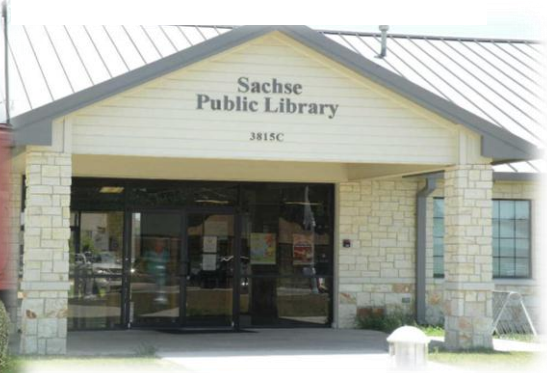
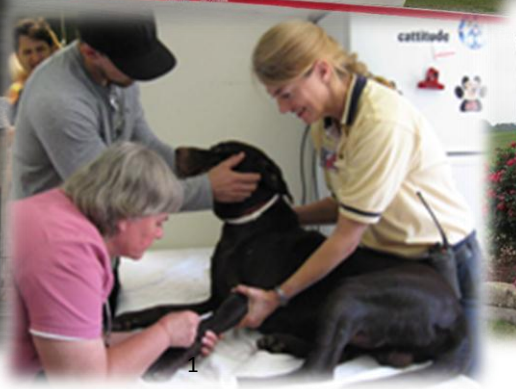
City of Sachse

Annual Budget

Fiscal Year

2012-2013





CITY OF SACHSE, TEXAS 2012-2013 BUDGET

This budget will raise more total property taxes than last year's budget by $14,999.81 (.16%) and of that amount $155,345 is tax revenue to be raised from new property added to the tax roll this year.

READER'S GUIDE

The purpose of this section is to provide the reader with a guide to the document's contents: where and how to find the information and how to understand the information. The following describes each major section.

INTRODUCTION
This section introduces the City Council and City Staff representing the citizens of the City of Sachse. Awards & Recognition and statistical information at -a-glance will also be provided for the reader.

BUDGET MESSAGE FY 2013
The first critical reading of the FY 2013 Proposed Budget is the City Manager's Budget Highlights. The reader will gain an understanding of the City's vision, critical issues, budget calendar, and distribution of the total tax rate with Truth-In-Taxation detail.

CITY OF SACHSE PROFILE
This section provides the reader with the background of the City. Included in this section are the City's history, City facilities' contact information, hometown events, City organizational chart, and Fund structure.

STRATEGIC PLANNING
This section provides readers with an understanding of the City's strategic priorities, mission, and vision with a link between goals and objectives at a policy level to those of the City and its departments. Included in this section are the City's strategic planning process, the summary initiative and General Fund departmental summaries.

GENERAL FUND SUMMARIES
This section provides the reader with information on the General Fund. A summary of all funds, a combined summary of funds by budget type, 6 year revenue and expenditure history and a General Fund financial summary are provided in this section. This section also includes information on revenue sources, trends and forecasts. Each department of the General Fund includes an organizational chart, purpose and description, prior year accomplishments, and divisional strategies and goals.

ENTERPRISE FUND SUMMARIES
This section provides the reader with information on the Enterprise Fund. This section also includes information on revenue sources, trends, forecasts, assumptions and a fee schedule. Each department of the Enterprise Fund includes an organizational chart, purpose and description, prior year accomplishments, and divisional strategies and goals.

DEBT SERVICE FUNDS
An understanding of the general debt obligation is detailed in this section. An overview of the Debt Service, as well as the legal debt margin requirements, is included. This section also includes information on revenue sources, trends, forecasts and assumptions.

CAPITAL IMPROVEMENTS PROGRAM
This section provides a comprehensive listing and explanation of the capital needs of the City for the next five years including the operating impact.

READER'S GUIDE

SPECIAL REVENUE FUNDS
This section provides the reader with the cash flow statement, description, and classification of each special revenue.

PERSONNEL SUMMARY
This section provides the reader with a summary of personnel detailing allocations by fund and job positions.

ECONOMIC DEVELOPMENT CORPORATION
This section provides the reader with the uses of tax revenue and includes an organizational chart, purpose and description, prior year accomplishments, and divisional strategies and goals.

SUPPLEMENTAL INFORMATION
This section provides the reader with statistical information of the City and the surrounding areas including Ordinances, principal employers, property tax rates and overlapping debt. At least 10 years of statistical data is provided for reader analysis.

ACRONYMS/GLOSSARY
To aid in understanding terminology and acronyms, a glossary is provided.

CITY OF SACHSE

OPERATING BUDGET FISCAL YEAR 2012 - 2013
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City of Sachse

ANNUAL BUDGET

Fiscal Year

October 1, 2012 – September 30, 2013

City of Sachse

CITY COUNCIL
of the
CITY OF SACHSE

Mike Felix, Mayor

Jared Patterson, Mayor Pro Tem

Bill Adams, Councilmember
Brett Franks, Councilmember
Pat McMillan, Councilmember
Todd Ronnau, Councilmember
Mark Timm, Councilmember

The Sachse City Council is composed of a mayor and six council members.
The Council meets on the first and third Monday of each month at 7:30p.m.
at Sachse City Hall. All meetings are open to the public.
Citizens and employees are encouraged to attend.

CITY STAFF
of the
CITY OF SACHSE

William K. George, City Manager
Jeri L. Rainey, Director of Finance
Laura Morrow, Human Resources Manager
Joe Crase, Public Works Director
Doug Kendrick, Fire Chief
Marc Kurbansade, Director of Community Development
Mignon Morse, Library Manager
City Engineer
Terry Smith, City Secretary
Dennis Veach, Police Chief
Lance Whitworth, Director of Parks and Recreation

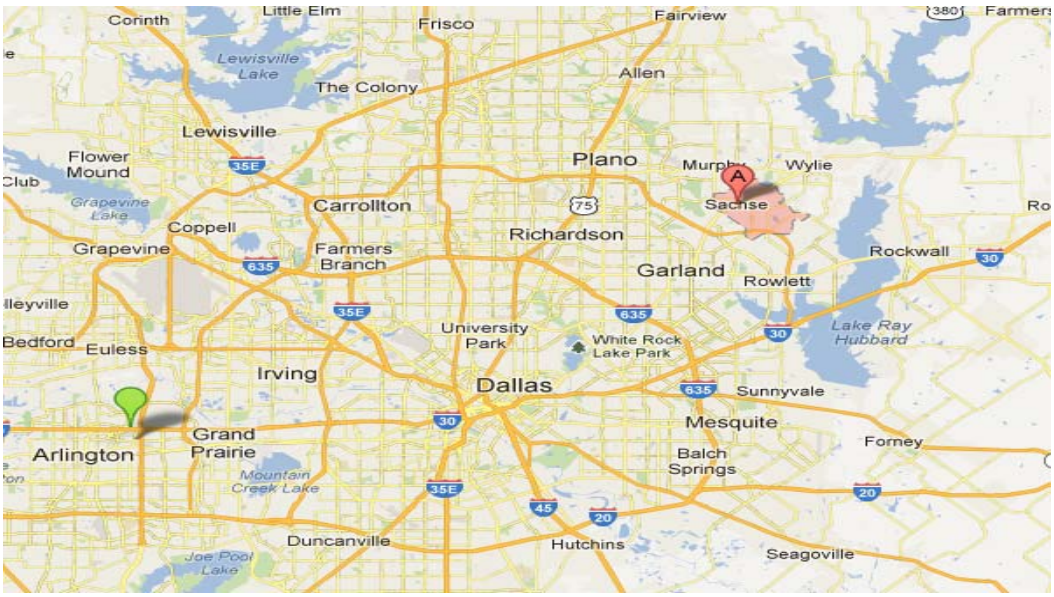
Sachse City Hall is open Monday through Friday, 8:00a.m. – 5:00 p.m.
(except for Municipal Holidays)
972-495-1212

CITY OF SACHSE

Hard to Say: Easy to Love

Our Vision: Sachse is a tranquil community welcoming the future while offering a safe and enjoyable quality of life to all those who call Sachse home.

Located in north central Texas in Dallas and Collin counties, Sachse is nestled among cities in the Dallas Metroplex. The City is located 20 miles northeast of downtown Dallas on State Highway 78.



Awards and Recognition

Sachse Recognized as Storm Ready Community

The National Weather Service recognizes cities and communities who are StormReady. A program started in 1999 in Tulsa, Oklahoma, StormReady helps America's communities with communication and safety skills needed to save lives and property, before and during an event. StormReady helps community leaders and emergency managers strengthen local safety programs, to be better prepared to save lives during severe weather with advanced planning, education and awareness. No community is storm proof, but StormReady helps communities save lives.

Sachse is a Tree City USA City

The Tree City USA program, sponsored by the Arbor Day Foundation in cooperation with the USDA Forest Service and the National Association of State Foresters, recognizes cities who create a framework for action, education, a positive image and citizen pride. There are 3,400 communities across the US designated as Tree City USA cities. To qualify, a town or city must meet four standards established to ensure that every qualifying community would have a viable tree management plan and program. The four standards are: 1) Establish a Tree Board or Department; 2) Adopt a Tree Care Ordinance; 3) Establish a Community Forestry Program; and 4) Conduct an Arbor Day Observance and create and present an Arbor Day Proclamation.

CITY OF SACHSE

AT A GLANCE

Date of Incorporation	1956
Date of City Charter Adoption	1986
Form of Government	Home Rule City
Area-square miles	
City Limits	9.8 square miles

Demographics	
Population	20,329
Average Age	34
$ Avg Existing Home Value	157,150
$ Avg Household Income	89,079
Average Household Size	3 or more

Building Permits	
Permits issued (fiscal year)	1,137
Single family dwelling	135
Building Insp. Conducted	14,246
$ Value (fiscal year)	39,834,393

City Employees	
Full-time	130
Part-time	3
Seasonal	15

Department of Public Safety	
Police	
Police Stations	1
# of Employees	44
Police Motorcycle Units	2
Fire/EMS	
Fire Stations	2
Fire Engines	3
# of Employees	33

Recreation	
Acreage	
Developed	139
Playgrounds	5
Baseball/Softball Fields	6
Soccer/Football Fields	1
Basketball Court	1
Community Centers	1

Public Schools located in City	Enrollment
Elementary	
Armstrong (GISD)	825
Cox (WISD)	590
Middle School	
Hudson (GISD)	1,316
High School	
Sachse High (GISD)	2,571
Wylie ISD (WISD)	12,939
Garland ISD (GISD)	58,151

Municipal Water System	
Active Accounts	7,221
Avg consumption (gal.)	10,454
Water Mains (miles)	106
Fire Hydrants	770

Municipal Sewer System	
Active Accounts	6,818
Sanitary Swr (miles)	86

Solid Waste Collection	
Active Accounts	6,838

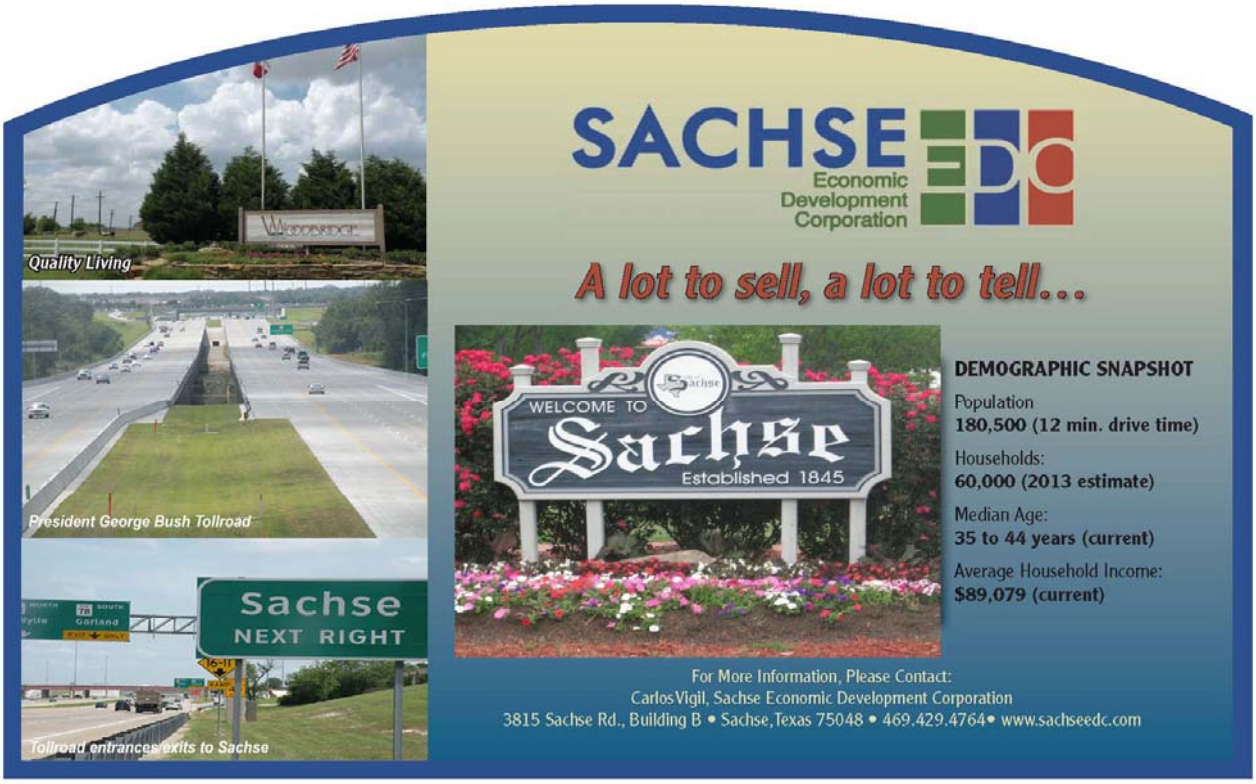
Elections	
Registered Voters	11,163

Did you know?

Sachse is named after settler William Sachse? He was born in Prussia in 1820; landed in New York in 1840 and traveled to Philadephia, Pittsburgh, and Missouri before settling in Texas in 1845.

Source: City of Sachse Referenced Department

BUDGET MESSAGE FY 2013



City of Sachse

City Manager's Office

August 20, 2012

The Honorable Mike Felix, Mayor
Members of the Sachse City Council
Sachse, Texas

Mayor Felix and Council Members:

The City Charter for the City of Sachse states that the "City Manager, shall, during the month of August of each year, prepare and submit the budget, covering the next ensuing fiscal year, to the City Council." It is my pleasure to submit the fiscal year 2012/13 (FY 2013) budget to the City Council. This budget represents many dedicated hours of investment by the City Council and City Staff. The budget is balanced, does not require any change in tax rate, and continues to provide services that Sachse's citizens expect in spite of the ongoing challenges of a slow economic environment.

Overall national economic growth continues to be sluggish and the same is true for Sachse, although there are some positive local indicators which suggest that Sachse will see stronger growth over the next few years. The average home value fell slightly this year, but there was a slight increase in overall taxable property value within the City. The increase is mostly the result of new construction. Construction is expected to continue into the next fiscal year with the opening of three new residential development phases in Woodbridge, Jackson Hills, and Heritage Park neighborhoods.

Sachse is also experiencing additional commercial growth within the City. A new McDonald's is currently under construction and Wal-Mart has announced that a new store will open in Sachse in 2014. This commercial investment is predicted to spur additional commercial growth.

During FY 2012, the City partnered with Collin County and the City of Wylie to construct the Woodbridge Parkway extension. This regional cooperation project will complete an important arterial roadway that will help alleviate some regional transportation challenges. In addition, the project will open up Woodbridge West for commercial development upon its completion in FY 2013.

At the beginning of FY 2012, the City Council established a goal to expand programs without adding expenses to the City budget. The City has accomplished this goal by enhancing a number of events, several of which are highlighted below.

- The FY 2012 *4th of July* event had the largest attendance of any prior event. In addition, the number of attractions was expanded and included more activities for attendees. The City was able to partner with both the Sachse Economic Development Corporation and the Sachse Chamber of Commerce who were able to secure sponsorships to offset event costs. These sponsorships resulted in a cost savings to the City.
- The FY 2012 *Veteran's Day* event at City Hall was planned and coordinated by a local citizen group. The City was able to provide facilities, equipment and personnel to assist with executing the important event honoring those who have served in the defense of our nation. The event was well attended and, through a public/private partnership, City costs were kept to a minimum.
- The FY 2012 *Great American Cleanup* event in Sachse was expanded to include a community-wide household waste disposal collection service. For the first time, citizens where able to collect their household waste and deliver it to a centralized location for disposal.

The ongoing sluggish economy is reflected in FY 2013 most prominently in the projection of property tax revenue. It is essentially flat when compared to the prior fiscal year. Sachse's revenue base is largely dependent on property taxes. This reality partially builds the framework for the approach to this budget.

Another factor included in the budget-building framework is the short-term financial outlook for Sachse. During the budget planning cycle, the City Council requested a 3-year financial forecast for the City. That forecast showed gross projections of the financial picture over the next three years based on Sachse's historical cost of doing business trends. The forecast did include revenue projections for the new McDonald's under construction and for the planned Wal-Mart.

Other major guiding principles used in the development of the FY 2013 budget include keeping Sachse's tax rate flat, treating equipment and vehicle replacement on a city-wide basis and providing some relief from the salary disparity between Sachse and competitor cities.

As presented, this budget does not raise taxes. The City Council increased the tax rate by 6.5 cents for the 2012 Fiscal Year to cover increasing debt costs incurred by the voter

approved 2006 Bond Election. This budget includes no reduction in services from the prior year.

This budget does include some equipment and vehicle replacement funds. During the budget planning process, those items were treated separately at budget workshops and discussed city-wide. Especially during these very difficult recent economic years, replacement of equipment and vehicles has been largely postponed in an effort to maintain City services. This budget begins to bring back some of that reinvestment which, left un-addressed, would become a significant economic challenge in future years.

Like equipment and vehicles, this budget includes some investment in the City's human capital. It is the people who choose to work for the citizens who make Sachse's service delivery possible. During FY 2012, we observed an increase in employee turnover at a time when other area cities have been able to re-introduce financial incentives to their workforces. Higher turnover makes effective service delivery very challenging. There is, at the very minimum, a loss in effectiveness and efficiency when an employee leaves and the City seeks to replace the team member. This budget includes one-time incentive payments to employees based on their tenure.

Included also in this budget are a number of goals, both departmental and organizational, that will guide the organization through the year. Departmental goals are found within the department budget pages. Several of the City Council's goals for the upcoming year, which are included in the proposed budget, are highlighted below.

- Begin broadcasting City Council meetings through the City's website and through available public, education, and government access television channels.
- Host neighborhood meetings to achieve greater citizen engagement and access to their municipality.
- Develop a "student council" program to help develop tomorrow's civic leaders.

These highlighted goals will change how citizens are able to engage with the community and influence important decisions. There are two other ongoing major efforts planned that will also change the City for years to come. One is the adoption of a new 10-year Capital Improvements Plan for the City and the Impact Fees assessed on developments that help pay for the infrastructure required to support development. The second is to assess the City's utility rates and consider the long-term effects of known cost increases on long-term operations. Both the City of Garland, who treats Sachse's municipal wastewater,

and the North Texas Municipal Water District, who provides the City's potable water, are increasing their rates. The utility rate assessment will take place once impact fees are adopted by the Council.

In summary, the FY 2013 budget continues to provide the services that the citizens of Sachse have come to expect with no increase to the City's tax rate while building on select program enhancements through public/private partnerships. The City Staff has done a good job working with limited resources throughout the current economic downturn and into the development of this budget. I commend our fine staff and give special recognition to the Finance Department for putting forward the effort needed to see this budget come to fruition.

This budget would not be possible in its current form without the efforts of the Sachse City Councils, both current and prior, for their work in setting the financial foundation upon which this budget rests.

Respectfully Submitted,

William K. George, P.E.
City Manager

2012-2013 BUDGET HIGHLIGHTS

The fiscal year 2012-2013 (FY 2012-2013) total combined budget revenue is projected to be $21,846,587 and total budgetary expenditures are estimated at $21,994,891. Balancing the needs of the community with available financial resources presents an annual challenge in the development of the budget. The current economic outlook presents challenges for the upcoming year. Overall, the 2012-2013 budget reflects the efforts of the Council and City Staff to address the need to provide services and facilities to support our vibrant and growing community while maintaining a strong financial position. This budget represents the overall plan for accomplishing our goals and objectives for the FY 2012-2013.

GENERAL FUND

The General Fund is used to account for all expenditures of traditional government services. This fund finances operations such as Public Safety, Library, Administration, Building and Code Enforcement, Community Services, Parks and Recreation, Engineering, and Municipal Court. General Fund revenues are generated from ad valorem property taxes, a one cent portion of the sales tax, and a variety of fees for services.

General Fund revenues and budget transfers are estimated at $11,511,066. This is a 4.1% increase over FY 2011 – 2012 Adopted Budget of $11,056,466. The largest source of revenue for the General Fund is Property Taxes, generating 61% of total revenue at a tax rate of $0.770819 per $100 assessed value. The City is anticipating collecting $2.3 million from Sales Tax and franchise fees for the General Fund. This is the second highest area of revenue collections contributing 20% of funds. The remaining 19% of revenue collections is received from Licenses and Permits, Fees and Charges, Fines, Interest Income, Rent & Lease Income, Grants and Donations, Other Governments, Intergovernmental Transfers, and Miscellaneous.

While some sources of revenues are increasing, we are seeing a decline in other sources such as fines, permitting fees and other fees associated with the development community.

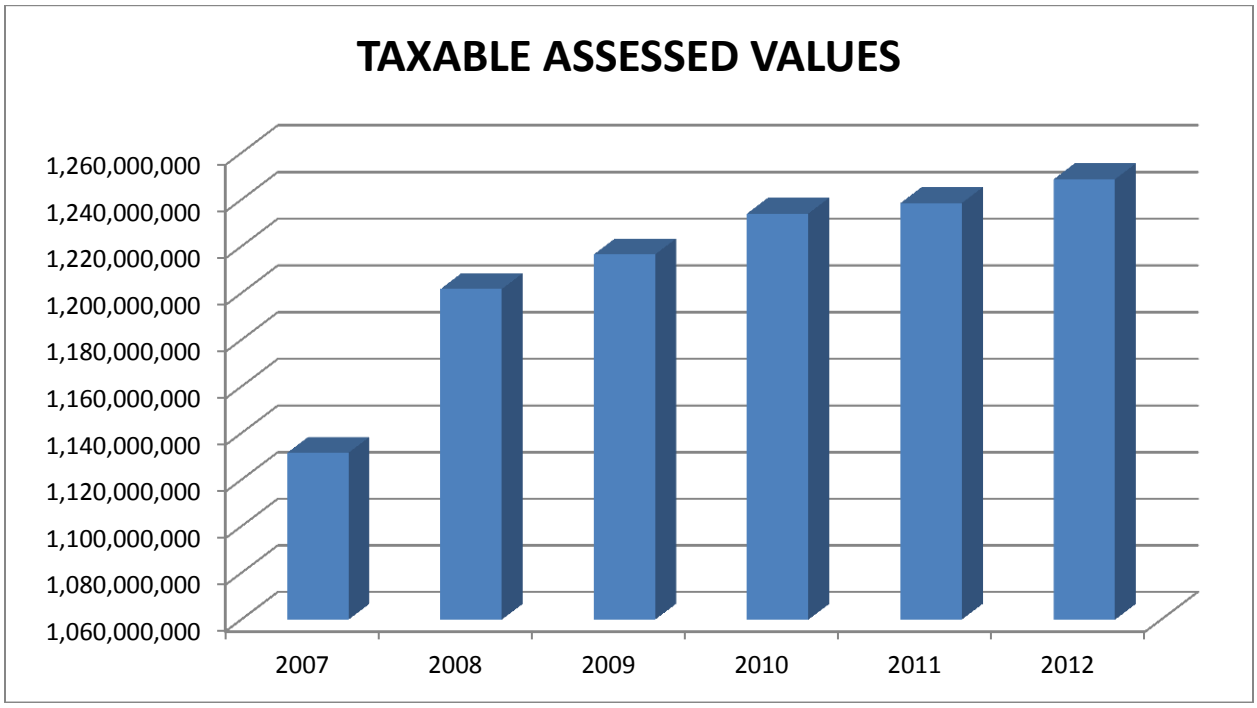
General Fund operating expenditures and budget transfers total $11,509,613, which represents a 1% decrease over the original adopted budget for FY 2011-2012. The estimated total ending fund balance for the General Fund is projected to be $3,862,428, leaving 122 days of operating reserves, well above the 15% target.

The City of Sachse utilizes a conservative strategy when projecting revenues and expenditures. Revenue and expenditure patterns are closely monitored so that adjustments to spending patterns can be implemented, if needed.

<u>Property Values</u>

Collin and Dallas Central Appraisal Districts assessed property market values for FY 2012 – 2013 is $1.35 billion, which equates to an overall increase of $10.3 million or 0.77% from the preceding year. With the exception of 2009, property taxes have continued to increase over the past 6 years. The chart below illustrates the change in taxable assessed values. There has

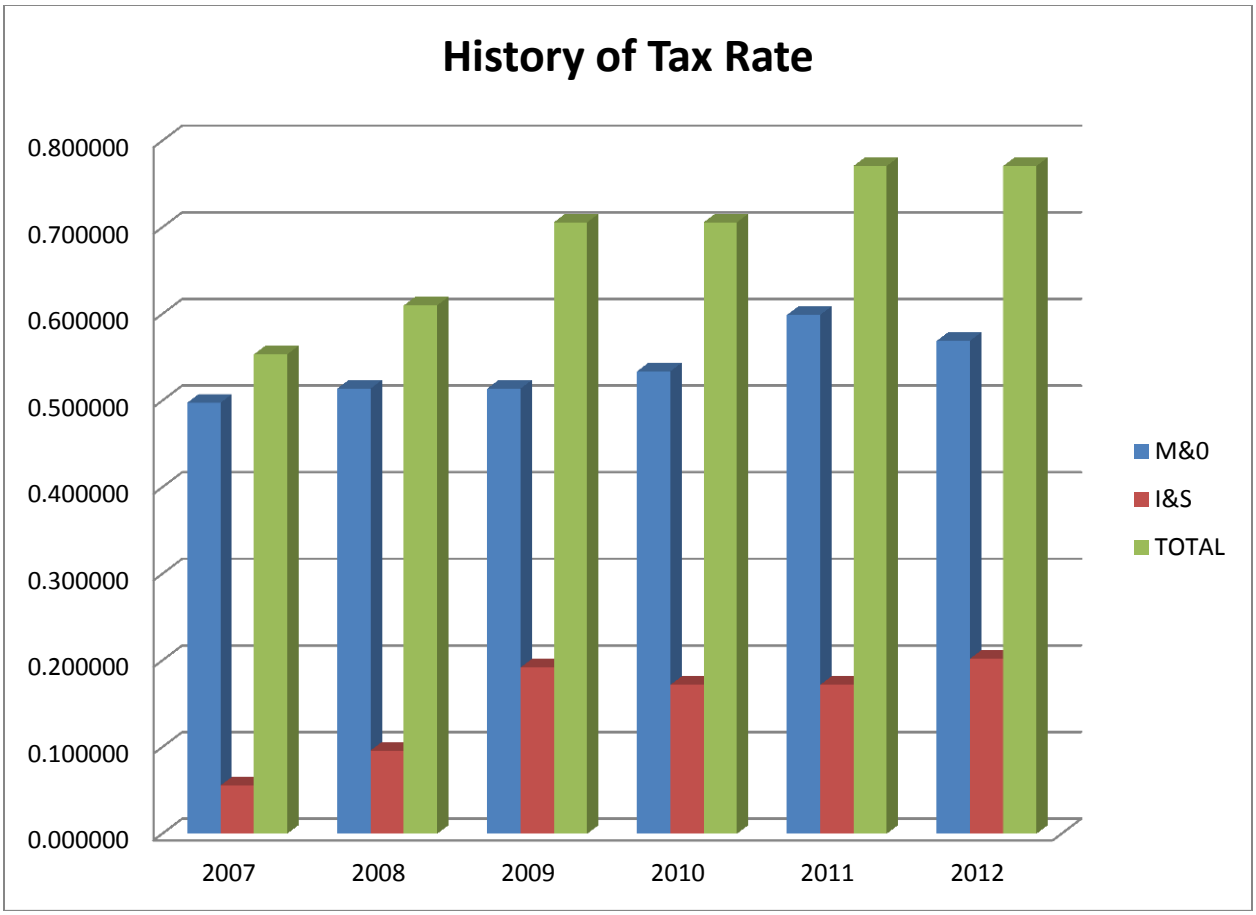
been a slight decrease in the average taxable value of single family residences since the prior year of approximately 1%.



Adopted Tax Rate

The FY 2012 – 2013 shows no change to the City's overall tax rate from prior year of .770819 per $100 of assessed valuation and continues the City's commitment to providing services as expected from the citizens of Sachse. Of the total tax rate, $0.568894 is dedicated to maintenance and operations (M&O) in the General Fund. This is a .03 cent decrease from the prior year. The portion of the tax rate dedicated to paying debt obligations increased by .03 cents from the FY 2011 - 2012 .201925. The portion of the tax rate contributed to debt service is 26% of the overall tax rate and is consistent with the City's policy to maintain the debt service portion below 30%. The following graph represents a six year history of the City's total tax rates:

2012-2013 BUDGET HIGHLIGHTS



The average single family home value is currently $157,150, a decrease of $1,490 (-0.9%) from the previous year. At the adopted tax rate of $0.770819, the city tax paid on the average single family home will be $1,211. The average tax bill would decrease about $12 or .09%. The following table reflects the average value of homes in Sachse.

AVERAGE HOME VALUE	TAX RATE	AVG. CITY TAX OWED
$157,150 (2012 avg.)	$ 0.770819	$ 1,211
$158,640 (2011 avg.)	$ 0.770819	$ 1,223
$158,318 (2010 avg.)	$ 0.705819	$ 1,117
$157,105 (2009 avg.)	$ 0.705819	$ 1,109
$155,338 (2008 avg.)	$ 0.610000	$ 948

2012-2013 BUDGET HIGHLIGHTS

Debt Service

A portion of the City's property tax is assigned to the debt service fund to pay for bonded indebtedness that has been issued for the construction of public infrastructure and public facilities. The following table is a summary of the City's total outstanding tax backed debt:

OUTSTANDING PRINCIPAL ON BONDS	
General Obligation	$ 38,455,000
Certificates of Obligation	1,870,000
Less amount allocated to Utilities	(1,120,000)
Net allocated to property tax repayment	39,205,000
Debt Per Capita	1,906
2012-2013 General Bonded Debt requirements (Prin. & Int.)	2,865,446

CAPITAL IMPROVEMENT PROGRAM

Purpose of the Capital Improvement Plan (CIP)

The CIP establishes a five (5) year funding schedule for the purchase, construction or replacement of physical assets of the City. Capital improvements typically have a useful life of over ten (10) years and value greater than $5,000. The first year (FY2012-2013) of the Capital Improvement Program is called the *Capital Budget*, and is appropriated in the same manner as the annual operating budget. Funds for projects are appropriated on an annual basis. Projects approved for subsequent years (FY 2013-2014 through FY 2016-2017) are approved for *planning purposes only* and do not receive authority until they are part of the *Capital Budget*.

The City has completed the update to the ten (10) year CIP required to update the City's impact fees. The five (5) year CIP includes projects deemed highest priority and necessary to meet the demands of growth as well as to properly maintain the infrastructure of the City. The ten (10) year CIP was made available for public comment on August 6, 2012 and will be considered for approval by the City Council on September 17, 2012 as part of the impact fee update process. The City Council gave the citizens the opportunity to comment on the City's Operating and Capital Budget on June 4, 2012.

Overview of the Approved CIP

The funds available in the first year of the CIP (FY 2012-2013) do not provide for all departmental CIP requests and needs. The overall economic slow-down in the United States as well as in the City of Sachse has resulted in lower than expected revenue collections (property and sales tax), fewer development projects / building permits, and reduced increases in property values.

2012-2013 BUDGET HIGHLIGHTS

As a result of the current economic situation and financial limitations, a number of projects were moved into out years (FY 2013-2014 through FY 2016-2017). As a further result of funding limitations, there are a limited amount of projects planned for the FY 2013-2014. It is hoped that the overall economy will continue to strengthen thereby increasing the likelihood that more CIP projects can be funded in the future.

The FY 2012-2013 Budget includes $7,549,000 for capital projects. The Capital Improvement Plan (CIP) was made available to the City Council by the City Engineer on August 20, 2012. The CIP consists of $5,286,000 in Streets Projects and $2,254,000 in Sanitary Sewer Projects and $9,000 in Drainage Projects. The proposed projects will be paid for by funds received from Impact Fees, Developer Funding, and the 2006 Transportation Bond. Expenditures for all funds over the five (5) years (including the capital budget years) are expected to be $56,441,040, provided funds are secured to finance all of the projects.

Overview of Approved CIP by Fund Type

Expenditures for the various fund categories for FY2012-2013 include:

FUND TYPE	TOTAL
General	$158,000
Utility	$0
Water and Sanitary Sewer Impact Fee	$1,179,000
Tax Increment Finance	$0
Retail Concentration Center (RCC)	$950,000
2006 Transportation Bond	$4,732,000
Roadway Impact Fee	$480,000
Community Development Block Grant	$50,000
TOTAL	**$7,549,000**

General Fund

The General Fund is the largest city fund and supports all municipal operations with the exception of water/wastewater utility operations and the Tax Increment Financing District. The major revenues of the General Fund include property taxes, sales taxes, franchise fees, license and permit fees, and fines. The General Fund expenditure for FY 2012-2013 CIP is anticipated to be $179,000.

Utility Fund

The Utility Fund is a proprietary fund established to separately account for the City's water, wastewater, and sanitation services. The primary source of revenue is derived from residential

and commercial water sales. Other sources of revenue are sewer sales, sanitation sales and tap fees. The Utility Fund is used to fund capital projects but no projects for the FY 2012-2013 CIP are proposed to be funded by the Utility Fund.

Water and Sanitary Sewer Impact Fees

Water and Sanitary Sewer Impact Fee Funds were established to offset specific impacts of development on the City's water and sanitary sewer infrastructure. The source of revenue is from fees charged to new residential and commercial development. The Water and Sanitary Sewer Impact Fee Funds support the construction of water and sanitary sewer systems and reimburses developers for oversizing water and sanitary sewer lines.

The Water and Sanitary Sewer Impact Fee Fund CIP expenditure for FY 2012-2013 is anticipated to be $1,179,000.

Tax Increment Finance

The Sachse Tax Increment Finance Zone #1 was created in 2003. The zone consists of 542 acres and was created to encourage quality development along the President George Bush Turnpike corridor. The TIF Zone was created for a period of 25 years. Property taxes from incremental real property taxable value increases within this time period can be used to pay for public infrastructure. The Tax Increment Finance Fund (TIF) can be used to fund capital projects but no projects for the FY 2012-2013 CIP are proposed to be funded by the TIF.

Retail Concentration Center

The City collected taxes on goods and services within the City through the formation of a Retail Concentration Center (RCC). These funds are no longer allowed to be collected by the City according to state law. However, the funds previously collected are used on capital projects. The RCC Fund CIP expenditure for FY2012-2013 is anticipated to be $950,000.

2006 Transportation Bond Fund

On November 7, 2006, the voters of the City of Sachse approved the sale of $16,650,000 in tax bonds for street and road improvements. Projects funded by the sale of these bonds included the Murphy Road widening, 5th Street widening, Dewitt Road widening, and Bunker Hill Road widening. Another project planned to be funded by these bond funds include the Merritt Road widening (along PGBT corridor), which is planned to be complete in 2013. Several of these projects were constructed under budget so the remaining bond funds can be used on other street and road improvements. The 2006 Transportation Bond Fund CIP expenditure for FY2012-2013 is anticipated to be $4,732,000.

2012-2013 BUDGET HIGHLIGHTS

Roadway Impact Fee Fund

Roadway Impact Fee Funds were established to offset specific impacts of development on the City's roadway infrastructure. The source of revenue is from fees charged to new residential and commercial development. The Roadway Impact Fee Funds support the construction of roadway projects shown on the City's Master Thoroughfare Plan (MTP) which provides additional capacity to the roadway system and reimburses developers for constructing roadways shown on the MTP as part of their development.

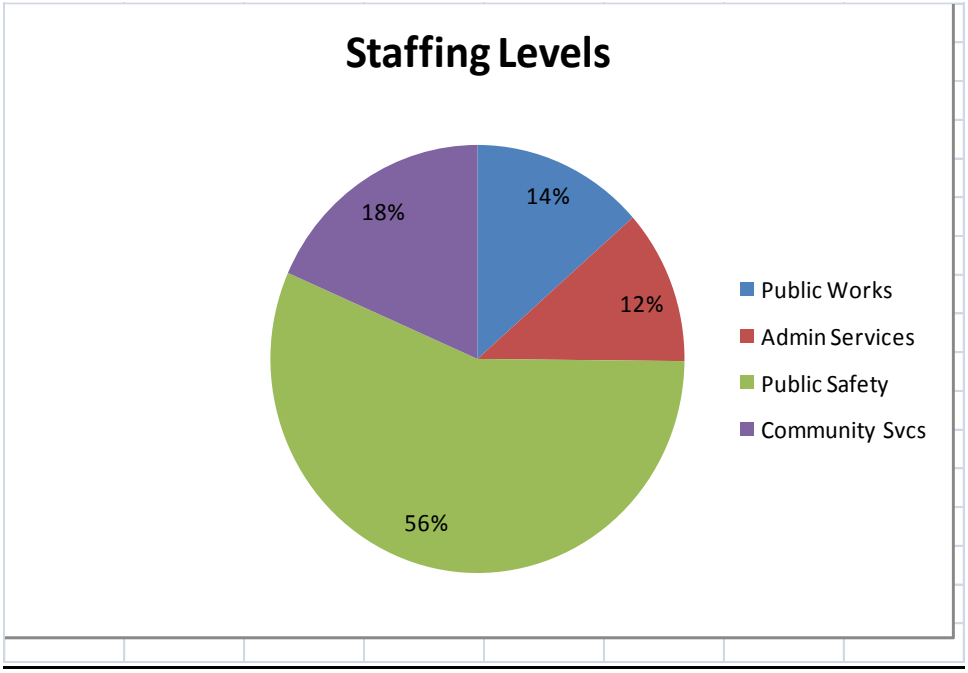
The Roadway Impact Fee Fund CIP expenditure for FY 2012-2013 is anticipated to be $480,000.

Community Development Block Grant Funds

Each year the City of Sachse is eligible to receive Community Development Block Grant (CDBG) funds for implementation of projects that benefit low/moderate-income residents. The last several years of funding have been used on waterline, sanitary sewer line, and roadway reconstruction. The CDBG funds are federal funds appropriated by the Department of Housing and Urban Development (HUD) to Dallas County. Dallas County in turn divides the appropriated CDBG funds to cities within Dallas County based on population. CDBG Funds for CIP expenditures for FY 2012-2013 is anticipated to be $50,000.

PROGRAMS AND STAFFING LEVELS

Staffing levels for FY 2012-2013 will remain the same as the previous fiscal year. The City currently supports 130 full-time and 34 part-time positions. The distribution of City staffing levels is as follows



2012-2013 BUDGET HIGHLIGHTS

WATER AND SEWER FUND

The Water and Sewer Fund operates on rates and charges that are examined on an annual basis to determine if the utility is self-operating. The Water and Sewer fund consists of Water and Sewer Maintenance and Operations, Meter Reading, Billing and Collections. Operating expenses are intended to be covered by operating revenues. The Water and Sewer Fund is expected to begin the fiscal year with a $3,514,073 working capital balance. This balance includes accumulated water and sewer impact fees of approximately $1.4 million. The total fund revenues are expected to be $7,313,131 allowing for budgeted operating expense of $6 million. Non-operating expenses total $1,044,215 for debt payments, transfers to the General Fund and Capital Infrastructure Improvements.

The major operating expenses in the Water and Sewer Fund other than routine maintenance are discussed below.

The North Texas Municipal Water District contract rate for "take-or-pay" water supply is increasing by 14%, from $1.54/1000 gallons to $1.75. The budgeted expenditures are increasing by $371,671, or 19% based on a combination of higher rates, increased consumption, and a slight under-budget from the previous year.

The City of Garland wholesale sewer rate to treat the City's effluent is increasing to $2.55 per 1,000 gallons treated, a 5% increase over the previous year's rate of $2.43. The increase in budgeted expenditures of $123,924 (6%) allows for a slight increase in volume of wastewater treated.

The transfer to the General Fund for allocated overhead expenses is increasing by $64,445 to a total of $903,701. The combined Franchise Fees are estimated to increase by $19,991, to a combined total of $350,471; this fee is 5% of estimated operating revenues.

Debt service payments required to be paid from Utility Fund revenues are $135,514 for FY 2012-2013.

NON-DEPARTMENTAL COSTS

The General Fund aggregates various costs that are city wide in nature. This department of the General Fund tracks these costs and provides a cost center for health care costs and other employee-related benefits. In addition, the City Attorney legal expenditures of approximately $72,000 are recorded in this division.

Though health care costs continue to increase the City was able to negotiate a net decrease in insurance costs for the upcoming year. The City's employee benefits renewal is on May 1st. This is seven months after the start of the Fiscal Year. The City changed dental insurance carriers in May of 2012 and made coverage changes in health insurance to realize a net savings in

premiums paid by the City; this change resulted in additional out-of-pocket expenses to the covered employees in the form of higher copayments for some services. Since the annual insurance renewal occurs late during the fiscal year, the health care budget includes a margin for possible premium increases at renewal in May 2013. The total budgeted expenditures for premiums for Healthcare, Dental, Life, and Long-term Disability insurance is $686,899, a 1.3% reduction from the previous year.

Property and Liability Insurance costs are budgeted to remain the same as FY 2011-12 at $140,000.

CONCLUSION

This completes the highlights of the 2012-2013 fiscal year annual budget. It is appropriate to thank the department heads who have put much time and expertise into the development of the proposed budget. The completion of this budget would not have been possible without the hard work of the City Council, the Finance Department and the City Manager's Department staff. In addition, a special thanks to all City employees who have and continue to work hard to provide quality services to our citizens and who are committed to the success of the City of Sachse.

Respectfully submitted,

William K. George, P.E.
City Manager

Jeri L. Rainey, CPA, CGMA
Director of Finance

Budget Calendar* (2012-2013 Fiscal Year)

February 1	Finance Department updates historical information, worksheets
March 1	Budget kick off meeting with departments
March 1	Departments begin compiling information and completing Budget Request Detail Worksheets
May 9	SEDC Board meeting to discuss Budget
March 30	Combined Services budget requests due to Finance Director
March 30	Information Technology related budget requests due to IT Manager
March 30	Payroll related budget requests due to Human Resources
April 30	All departmental operating budget requests due to Finance Department
May 1-May 21	Finance compiles total budget requests
May 29	Finance presents total budget requests to City Manager
June 1	Chief appraiser certifies estimate of taxable values
June 4	Public Hearing to allow early citizen input
June 4-June 8	City Manager reviews budget requests with individual departments
June 13	SEDC Preliminary draft Budget to SEDC Board
June 18	Revised budgets due to Finance Director from departments
June 18	Council Meeting and/or Work Session to discuss preliminary budget
June 26	Finance Director presents revised budgets to City Manager
July 5	Draft for presentation to City Council presented to City Manager
July 11	SEDC Board meeting to discuss Budget
July 14	Budget Workshop (Saturday) for Departmental Budget Presentations
July 25	Chief Appraiser certifies tax rolls
July 30	Special City Council Meeting and/or Work Session to discuss budget; discuss tax rate

July 31	Calculation of Effective Tax Rates by Dallas County Tax Office
August 6	City Council Meeting and/or Work Session to discuss budget; determine preliminary tax rate; accept certified tax rolls; schedule Public Hearings; record vote
August 8	SEDC Board meeting to adopt budget
August 20	Public Hearing on budget; Public Hearing on tax rate
August 20	Special City Council Meeting for City Manager to present budget to Council and/or Work Session to discuss budget; determine preliminary tax rate
August 27	Public Hearing on budget; Public Hearing on tax rate
August 27	Special City Council Meeting for City Manager discuss budget; discuss tax rate
September 4	City Council meeting and/or Work Session to discuss budget and tax rate
September 10	Special City Council meeting to adopt budget (including SEDC Budget); accept tax rate
October 1	New fiscal year begins
October 1-November 30	Budget document is finalized and printed for distribution

*Calendar will be updated/revised as required.

CITY OF SACHSE

GENERAL BUDGET PROCESS

Budgetary control is maintained with the annual adoption by City Council of an operating budget for each fiscal year from October 1 to September 30.

The budget is developed on a departmental level and adopted at the fund level. The Finance Department begins in February updating all historical information and worksheets that detail expenditures and revenues on a departmental and line item level. The reports provide monthly expenditures with year-to-date totals, with a comparison to budget, giving a budget balance and unexpended percentage. To further aid in projections, the monthly report provides prior year comparison data of expenditures, revenue and budget balances.

The adoption process begins with each department completing Budget Request Detail worksheets with revised expenditure estimates for the current year and their estimates for the upcoming year in early March. By late March, all budget requests affecting Information Technology, Payroll and Combined Services are submitted to the respective department. An evaluation of the impact of capital expenditure decisions upon annual operations and the City's operating budget are considered. Reoccurring expenditures for capital improvements and equipment represent a consistent percentage of the City's annual operating budget and are financed on a "pay as you go" basis. Current and future capital equipment needs are highlighted with consideration for efficiency and public safety aiding in the discussion process.

Budget proposals are due to Finance by May for incorporation into a working budget document. The budget requests are presented to the City Manager in late May. A June management meeting is scheduled with the City Manager and each individual department to jointly review all line items. This budget planning process helps each department focus on requirements to continue its existing level of service, as well as, evaluate the potential to expand service levels.

The Ad Valorem tax projections are a major component of all City budget discussions. When the certified tax rolls from the Collin and Dallas Central Appraisal District arereleased in late July, the final preparation for a proposed budget is submitted to the City Council.

June, July, August and September have scheduled City Council workshops to discuss the budget with City staff and hold public hearings. The first public hearing is held in June to allow early citizen input. The first public hearing on the proposed budget and tax rate is held mid August; the second public hearing occurs late August. By mid September, the City Council has voted on the tax rate ordinance and the budget ordinance.

The fiscal year begins on October 1. By early December, the completed Budget Document is distributed and made available to the public via website or requested hard copy.

CITY OF SACHSE

STATUTORY REQUIREMENTS
TRUTH-IN-TAXATION

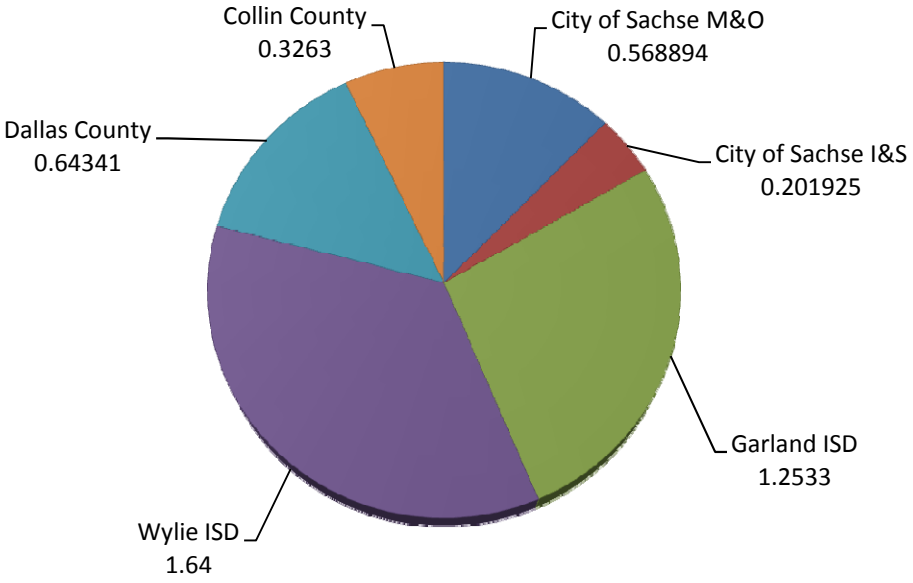
The Texas Constitution and Property Tax Code establish guidelines for taxing units to follow when adopting tax rates. This guide to tax rate setting is also known as "truth-in-taxation." The truth-in-taxation laws have two purposes: (1) to make taxpayers aware of tax rate proposals and, (2) to allow taxpayers, in certain cases, to roll back or limit a tax increase.

Beginning in early August, the City takes the first step toward adopting a tax rate by calculating and publishing the *effective* and *rollback tax rates*.

Effective tax rate: The *effective tax rate* is a calculated rate that would produce the same total taxes as last year when properties taxed in both years are compared. If property values rise, the effective tax rate will go down and vice versa. The objective of the effective tax rate is to generate equal tax revenues using taxable valuations from different years.

Rollback tax rate: The *rollback rate* is a calculated maximum rate allowed by law without voter approval. The rollback rate provides the City the same amount of tax revenue spent the previous year for day-to-day operations, plus an extra 8 percent increase for those operations plus sufficient funds to pay debts in the coming year. If an adopted rate is higher than the rollback rate, voters can circulate a petition calling for an election to limit the size of the tax increase.

Distribution of Total Tax Rate $



The total direct and overlapping taxes for our citizens currently are $4.6338 per $100 valuation.

TRUTH-IN-TAXATION
Texas Property Tax
Chapter 26 of Property Tax Code

	2011 Tax Roll (as adjusted)	2012 Certified Tax Rolls	Change in Values from Prior Year	Change
Property Value				
Market Values	**1,340,346,487**	**1,350,686,163**	**10,339,676**	*0.77%*
Collin County	466,956,997	473,920,943	6,963,946	*1.49%*
Dallas County	873,389,490	876,765,220	3,375,730	*0.39%*
Taxable Values	**1,223,329,301**	**1,225,275,258**	**1,945,957**	***0.16%***
Collin County	424,323,155	426,030,715	1,707,560	*0.40%*
Dallas County	799,006,146	799,244,543	238,397	*0.03%*
New Construction Values	**29,006,202**	**20,153,236**	**(8,852,966)**	***-30.52%***
Collin County	21,658,928	12,195,716	(9,463,212)	*-43.69%*
Dallas County	7,347,274	7,957,520	610,246	*8.31%*
Average Single Family Home Value	**158,640**	**157,150**	**(1,490)**	***-0.94%***
Collin County	200,560	195,817	(4,743)	*-2.36%*
Dallas County	144,229	143,569	(660)	*-0.46%*
Estimated Rates and Values:				
Effective Tax Rate (ETF)	**0.783200**	**0.779629**	**$ (0.00357)**	***-0.46%***
Current / Proposed Tax Rate	**0.770819**	**0.770819**	**$ 0.00000**	***0.00%***
Debt Rate	0.171925	0.201925	$ 0.03000	*17.45%*
Maintenance and Operations	0.598894	0.568894	($ 0.03000)	*-5.01%*
Increase over the ETR	**-1.24%**	**-0.88%**		
Total Tax Revenue	**$ 9,429,655**	**$ 9,444,654**	**$ 15,000**	***0.16%***
Debt	2,103,209	2,474,137	370,928	*17.64%*
Operations	7,326,446	6,970,517	(355,928)	*-4.86%*
1¢ on the tax rate (equivalent)	**$ 122,333**	**$ 122,528**	**$ 195**	***0.16%***
Amount of taxes imposed (preliminary)	**$ 9,429,655**	**$ 9,444,654**	**$ 15,000**	***0.16%***

OUR CITY PROFILE

City of Sachse

CITY OF SACHSE

HISTORY

The City of Sachse is named after William Sachse. Arriving from Herford, Prussia in 1840, Sachse settled in Texas in 1845 and bought 640 acres of land in Collin County, Texas. He soon acquired an additional 5,000 acres. Sachse built the first cotton mill and cotton gins in the area, which were powered by ox and horsepower until 1869 when replaced by a steam powered plant. In 1886, Sachse gave right-of-way to the railroad in exchange for a depot and naming the town in his honor.

The town grew gradually over the years, its economic base being cotton until the 1920's when onions became a major crop.

During the early 1900's, the first schools in Sachse were built. One of the earliest schools, a three-story building, was located on Third and Dewitt streets. In the 1920's, it was replaced by a red brick schoolhouse that was razed in the 1930's. In the 1940's, Sachse schools were consolidated with the Garland Independent School District.

Sachse is a residential community with a country atmosphere. Growth has continued as new residents discover the quality of life they are seeking on the outskirts of Dallas. The City of Sachse incorporated in 1956 and adopted its Home Rule Charter in 1986.

HOMETOWN FUN

A true sense of community can be felt in Sachse. With a population over 20,000, our community events rival what the big cities have to offer. You can find something fun to do for every season and holiday.

CITY OF SACHSE

HOMETOWN FUN

OCTOBER

The entire family enjoyed the 8th Annual Pumpkin Prowl October 27 at 6 pm at Salmon Park, 4302 Williford Road. The Great Pumpkin hid miniature and prize pumpkins for children ages 10 and under. The fun continued with hayrides, games and refreshments. Sponsor, *Fun Times Party Rental* provided bounce houses during the event.

Come join the fun. NO charge to attend.

ANNUAL PUMPKIN PROWL

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Every October we turn off the TV, turn on the porch light and spend the evening outside with neighbors. National Night Out strengthens neighborhood spirit and police/community partnerships. It is an opportunity for neighborhoods to organize block parties, cookouts, visits from the police officers, flashlight walks, youth activities and contests.

CITY OF SACHSE

HOMETOWN FUN

NOVEMBER

ANNUAL DANCE

Each November put on your dancing shoes. All Daddy and daughters danced the night away at the Senior Activity Center. Along with dancing the Macarena, the Twist, the Bunny Hop and the YMCA, experience games, activities, and refreshments. Each couple will receive a picture as a keepsake of the special evening. Cost: $15 per couple plus $5 for each additional daughter.

TOY AND FOOD DRIVE

The Fraternal Order of Police Toy and Food Drive has collected new, unwrapped toys, non-perishable food items, and monetary donations for needy Sachse families for the past 13 years. With Officer Richard Oliver at the helm since the beginning, and with the help of the Sachse High School Beta Club and Officer Steven Doerr, this volunteer organization is able to fulfill many requests for help. Collection starts Nov. 15 and ends Dec. 15. Residents may bring donations of unwrapped, new toys, non-perishable food items, or monetary donations to the Public Safety Building, 3815 Sachse Road, Building D or to the Cookies with Santa event. Officers will deliver items to needy families between Dec. 17 and 24.

CITY OF SACHSE

HOMETOWN FUN

DECEMBER

ANNUAL CHRISTMAS PARADE PLUS COOKIES WITH SANTA

Join us for Sachse's 4th Annual Christmas Parade on Dec. 10. Our theme this year is "My Favorite Christmas Memory". The parade will start at 9:30 am and last about 30 minutes, ending at City Hall, where Santa invites children to join him for Cookies with Santa and other fun activities in the city's new amphitheater.

The firemen will cook all-you-can-eat pancakes, sausage, plus orange juice, milk and coffee for $5.00 per person. Drop by and have breakfast with Santa.

CITY OF SACHSE

HOMETOWN FUN

DECEMBER

City Council and staff invite you to the annual city Christmas tree lighting in the City Hall rotunda on Thursday, Dec. 6 at 6:30 p.m. The Hudson Middle School Choir Ensemble will perform songs of the holiday season and Mayor Felix will light the city's tree.

We will then stroll over to the Library for Christmas Story Time with Santa at 7:00 p.m., where the choir will perform more songs of the season. Sponsored by the City of Sachse Library and assisted by the Friends of the Library, Santa will present each child with a book to remember this special evening. There is no charge for either event.

CHRISTMAS STORY TIME WITH SANTA

CITY OF SACHSE

HOMETOWN FUN

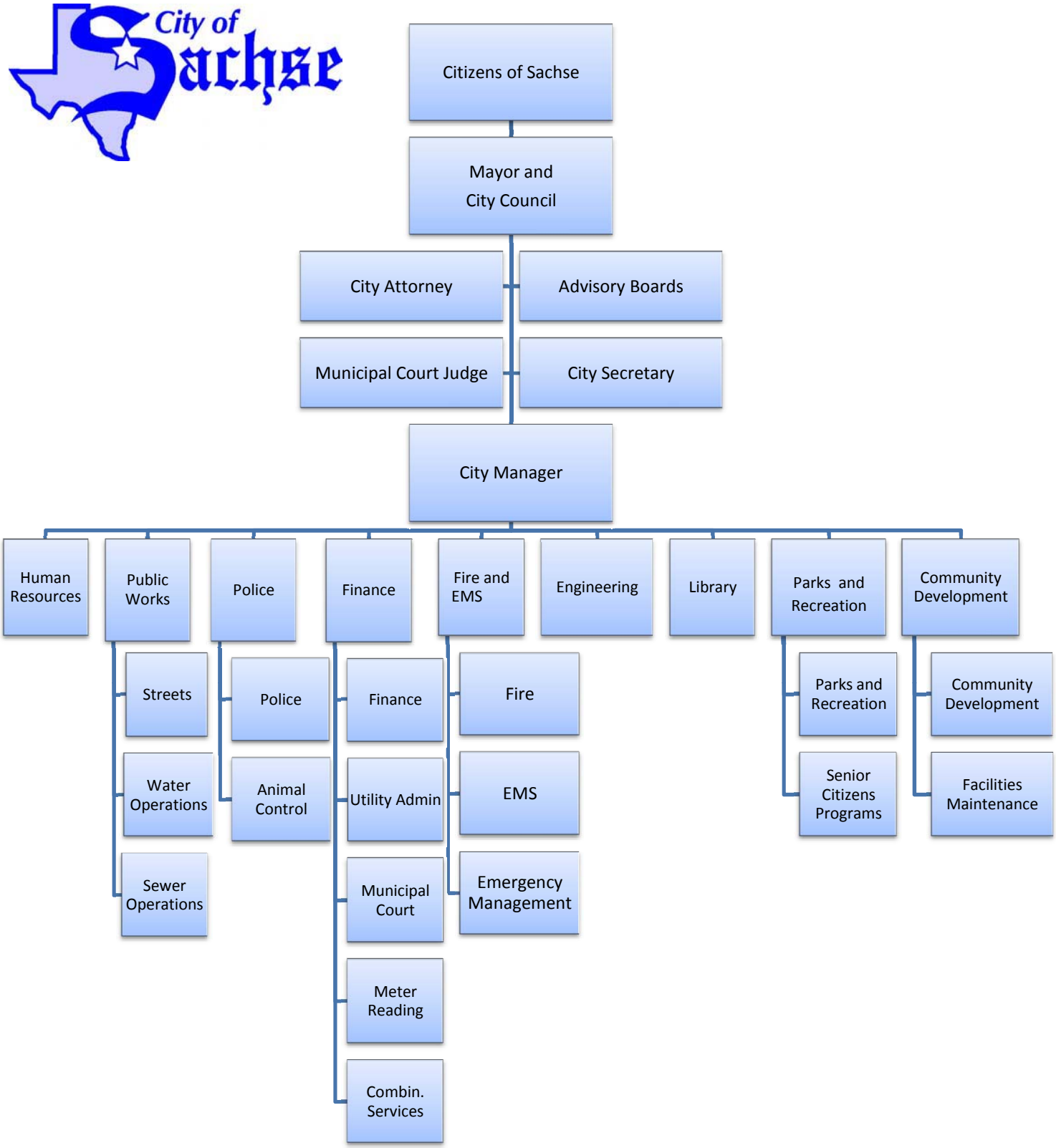
GREAT AMERICAN CLEANUP

ARBOR DAY CELEBRATION

Join Sachse citizens, groups and organizations participating in our "grass roots" effort to clean up and give back to our community. The Great American Cleanup, a fun, educational activity is brought to you by the City of Sachse, Keep America Beautiful, Inc., the State of Texas, and national, state and local sponsors. Groups will gather at 9am at City Hall where Mayor Felix will kick off the event and present an Arbor Day Proclamation. Free gift trees are available while supplies last. Following the cleanup work, participants are invited back to City Hall for free lunch and special entertainment. Please join us as we work to keep our community clean and beautiful.

City Facilities

City Hall 3815-B Sachse Road 972-495-1212	Offices of City Manager, City Secretary, Human Resources, Community Development, Municipal Court, Utility Billing, Fire Administration, Finance, Parks and Recreation, and City Council Chambers.
Historical Society Museum 3033 Sixth Street	Sachse Historical Society/Museum – Land and Building Use Agreement in Place.
Sachse Public Works Office 6420 Sachse Road 972-495-7600	Public Works facility for streets and drainage, water operations, and sewer operations.
Sachse Police Station 3815 D Sachse Road 972-495-2271 (non-emergency)	Police station is open 24 hours a day, 7 days a week. Facilities for 911 equipment, jail cells, records/evidence and training/meeting room.
Sachse Fire Station #1 5805 Bryan Street 469-429-9810	Fire station #1 houses equipment, training/meeting room and storage space.
Sachse Fire Station #2 3012 Ranch Road 972-461-9800	Command station houses ambulance and fire equipment, training/meeting room, office and housing space for staff and 24-hour personnel.
Animal Control Shelter 6436 Sachse Road 972-495-2271	Shelter for animals in the care of the Animal Control Officer, animal adoption program and animal registration.
Sachse Senior Center 3815 Sachse Road, Suite B 972-495-6282	Facility where seniors attend monthly meetings, conduct informative workshops and participate in fun and friendship.
Sachse Public Library 3815 Sachse Road, Suite C 972-530-8966	City library offers over 20,000 volumes, reading programs, interlibrary loan program, computer access and community room for non-profit use.
Cornwall Lane Park 1800 Cornwall Lane	Park includes uncovered playground, pavilion, picnic tables, and barbeque grills.
Heritage Park 4408 Hudson Drive	Park includes 3 lighted ball fields, soccer/football fields, covered playground, jogging/walking trail, picnic tables, barbeque grills, covered pavilion, concession stand and restrooms. Park is handicap accessible.
Joe & Patricia Stone Park 6000 Laurel Crest	Park includes covered playground, pond, pavilion, picnic tables, and barbeque grills, and walking /jogging trail.
Muddy Creek Preserve 5400 Pleasant Valley Road	Park includes picnic tables and walking/jogging trail.
Park Lake Park 4915 Miles Road	Park includes playground, pond, picnic tables, and walking/ jogging trail.
Salmon Park 4302 Williford Road (located just off Highway 78)	Park includes 1 lighted ball field, 1 practice field (unlit), uncovered playground, BBQ grills, covered pavilion, concession stand, and restrooms. Park is handicap accessible.
Undeveloped Parks	5th Street Park, Bunker Hill Park, Cedar Creek Estates Park, Creek Crossing Park, and Sachse on the Creek Park


Citizens of Sachse
Mayor and City Council
City Attorney
Advisory Boards
Municipal Court Judge
City Secretary
City Manager
Human Resources
Public Works
Police
Finance
Fire and EMS
Engineering
Library
Parks and Recreation
Community Development
Streets
Water Operations
Sewer Operations
Police
Animal Control
Finance
Utility Admin
Municipal Court
Meter Reading
Combin. Services
Fire
EMS
Emergency Management
Parks and Recreation
Senior Citizens Programs
Community Development
Facilities Maintenance

CITY OF SACHSE

DESCRIPTION OF FUND STRUCTURE

The financial structure of the budget is organized by funds. A fund is generally defined as a fiscal and accounting entity which has its own self-balancing set of accounts for recording cash and other financial resources, as well as, any liabilities or residual equities or balances. Normally, funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The two types of funds utilized are Governmental and Proprietary. Governmental funds are used for most governmental activities, while Proprietary funds are based on the premise that the city service should be conducted as a business with user fees covering expenses. The Governmental funds include: General Fund, Capital Projects Fund, Debt Service Fund, PGBT Reinvestment Zone TIF and Special Revenue Funds. The Proprietary fund includes: Water, Sanitary Sewer and Solid Waste Enterprise Fund.

To maintain clarity and consistency in all reporting, the basis of budgeting and the basis of accounting used for the financial reporting are the same. The basis of budgeting for the Governmental Funds are prepared using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgetary control is maintained at the division level in each departmental budget.

Property taxes, franchise fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and also have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State and merchants at year end on behalf of the City are also recognized as revenue. Other receipts are not susceptible to accrual because generally they are not measurable until received in cash.

Governmental Type Funds

General Fund - the primary operating fund for the City. Financial resources include: property, sales and other taxes, franchise fees, fines, licenses and fees for services. Operating expenditures provide support for traditional tax-supported municipal services such as Public Safety, Parks and Recreation, Library, Administration, and Public Works operations.

Capital Projects Fund - accounts for the acquisition of capital assets or the construction of major capital projects (such as streets and sidewalks) not being financed by proprietary funds. Financial resources include: proceeds from the sale of obligation bonds, certificates of obligation, TxDOT funds, Impact Fees, and operating fund transfers.

Debt Service Fund - accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. Financial resources generated by a tax levy based on property values are used to pay debts incurred through the sale of obligation bonds, certificates of obligation, notes payable and other debt instruments. The bonds finance long-term capital improvements to streets, parks, buildings and other infrastructure projects.

CITY OF SACHSE

DESCRIPTION OF FUND STRUCTURE

PGBT Reinvestment Zone Tax Increment Fund (TIF) - The City created the TIF in November 2003 to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The five member Board of Directors are appointed by the Sachse City Council and serve for two-year staggered terms. The members of the Board are citizens of Sachse. Any future debt obligations issued and backed by the TIF are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2003. Since the TIF Board of Directors act primarily in an advisory role to the Sachse City Council, who exercise the ultimate financial control over the recommendations of the TIF board, the financial information of the TIF is blended as a governmental fund into the primary government.

Special Revenue Funds - specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects). Funds under this category include: Municipal Court Security, Municipal Court Technology, Child Safety Program Fees, Police Training Fund, EMS Training Fund, Street Impact Fees, Park Development Fees, PEG Channel Fees, Library Donations and Grants, Animal Control Donations, Senior Citizen Donations, Fire Department Donations, Public Use Funds, Special Park Funds, Energy Conservation Grant, and Emergency Operations Center Grant.

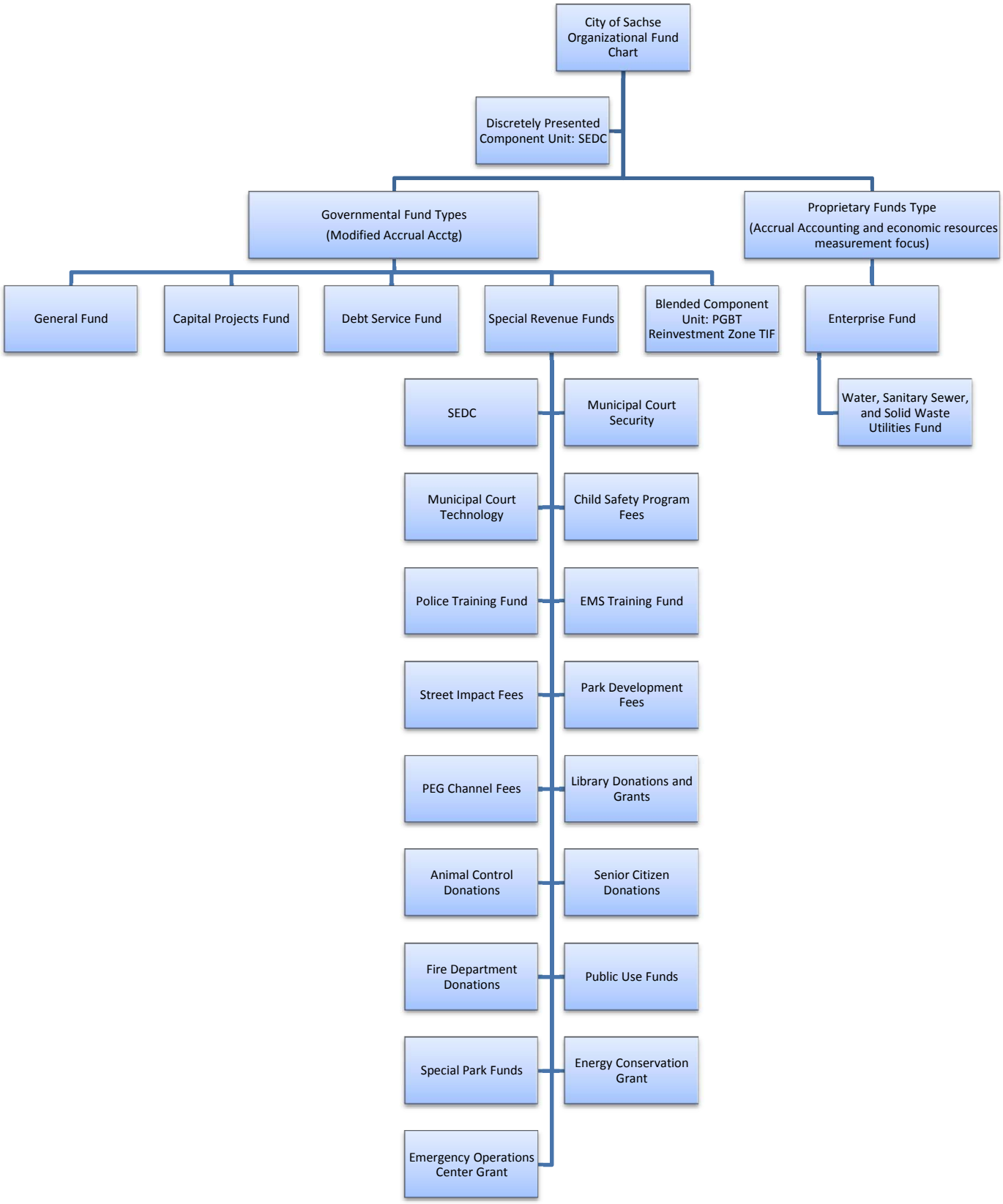
Proprietary Fund

Enterprise Funds - account for operations that are financed and operated in a manner similar to private business; the intent of the City is to provide goods or services to the general public on a continual basis that will be self-supporting through the user charges. One combined enterprise fund is maintained including water, sanitary sewer and solid waste: **Water and Sanitary Sewer** - operates the water distribution system and the wastewater treatment plants, wastewater pumping stations, and collection systems; and **Solid Waste** - accounts for operations of the sanitation function of the City.

The proprietary fund is accounted for using the accrual basis of accounting and the economic resources measurement focus. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total 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.

CITY OF SACHSE

DESCRIPTION OF FUND STRUCTURE



City of Sachse