOVILLE, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES					
Ad valorem taxes	\$ 2,747,656	\$ 2,979,862	\$ 3,115,546	\$ 3,123,007	\$ 3,113,710
Sales taxes	1,786,791	2,058,226	2,001,793	1,967,218	1,982,766
Franchise taxes	631,199	598,896	600,359	590,509	655,294
Hotel/motel	14,713	13,726	14,110	14,496	15,528
Sanitation collection charges	661,123	684,831	707,250	718,481	778,197
Licenses, permits & fees	269,704	190,793	135,816	236,736	231,432
Municipal Court Fines	287,890	259,828	222,434	266,774	283,779
Inter-governmental ^a	48,532	49,431	251,497	76,473	116,481
Investment Income	236,308	146,798	42,116	6,759	4,684
Grant revenue	119,000	18,436	66,374	247,910	255,705
Miscellaneous	62,344	135,789	64,969	102,704	68,534
Total revenues	6,865,260	7,136,616	7,222,264	7,351,067	7,506,110
EXPENDITURES					
Current:					
General government	1,021,403	1,157,665	1,240,817	1,231,869	1,071,946
Public safety	3,256,449	3,438,030	3,774,950	3,714,197	3,683,103
Community services	913,635	964,943	994,267	1,028,645	1,087,615
Community development	1,301,901	1,195,937	1,217,567	1,084,295	950,490
Non-Departmental					65,615
Debt Service:					
Principal	193,889	203,889	246,667	264,445	310,419
Interest	127,684	117,645	171,301	153,701	139,007
Capital Outlay					
	660,824	222,519	1,887,781	219,362	419,521
Total expenditures	7,475,785	7,300,628	9,533,350	7,696,514	7,727,716
Excess (deficiency) of revenues over expenditures	(610,525)	(164,012)	(2,311,086)	(345,447)	(221,606)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease obligation	-	-	84,707	125,597	-
Proceeds from certificates of obligations	-	1,250,000	-	-	-
Proceeds from notes payable	-	-	-	-	-
Transfer from other funds	485,985	261,943	187,207	304,068	323,938
Transfer to other funds	(300,000)	(80,000)	(15,359)	(42,950)	(97,155)
Total other financing sources (uses)	185,985	1,431,943	256,555	386,715	226,783
NET CHANGE IN FUND BALANCES	\$ (424,540)	\$ 1,267,931	\$ (2,054,531)	\$ 41,268	\$ 5,177
Debt service as a percentage of non-capital expenditures	5.88%	5.74%	5.26%	5.58%	6.15%

Table 4

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	3,247,285	\$ 3,141,923	\$ 3,288,831	\$ 3,367,504	\$ 3,612,803
	1,929,721	2,014,198	2,073,358	2,073,505	2,189,064
	624,731	615,497	660,718	711,433	736,978
	16,261	15,925	20,411	25,350	33,907
	817,194	836,400	841,261	857,513	912,035
	169,028	218,047	233,639	459,242	549,315
	297,957	293,758	238,956	188,778	206,922
	229,084	88,935	86,579	62,179	63,792
	4,191	2,259	2,099	2,128	5,305
	-	-	-	-	-
	27,430	66,279	155,519	33,274	72,905
	<u>7,362,882</u>	<u>7,293,221</u>	<u>7,601,371</u>	<u>7,780,906</u>	<u>8,383,026</u>
	988,491	992,729	1,071,953	1,146,467	1,331,435
	3,663,497	3,689,545	3,838,787	4,034,038	4,090,511
	1,134,884	1,170,068	1,210,435	1,237,813	1,239,476
	939,343	1,031,207	983,620	1,016,667	1,009,669
	17,717	49,961	-	-	-
	292,222	165,000	177,778	185,556	191,043
	126,369	110,901	102,323	93,214	91,044
	353,677	112,745	800,309	1,653,652	1,288,897
	<u>7,516,200</u>	<u>7,322,156</u>	<u>8,185,205</u>	<u>9,367,407</u>	<u>9,242,075</u>
	<u>(153,318)</u>	<u>(28,935)</u>	<u>(583,834)</u>	<u>(1,586,501)</u>	<u>(859,049)</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	175,000
	737,716	932,638	220,118	1,929,014	1,345,301
	(517,598)	(712,520)	-	(69,544)	(72,600)
	<u>220,118</u>	<u>220,118</u>	<u>220,118</u>	<u>1,859,470</u>	<u>1,447,701</u>
\$	<u>66,800</u>	<u>\$ 191,183</u>	<u>\$ (363,716)</u>	<u>\$ 272,969</u>	<u>\$ 588,652</u>
	5.84%	3.83%	3.79%	3.61%	3.55%

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

Fiscal Year	Estimated Market Value			Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property	Less: Tax- Exempt Property		
2007	386,552,840	52,112,700	69,014,372	369,651,168	0.63500
2008	424,562,430	76,645,170	78,172,552	423,035,048	0.63500
2009	471,831,740	82,831,090	87,304,227	467,358,603	0.63500
2010	490,774,910	88,393,450	92,120,970	487,047,390	0.63500
2011	496,150,600	97,531,130	104,323,800	489,357,930	0.65000
2012	486,260,080	88,750,660	102,291,317	472,719,423	0.66500
2013	464,610,530	55,928,240	92,236,415	428,302,305	0.69085
2014	470,430,770	90,998,950	101,703,420	459,726,300	0.69086
2015	492,104,240	88,189,240	111,974,100	468,319,380	0.71380
2016	516,995,730	96,780,990	119,154,800	494,621,920	0.71381

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

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

Fiscal Year	City Direct Rates			Overlapping Rates					
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Dallas Independent School District	Dallas County School Equalization	Dallas County Community College	Dallas County	Dallas County Hospital District	Total
2007	0.558905	0.076095	0.635000	1.502640	0.005034	0.081000	0.213900	0.254000	\$2.691574
2008	0.566701	0.068299	0.635000	1.199643	0.004714	0.080400	0.228100	0.254000	\$2.401857
2009	0.549700	0.085300	0.635000	1.183402	0.004928	0.089400	0.228100	0.254000	\$2.394830
2010	0.569798	0.080202	0.650000	1.271343	0.005212	0.094900	0.228100	0.274000	\$2.523555
2011	0.580650	0.084350	0.665000	1.237811	0.010000	0.099230	0.243100	0.271000	\$2.526141
2012	0.648722	0.042131	0.690853	1.290347	0.010000	0.099670	0.243100	0.271000	\$2.604970
2013	0.671790	0.019070	0.690860	1.290347	0.009937	0.119375	0.243100	0.271000	\$2.624619
2014	0.692960	0.020840	0.713800	1.282085	0.010000	0.124700	0.243100	0.276000	\$2.649685
2015	0.693100	0.020710	0.713810	1.282085	0.010000	0.124775	0.243100	0.286000	\$2.659770
2016	0.693100	0.020710	0.713810	1.282085	0.010000	0.123650	0.243100	0.286000	\$2.658645

Source: Dallas County Appraisal District Ad Valorem Rates

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

EQUITY DEVELOPMENT CORP.

2016			2006		
Taxpayer	Assessed Value	Percentage of Total City Assessed Value ^b	Taxpayer	Assessed Value	Percentage of Total City Assessed Value
OREILLY AUTOMOTIVE INC	\$ 41,045,731	7.80%	WALMART	\$ 17,243,160	4.46%
WALMART STORES INC	16,488,810	3.13%	TEXAS UTILITIES	8,024,420	2.08%
YES COMPANIES EXP2 LLC	11,432,300	2.17%	ARC SPECI LLC	6,812,650	1.76%
ONCOR ELECTRIC DELIVERY CO	11,157,140	2.12%	SOUTHWESTERN BELL/CINGULAR	5,586,820	1.45%
EQUITY DEVELOPMENT CORP	5,750,000	1.09%	HI LO AUTOMOTIVE INC.	6,483,390	1.68%
TSCA 202 LTD PARTNERSHIP	5,200,000	0.99%	MTEK INTERNATIONAL LTD.	4,605,090	1.19%
ROUND HILL LTD PS	3,920,000	0.75%	EQUITY DEVELOPMENT CORP.	3,943,770	1.02%
VILLAS OF SEAGOVILLE LP	3,550,000	0.67%	SEAGOVILLE PARTNERS	3,518,190	0.91%
POLAR CORP	2,899,771	0.55%	PRECISION SURE LOCK	3,337,940	0.86%
JP MORGAN CHASE	2,600,000	0.49%	SEAGOVILLE BUSINESS PARK	3,147,440	0.81%
Total	\$ 104,043,752	19.77%	Total	\$ 62,702,870	16.22%
Total Assessed Valuation	526,144,667	100.00%	Total Assessed Valuation	386,552,840	100.00%

Source: Tax Office

Notes:

^bTaxpayers are assessed, 2015 tax year, for the 2016 fiscal year.

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of levy		Amount	Percentage of levy
2007	2,711,878	\$ 2,600,008.00	95.87 %	\$ 91,005	\$ 2,691,013.00	99.23 %
2008	2,996,338	\$ 2,855,106.00	95.29 %	\$ 68,839	\$ 2,923,945.00	97.58 %
2009	3,123,704	\$ 2,984,584.55	95.55 %	\$ 74,699	\$ 3,059,283.40	97.94 %
2010	3,183,565	\$ 3,012,455.48	94.63 %	\$ 72,831	\$ 3,085,286.43	96.91 %
2011	3,147,944	\$ 3,001,957.46	95.36 %	\$ 66,280	\$ 3,068,237.51	97.47 %
2012	3,154,404	\$ 2,918,727.63	92.53 %	\$ 83,045	\$ 3,001,773.00	95.16 %
2013	3,157,042	\$ 3,056,696.33	96.82 %	\$ 48,243	\$ 3,104,939.59	98.35 %
2014	3,284,856	\$ 3,179,355.36	96.79 %	\$ 57,684	\$ 3,237,039.79	98.54 %
2015	3,346,296	\$ 3,253,787.31	97.24 %	\$ 67,193	\$ 3,320,976.91	99.24 %
2016	3,534,651	\$ 3,430,663.85	97.06 %	\$ 109,609	\$ 3,540,272.90	100.16 %

Source: Tax Office

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

Fiscal Year	Governmental Activities Certificates of Obligation	Business-Type Combination Water and Sewer Tax and Revenue Bonds	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
2007	2,381,111	2,509,285	4,890,396	2.29	\$ 369
2008	3,427,221	4,168,174	7,595,395	3.35	\$ 571
2009	3,180,554	3,814,841	6,995,395	3.08	\$ 505
2010	2,912,110	3,454,285	6,366,395	2.27	\$ 429
2011	2,633,888	3,283,570	5,917,458	2.11	\$ 398
2012	2,379,035	3,780,826	6,159,861	2.27	\$ 413
2013	2,211,700	3,444,767	5,656,467	2.74	\$ 377
2014	2,031,587	3,089,887	5,121,474	1.98	\$ 338
2015	1,843,696	6,836,040	8,679,736	3.91	\$ 564
2016	1,688,028	6,519,807	8,207,835	3.31	\$ 527

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

^aSee Table 13 for personal income and population data.

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

Fiscal Year	Certificates of Obligation	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2007	2,381,111	0.64%	\$ 180
2008	3,427,221	0.81%	\$ 258
2009	3,180,554	0.68%	\$ 230
2010	2,912,110	0.60%	\$ 196
2011	2,633,888	0.54%	\$ 177
2012	2,341,667	0.50%	\$ 157
2013	2,211,700	0.52%	\$ 147
2014	2,031,587	0.44%	\$ 134
2015	1,843,696	0.39%	\$ 120
2016	1,688,028	0.34%	\$ 108

Note: ^a Property values are from table 5.

^b Populations are from table 13.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2015

(Unaudited)

Governmental Unit	Gross Bonded Debt	Percentage of Debt Applicable to Area	Seagoville Share of Overlapping Debt
Debt repaid with property taxes			
Crandall ISD	\$ 52,092,600	1.12%	\$ 583,437
Dallas County	227,980,000	0.25%	569,950
Dallas County Community College District	718,480,000	0.24%	1,724,352
Dallas County Hospital District	718,480,000	0.25%	1,796,200
Dallas County Schools	50,405,000	0.24%	120,972
Dallas ISD	3,013,520,000	0.47%	14,163,544
Kaufman County	65,818,850	0.12%	78,983
Mesquite ISD	399,324,333	0.49%	1,956,689
Subtotal, overlapping debt			20,994,127
City of Seagoville (direct debt)	1,688,028	100.00%	1,688,028
Total direct and overlapping debt			\$ 22,682,155

Source: Municipal Advisory Council of Texas

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

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Water and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues	Less: Operating Expenses	Net Available Revenue	Annual Requirement ^a	Times Coverage
2007	4,072,721	3,636,189	436,532	348,155	1.25 %
2008	3,758,258	4,154,737	(396,479)	444,624	(0.89) %
2009	4,036,498	3,620,040	416,458	420,630	0.99 %
2010	4,082,833	3,460,230	622,603	397,618	1.57 %
2011	4,237,841	3,471,136	766,705	373,307	2.05 %
2012	4,100,458	3,724,124	376,334	349,003	1.08 %
2013	4,196,388	3,764,199	432,189	270,977	1.59 %
2014	4,829,101	3,964,149	864,952	250,880	3.45 %
2015	5,385,478	3,972,890	1,412,588	451,667	3.13 %
2016	5,546,058	4,465,109	1,080,949	450,891	2.40 %

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 (Unaudited)

<u>Year</u>	<u>Estimated Population^a</u>	<u>Total Households^a</u>	<u>Per Household Personal Income^b</u>	<u>Total Personal Income</u>
2007	13,250	4,493	47,585	213,799,405
2008	13,300	4,648	48,775	226,706,200
2009	13,850	4,752	47,737	226,846,224
2010	14,835	4,770	58,824	280,590,480
2011	14,850	4,770	58,824	280,590,480
2012	14,920	4,513	60,074	271,113,962
2013	15,020	4,759	43,345	206,278,855
2014	15,130	5,612	46,049	258,426,988
2015	15,390	4,192	52,909	221,794,528
2016	15,580	4,445	55,751	247,813,195

Sources:^aTotal Households provided by NCTCOG^bPer Household Income provided by Seagoville Economic Development Corporation

PRINCIPAL EMPLOYERS
 Current year and Five years Ago
 (Unaudited)

2015			2010		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
O'REILLY AUTO PARTS	450	8.05%	HI LO AUTO. / O'REILLY	450	8.05%
WALMART	450	8.05%	WALMART	450	8.05%
FEDERAL CORRECTIONAL INSTITUTE	350	6.26%	BUREAU OF PRISONS	350	6.26%
GREEN FOREST	80	1.43%	OAK GROVE CARE CENTER	100	1.79%
BROOKSHIRES FOOD STORES	75	1.34%	CITY OF SEAGOVILLE	89	1.59%
CITY OF SEAGOVILLE	70	1.25%	GREEN FOREST	80	1.43%
SEAGO MANOR NURSING CENTER	60	1.07%	BROOKSHIRES FOOD STORE	75	1.34%
SHAR TRUCKING	60	1.07%	SEAGO MANOR NURSING CENTER	60	1.07%
ROCKWELL AMERICAN MFG. CO.	55	0.98%	ROCKWELL AMERICAN MFG. CO	55	0.98%
BEACON INDUSTRIES	48	0.86%	BEACON INDUSTRIES	48	0.86%
Total	1,698	30.36%		1,757	31.41%

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

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government and Administration	7.00	8.00	8.00	9.00	7.00	6.00	6.00	6.00	6.00	6.00
Public Safety	48.00	50.00	53.00	54.00	51.00	51.00	54.00	53.00	56.00	56.75
Community Services	6.00	6.00	6.00	6.00	9.00	8.00	8.00	8.00	8.00	7.58
Community Development	11.00	12.00	12.00	11.00	11.00	10.00	11.00	4.00	5.00	9.00
Water and Sewer	15.00	15.00	15.00	16.00	13.00	16.00	13.00	16.00	16.00	14.00
Total	87.00	91.00	94.00	96.00	91.00	91.00	92.00	87.00	91.00	93.33

Source:

Seagoville ★

CITY OF SEAGOVILLE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public Safety					
Police					
Number of stations	1	1	1	1	1
Number of police personnel	21	21	21	23	23
Number of arrests	820	859	913	914	731
Number of traffic violations	3,535	2,805	2,603	1,981	1,403
Fire					
Number of stations	1	1	1	1	1
Number of fire personnel	16	16	19	20	19
Number of calls answered	2,275	2,396	2,378	1,043	2,533
Developmental					
Street lane miles	NA	NA	NA	NA	NA
Cultural/Recreational Changes					
Number of Park acres maintained	NA	NA	NA	NA	NA
Senior center meals served	NA	NA	NA	NA	NA
Water					
Number of water connections	4,786	4,875	4,897	4,945	4,945
Average daily water consumption (gallons)	1,510,427	1,684,989	1,639,285	1,706,000	1,729,161
Sewer					
Number of sewer connections	3,915	3,987	4,002	4,050	4,050
Average daily sewer flow (gallons)	1,474,300	1,501,414	1,460,689	1,100,000	934,907

Table 16

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1	1	1	1	1
24	23	24	24	24
668	600	675	725	529
1,201	1,419	1,900	1,700	1536
1	1	1	1	1
19	19	20	20	20
2,435	2,527	2,600	2,600	2698
NA	NA	NA	85	85
NA	NA	NA	106	106
NA	NA	NA	11,200	11050
3,850	3,831	3,982	3,998	4620
1,769,000	1,666,900	2,144,484	1,359,690	2074537
3,575	3,554	3,689	3,707	4299
963,827	907,663	965,097	1,112,969	NA

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Total Marked Units	9	9	9	9	10	18	11	11	11	11
Fire Stations	1	1	1	1	1	1	1	1	1	1
Development Services										
Streets-Paved (miles) ^a	116	116	116	116	116	116	116	116	116	116
Recreational Services										
Parks	7	7	7	7	7	7	7	7	7	7
Park acreage	93	93	93	93	93	93	93	93	93	93
Baseball/softball field	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	2	2	2	2
Basketball Court	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Items Circulated	29,654	29,401	30,127	32,024	30,520	28,500	29,003	29,487	31,912	30,090
Water and Sewer										
Water Mains (miles)	107.7	107.7	107.7	108	108	108	109	110	111	111
Fire Hydrants	436	436	436	463	463	464	472	482	492	
Sanitary Sewers (miles)	98.4	98.4	98.4	98.4	98.4	98.4	98.4	98.4	99.0	99.0