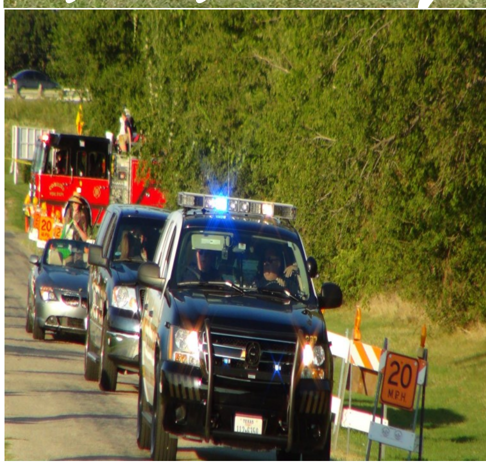
Popular Annual Financial Report For Fiscal Year Ended September 30, 2013



A Message From The City Manager

I am pleased to present to you the City of Seagoville Popular Annual Financial Report (PAFR) for the year ended September 30, 2013. This report is intended to increase awareness throughout the community of the financial operations of the City. As such, this report is written in a manner that will summarize and communicate, in a user friendly manner, the City's financial condition.

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

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

Sincerely,

Larry Graves

Larry Graves, City Manager

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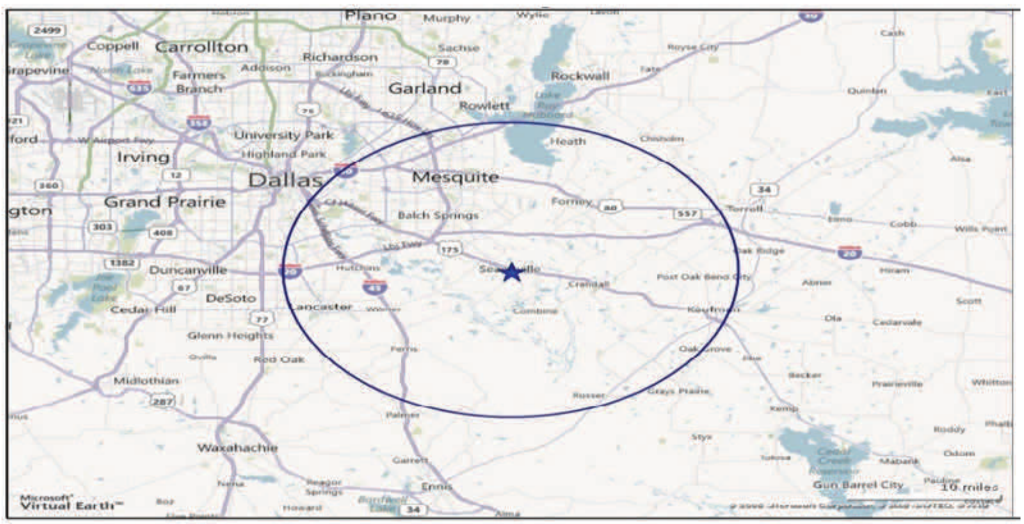
Seagoville

INTRODUCTION

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

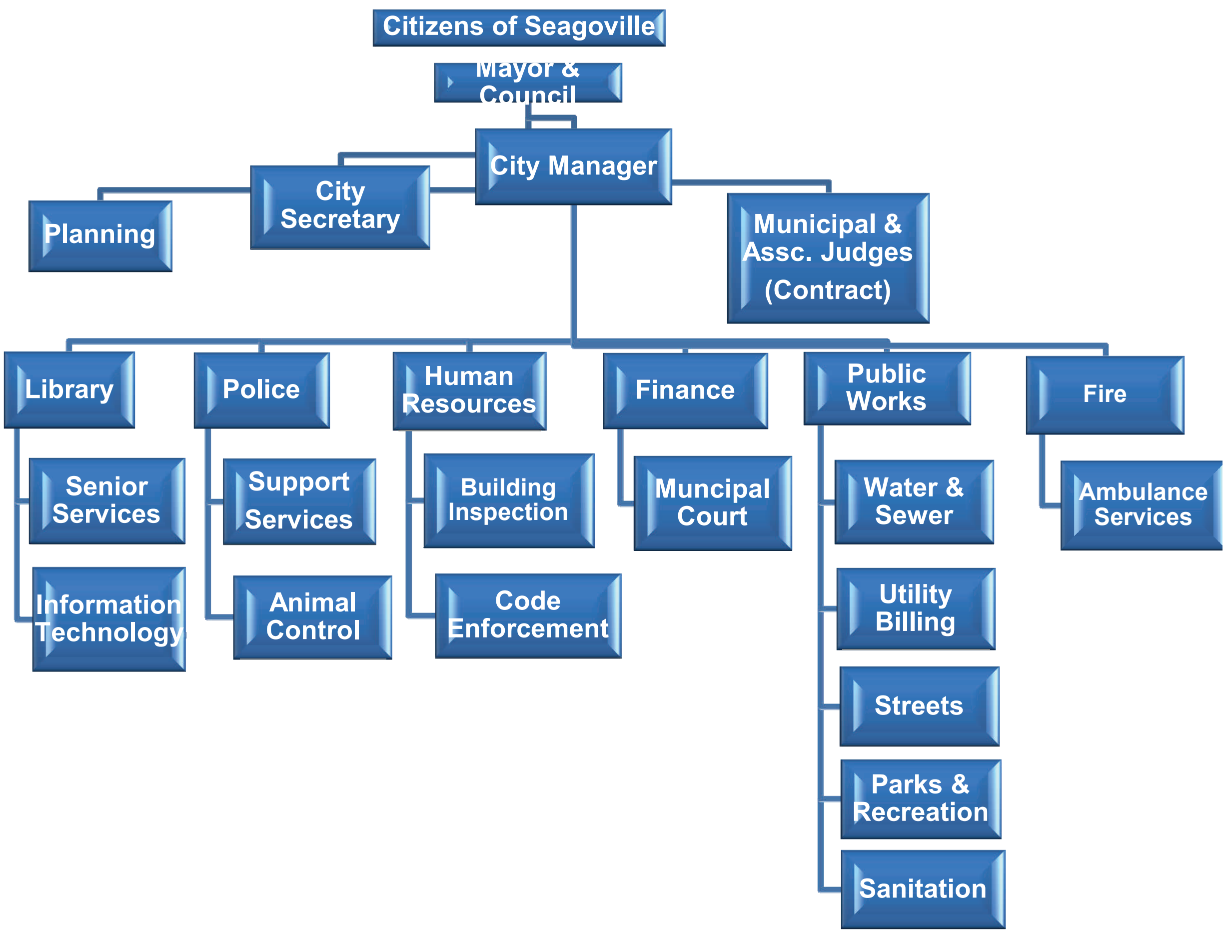


Seagoville is on the original land grant of J. D. Merchant. One of the first recorded settlers in the area was Hugh L. Buchanan, who arrived in the 1860s. By 1867 John A. Brinegar had constructed a one-room log school with seats made of split logs. The early 1870s saw the arrival of the next group of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

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

Seagoville

ORGANIZATION CHART



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.

Park improvements have been at the forefront of improving the quality of life for the residents. This year, the city with funding from the Seagoville Economic Development Corporation, acquired the Bruce Central Park Pavilion and added playground equipment and a basketball court at Stafford Park.

One major initiative was the deal reached with Ace Hardware to open a 20,000 sq. ft. facility in the heart of the city. The mega store will cover diverse products and cater to those interested in home improvements, renovations, and independent contractors. The project will bring an influx of new jobs, as well as increasing property and sales tax. Construction has begun and is anticipated for completion in FY 2014.

This year's budget allowed the acquisition of a security camera system for municipal court. In addition, public safety services were enhanced by the acquisition of first responder communication equipment. The City's utility system service delivery was improved by the Water Street sewer line replacement and the Old Seagoville Road water line repair. Throughout the year the City operated with an extremely lean budget and reduced service costs without sacrificing quality or impacting critical core areas.

MISSION STATEMENT AND FOCUS AREAS

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

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

ABOUT THIS FINANCIAL REPORT

As part of our continuous effort to keep you informed of how your tax dollars are being spent, we are pleased to present the 2013 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City's governmental funds and was drawn from information found in the Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by Fox, Byrd & Company, P.C.

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

AWARDS

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

- Certificate of Achievement for Excellence in Financial Reporting for the CAFR for the year ended September 30, 2012.
- Award for Distinguished Budget Presentation for the fiscal year beginning October 1, 2012.

FINANCIAL HIGHLIGHTS

- The City's combined net position (difference between assets and liabilities in governmental business-type activities) at September 30, 2013 totaled $29,583,066 as follows: $22,751,930 net investment in capital assets, $813,642 restricted and $6,017,494 unrestricted (can be used to meet the government's ongoing obligations to the citizens and creditors).
- Total revenues for all governmental funds were $7,293,221 and total spending was $7,322,156. The fund balances for these funds were $3,079,600 in FY 2013 and $2,888,417 in FY 2012.
- Total revenues for business-type activities (Enterprise and Internal Service) at the end of FY 2013 were $4,836,626 and total spending was $4,404,437. Total net position was $13,936,547 as compared to $13,916,289 in FY 2012.

Seagoville


CAT


Welcome To...
Seagoville


DETOUR


KEEP
Seagoville
BEAUTIFUL
Arbor Day Celebration
Trees - $1.00 each

GENERAL FINANCIAL INFORMATION

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

GOVERNMENTAL FUNDS

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

PROPRIETARY FUNDS

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

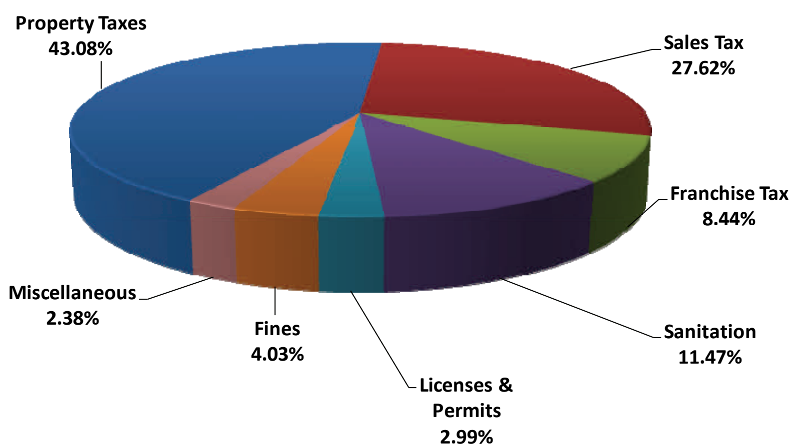
This Popular Annual Financial Report (PAFR) focuses on the City's two largest funds, (General and Water and Sewer) which are of the most interest to citizens.

GOVERNMENTAL FUNDS' FINANCIAL ACTIVITIES

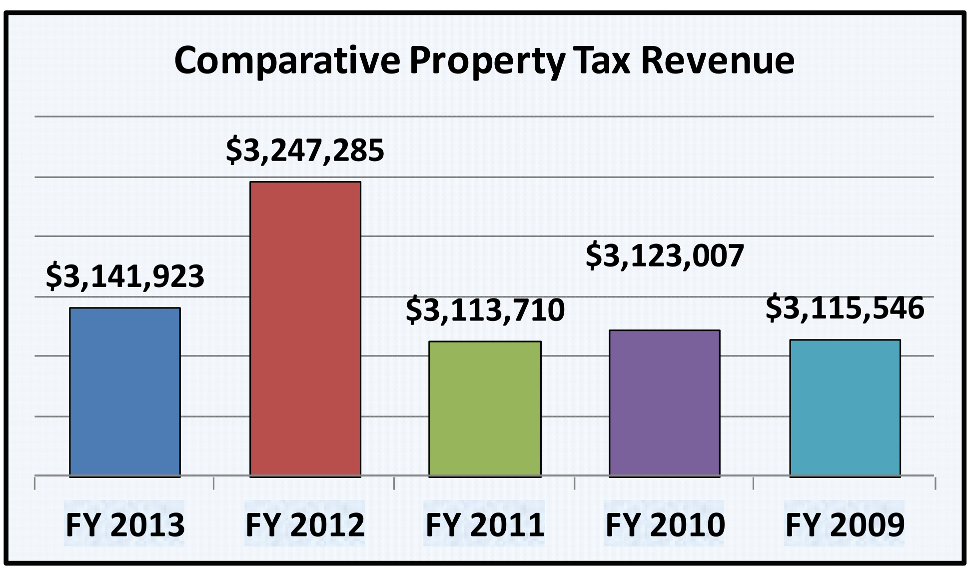
At September 30, 2013 the City's governmental funds reflected a combined fund balance of $3,079,600, a $191,183 increase from the previous year at $2,888,417. These financial activities comprise the major changes in governmental fund balances:

GENERAL FINANCIAL INFORMATION (continued)

GOVERNMENTAL REVENUES



Total revenues for the governmental funds ($7,293,221) showed a decrease of .95% or $69,661 compared to the prior year ($7,362,882). The primary reason for the decline was due to a reduction in the Debt Service Fund property tax rate from $0.04213 in the prior fiscal year to $0.01907 in FY 2013.



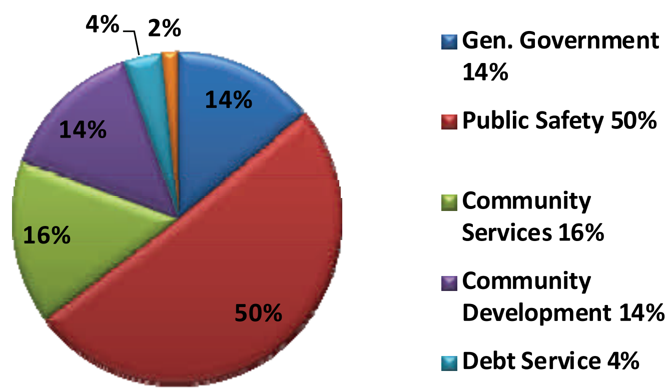
GENERAL FINANCIAL INFORMATION (continued)

GOVERNMENTAL EXPENDITURES

Total governmental expenditures decreased by $194,044 (2.58%) in fiscal year 2013 ($7,322,156) from 2012 ($7,516,200). The major contributing factors include:

- **The City's debt service payments decreased ($142,690) due to the final payment of the Series 1997 certificates of obligation in FY 2012.**
- **The City's capital outlay decreased ($240,932) in FY 2013 from FY 2012. FY 2013 capital outlay expenditures include equipment ($73,439 purchase of municipal court security equipment and first responder communication equipment) and Improvements ($39,307 downtown street improvements).**

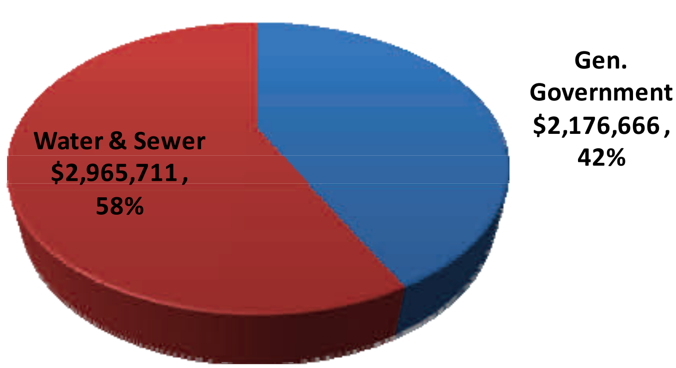
FY 2013 GOVERNMENTAL FUND EXPENDITURES



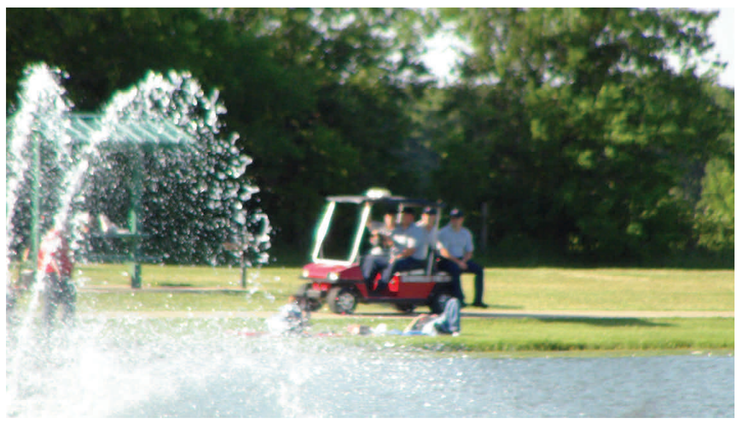
LONG-TERM DEBT

As of the fiscal year end, the City had $5,142,377 in long-term debt outstanding compared to $5,462,693 in 2012 ($320,316 decrease or 5.86%). This decrease represents FY 2013 scheduled payments on debt service, no new debt was added during the fiscal year.

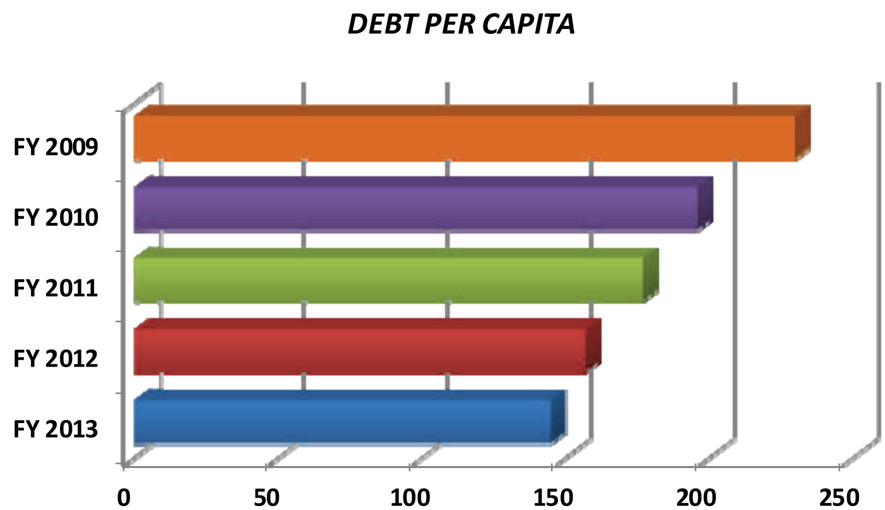
OUTSTANDING DEBT BY TYPE



Seagoville



GENERAL FINANCIAL INFORMATION (continued)



The City's current bond rating is A1 (Moody's).

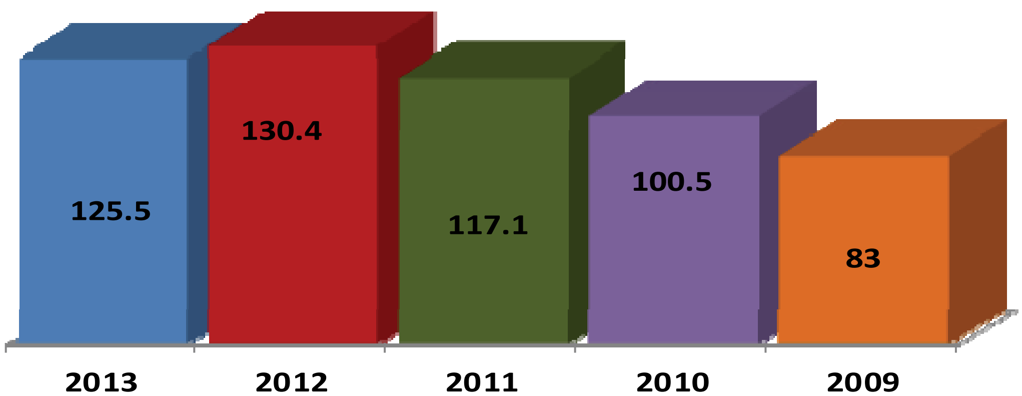
GENERAL FUND

FUND BALANCE

Fund balance is the excess of what is owned (assets) over what is owed (debts or liabilities). The Financial Policies of the City of Seagoville require the General Fund to maintain a minimum 60 day reserve of budgeted expenditures. The City has consistently exceeded this goal. The General Fund reported a fund balance at September 30, 2013 of $2,337,004, a decrease of $33,836 (1.43%) in comparison with the prior year of $2,370,840 (Governmental Funds' combining ending fund balances were $3,079,600 compared to FY 2012 at $2,888,417 producing a $191,183 or 6.21% increase. Of this fund balance, $2,303,347 constitutes the unassigned fund balance, which is available for spending at the government's discretion (referred to as unassigned fund balance). The chart below provides fund balance comparisons:

GENERAL FUND CONTINUED

COMPARATIVE DAYS OF GENERAL FUND BALANCE



GENERAL FUND EXPENDITURES

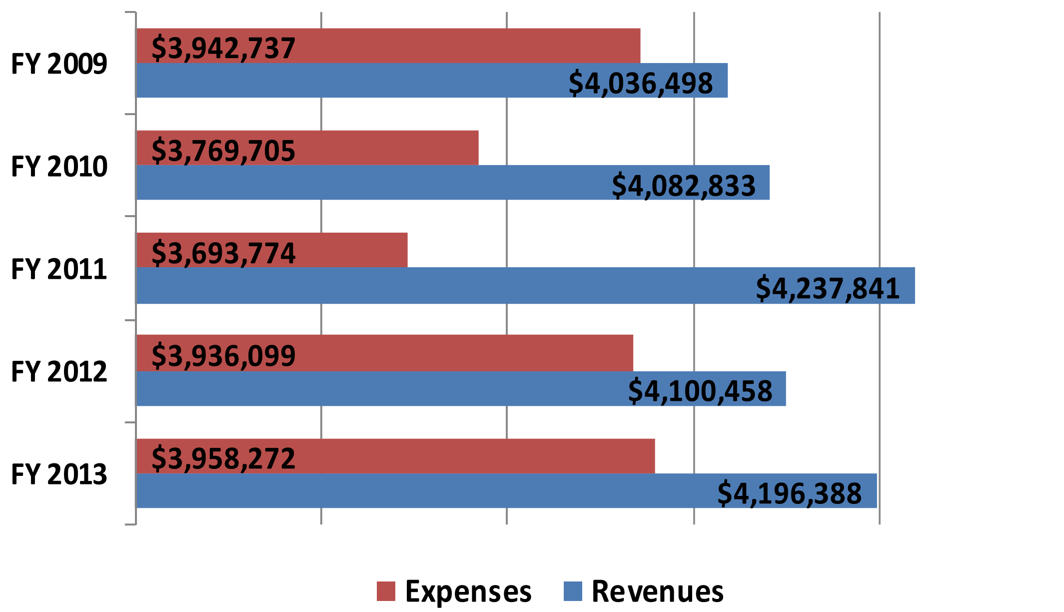
General Fund expenditures totaling $6,849,469 remained virtually the same compared with FY 2012 ($6,851,158). Obviously, the City's effort to live within the constraints of available revenue has delayed many critical items. The City has identified over $35 million in needed street reconstruction and repair. The current police facility is in need of expansion. The current fire station is nearing the end of its useful life. Lack of economic growth necessitates guarded filling of vacated employee positions on a case by case basis and expenditures were closely monitored. The City cautiously purchased essential equipment and addressed the most pressing building or facility maintenance/repair needs. Increases or decreases for major functions are as follows:

Major Functions	Amount	Percent of Total	Increase (Decrease) over 2012
General Government	$ 1,027,761	15.00%	$ 60,871
Public Safety	3,520,694	51.40%	50,912
Community Services	1,164,957	17.01%	41,445
Community Development	1,031,207	15.06%	93,910
Capital Outlay	104,850	1.53%	(248,827)
Total	$ 6,849,469	100.00%	$ (1,689)

WATER AND SEWER FUND

The City's Water and Sewer Fund has experienced steady growth and the customer base has grown to approximately 3,926 water customers and 1,347 sewer customers. The operating income on customer sales for FY 2013 totaled $432,189 compared to last year's amount of $376,334. FY 2013's net income from customer sales totaled $20,258.

Water and sewer operations are reflected as follows:



NEED MORE INFORMATION?

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


Seagoville