

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2008

FISCAL Year



2007—2008

City of Sachse, Texas

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

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

Prepared by the
CITY OF SACHSE
FINANCE DEPARTMENT

CITY COUNCIL

Mike Felix, Mayor

Chris Lam, Mayor Pro Tem, Place 2

Charles Smith, Place 1
Cullen King, Place 3
Bill Adams, Place 4
Patsy "Pat" McMillan, Place 5
Mark Timm, Place 6

CITY MANAGER

Allen Barnes

DIRECTOR OF FINANCE

Jeri L. Rainey, CPA

ACCOUNTING MANAGER

Dianne Lawson, CGFO

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

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INTRODUCTORY SECTION





Finance Department
5560 Highway 78, Sachse, TX 75048
972-495-1212, ext. 33

April 19, 2008

The Honorable Mayor, Members of the City Council and
City Manager and Citizens of Sachse, Texas

The City of Sachse Finance Department is pleased to submit the Comprehensive Annual Report (CAFR) for the fiscal year ending September 30, 2008. The CAFR is published to provide the City Council, Management of the City, our Citizens and other end users with detailed financial and statistical information concerning the financial condition and performance of the City Government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORT

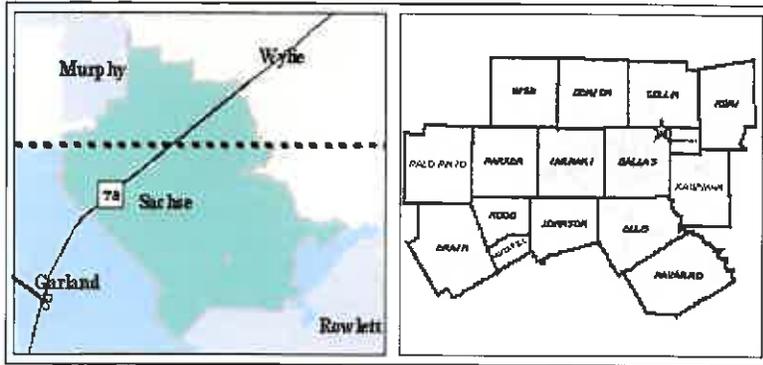
The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, and combining and individual financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Sachse's MD&A immediately follows the independent auditors report. The CAFR concludes with the Statistical Section, which includes financial and demographic information, usually presented on a multi-year basis to give users a perspective of the City's performance over a number of years.

Within the basic financial statements is a discrete component unit report known as the Sachse Economic Development Corporation. A discrete component unit is a legally separate entity for which the City of Sachse is financially accountable. The Economic Development 4-B Corporation was established in 1994 in accordance with State Civil Statutes Article 5190.6 and is supported by a one-half cent sales tax. An independent board appointed by City Council governs the Corporation. The Tax Increment Financing Zone (TIF) was put in place January 1, 2003 by the City of Sachse for the future eastern expansion of the George W. Bush Turnpike (Highway 190) to IH 30. The TIF is reported as a blended component unit which is a non-major Special Revenue Fund and is presented in the supplemental information of this report (see Exhibits C-3 and C-4).

The financial section described above is prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional promulgations, as applicable. To demonstrate further public accountability, the independent accounting firm of Rutledge Crain & Company, PC, Certified Public Accountants, whose report is included herein, has audited the City's financial statements.

THE REPORTING ENTITY AND SERVICES

Location. Sachse is a city located in Dallas County and Collin County, Texas. The City is located 20 miles northeast of downtown Dallas on State Highway 78 and is included in the Dallas/Fort Worth Metroplex. At 9.8 square miles, the City of Sachse is home to middle income families, most of which commute and work in the North Dallas corridor. As of the 2000 census, the city had a total population of 9,751, but a July 1, 2002 Census estimate showed this city's population rising to 13,015. As of 2008, the population was estimated at approximately 18,050.



Northeast of Dallas, Sachse is approximately one mile north of State Highway 190, the President George Bush Tollway, and Firewheel Town Center Mall. Sachse was founded by William Sachse, a Prussian immigrant, in 1845. Purchasing 640 acres from Collin County, he erected the first cotton mills and gins in the county. There is currently a major historical revivalist movement with the restoration of the original town hall and creation of a history museum.

Form of Government. The City of Sachse was incorporated in 1956 and adopted its Home Rule Charter in 1986. The City operates under a Council/Manager form of government. The City Council is comprised of the Mayor and six council members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City.

Services. The City provides to its citizens those services that have proven to be necessary and meaningful and which the City can efficiently and effectively provide. The City provides a full range of municipal services, which includes general administrative services, public safety (fire, police, animal control, and emergency medical services), municipal court, public works, culture and recreation, planning and zoning, public improvements, code enforcement, water distribution and wastewater collection. The City is a subscriber for water and wastewater. Sanitation services are provided through a private contract with the billing for service performed by the City through its utility bill. The City of Sachse is served by two school districts: the Garland Independent School District and Wylie Independent School District. The City has no oversight responsibility over the school district and no financial data is included in this report.

Accounting and Budgeting Controls. The Finance Department assures legal compliance with the budget and provides a check and balance system to maintain a solid assurance that the City's assets are protected and safeguarded. Individual line items are reviewed and analyzed at the individual fund level for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled by project or item. Activities of the general fund, debt service fund, and special revenue fund, capital projects fund and enterprise fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by departmental appropriation within an individual fund. The City Manager may increase or decrease the total departmental budget appropriation as long as the overall fund appropriation does not change. Encumbered amounts lapse at the close of the fiscal year. Budgetary control is maintained and emphasized by the issuance of periodic financial statements, which reflect current and cumulative fiscal year expenditures in comparison to appropriated budget amounts. Budget statements are generated at least

monthly and upon request showing budget and actual expenditures by line item. The City Council receives a quarterly budget and investment report.

The City's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues being recorded when available and measurable, and expenditures being recorded when the goods or services are received and the liabilities are incurred. On the other hand, the City's Proprietary Fund is maintained on a full accrual basis. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. We believe that the City's accounting controls provide reasonable assurance that errors or irregularities, that could be material to the financial statements, are prevented or would be detected within a timely period by employees in the normal course of performing their assigned function.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

Regional Economy. The City's economy is greatly influenced by the industrial, commercial, and residential growth of the cities of Garland, Plano, Richardson, and the North Texas area. The City is also part of the greater Dallas/Fort Worth Metroplex area, a region of the nation that has been depicted as the most rapidly expanding economy for new business and residential developments. During the year, the manufacturing and service-sectors grew more slowly than the previous year but retail sales picked up some. The housing market continued to weaken in 2008 but the commercial real-estate market thrived.

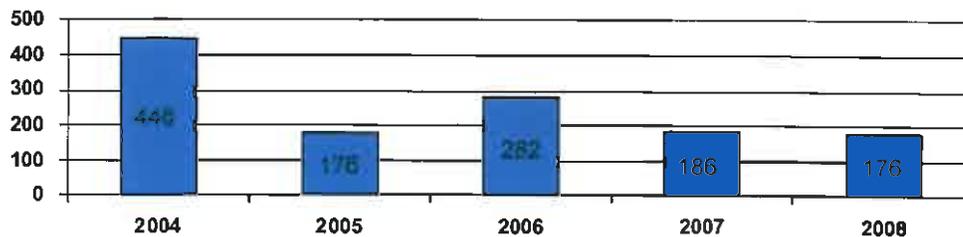
The City is experiencing a stable and sustained growth as part of the Dallas/Fort Worth Metroplex area. The close proximity of major transportation networks in the North Dallas regional area enhances increasing residential and commercial development in the City of Sachse. State Highway 78, a four-lane divided thoroughfare, connects Sachse to the President George W. Bush Turnpike, the North/South Central Expressway and the North/South Dallas Toll Road. The City is in close proximity to the Dallas Area Rapid Transportation System (DART), which includes both train and bus stations. The total transportation network gives our current and future residents easy access to major industrial and business developments in North Dallas such as the Nortel Communications corridor and many business and industrial developments in Plano. While Sachse is ideal for residential development, it is anticipated that commercial development in the City will continue to increase with the planned eastern expansion of the George W. Bush Turnpike (Highway 190) to IH 30. In planning for this expansion, the City of Sachse has put in place a Tax Increment Financing Zone (TIF) effective January 1, 2003. The TIF Zone contains approximately 540 acres of commercial development.

Local Economy. Further, the proposed eastern extension of the George W. Bush Turnpike (Highway 190) will bring new economic development opportunities to the City. The City's Comprehensive Land Use Plan identifies this corridor as a business park consisting of other buildings, technology centers, restaurants and specialty retail. The development of the eastern extension is under the jurisdiction of the North Texas Tollway Authority. In cooperation with the North Texas Tollway Authority, surrounding cities have approved the northern route, which provides the greatest economic opportunities for the City of Sachse.

The population within Sachse is spread out with 32.7% under the age of 18, 6.1% from 18 to 24, 39.3% from 25 to 44, 17.9% from 45 to 64, and 4.0% who are 65 years of age or older. The median age is 31.8 while the national average is 37.6 years. The City benefits from a well-educated and diverse work force. The median income for a household in the City is \$75,000, which compares very favorably to \$50,233 for the National average. The unemployment rate for Sachse trends closely to the Dallas/Fort Worth Metroplex at about 5%.

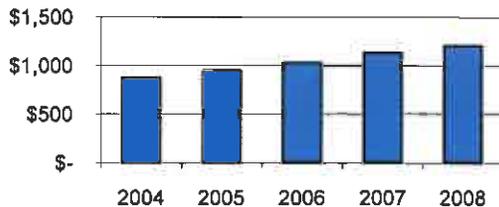
The City has been experiencing a rapid and accelerated economic expansion for several years. The tax base is predominantly residential; single-family residential property accounts for 90% of fiscal 2008 total assessed value. The ten leading taxpayers account for about 4.15% of market value. Residential development started to rise in 1997, as evidenced by the increase in number of building permits issued and resulting population growth. The 5-year average for residential permits is 253 permits annually with an average home construction value of \$286,005. The current average residential new home value exceeds \$300,000. The total construction value of residential development exceeded \$49,500,000 for fiscal year 2008. Residential development has played a larger part in growing the City's taxable values at average annual growth rate of 14% or better over the last five years. It is anticipated that this growth pattern for residential development will experience a decline as the City approaches build out over the next five to ten years. Housing starts have diminished in Sachse consistent with Dallas area cities which all have been experiencing the new housing market decline. The City offers an excellent mix of new home construction from its building community with options of varying density. The City's Community Development Department reports that the City had over 600 residential lots in inventory ready for new home construction at the end of October 2008. Another estimated 1,500 residential lots exist to be platted before build out is reached over the next 5 to 10 years.

Residential Permits

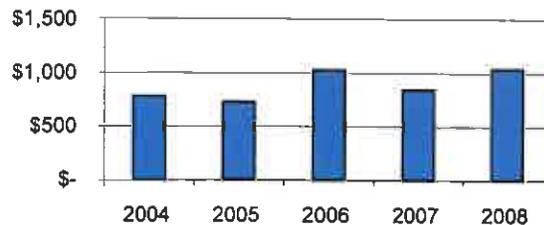


The City's residential tax base in comparison to its commercial tax base is very high at 86% to approximately 8% respectively. Further, the City recognizes the need to aggressively pursue economic development opportunities for revenue diversification. The Kroger Center is the City's premier shopping center which added to its outer parcels. In addition to the Kroger Center, the City has recently added two additional retail/restaurant shopping centers. Sales tax revenue in fiscal year 2008 increased by \$195,000 which was due to increased participation in the 380 Economic Development Incentive program. The follow graphs depict growth in taxable values and sales tax:

**Assessed Taxable Valuation
(in millions)**



**Sales Tax Collections
(in thousands)**



Economic Signs

For the future. The City Council has set in place major policy initiatives to plan for its future. As residential development nears build out, the City is planning for future commercial and industrial growth by enacting plans to make this a reality. A major initiative completed during fiscal year 2002 was the development and adoption of the City's Comprehensive Plan, which includes zoning, land use, parks and recreation, thoroughfare planning and public facility needs. This plan will be used as a tool to guide the City through build-out of the community as is expected over the next 10 year window. Additionally, the Sachse Economic Development Board (SEDC) aggressively pursues economic development opportunities. Subsequent to fiscal year ending September 30, 2008 there were several significant events that will impact the economic impact of the City of Sachse:

- The North Texas Tollway Authority (NTTA) Eastern Extension of the President George Bush Turnpike is scheduled for construction in the Spring of 2009. The route of the Tollway when completed in fall of 2011 will pass through Sachse for a stretch of 1.5 miles. The City will have two exits and access roads which will spur an economic benefit to the City.
- The City of Sachse, has initiated planning and zoning regulations for the George W. Bush Turnpike TIF Zone. These actions will benefit the landowners as well as the City of Sachse.
- The citizens of Sachse voted for General Obligation Bonds in the amount of \$37,925,000 for facilities and transportation in November 2007. The GO Bond program is currently in progress with design and engineering contracts executed. Groundbreaking for the Municipal Complex is scheduled for the second quarter of 2009.
- The City has signed an agreement with Kansas City Southern Railroad for grade crossing at Woodbridge Parkway and Hooper Road. The addition of this crossing is for the enhancement of mobility but will create a commercial development in the Northwestern quadrant of the City.

Cash Management. Cash temporarily idle during the year is invested in money market instruments and with authorized investment pools. The interest earnings rate on the City's money market fund investments at fiscal year end was 2.54% while the funds in the statewide pool were earning 2.41% at fiscal year end. The City competitively bid its banking depository services with an effective date of October 1, 2005. Within the terms of the contract, the City is earning 25 basis points above TexPool through a statewide investment pool. The City's Bank Depository was renewed on October 1, 2008. Per the terms of the original contract, upon mutual agreement the contract may be extended for three one-year extensions with the next renewal date of October 1, 2009. All investment transactions and types were made in accordance with the City's investment policies and rules as adopted by the governing body. The City's Investment Policies have been updated in accordance with the Public Funds Investment Act as amended and the City is in compliance with the "Act".

The City's demand deposits, investment pools, and certificates of deposits are all fully collateralized and such securities are held by a third party bank for safekeeping. All collateralization is subject to inspection and audit by the Director of Finance or the City's independent auditors'. The original safekeeping statements are held by the Finance Department and the City maintains a third party safekeeping agreement. At September 30, 2008, the City's total cash was \$1,287,010 (with a bank balance of \$7,930,129). Investments at fiscal year end were \$15,407,340 (including \$1,830,280 for the discrete component unit). All of the City's funds are in interest bearing accounts. The City's portfolio consists of money market funds only and is placed at the City's depository bank and at TexPool (a Texas authorized pool). All deposits are federally insured and remaining balances are covered by collateral held by the pledging financial institution's trust department or agent in the City's name.

Monthly cash and investment reports are reviewed by the Director of Finance and Accounting Manager with quarterly reports reviewed by the City Council.

Risk Management. The City is a member of the Texas Municipal League, a risk pool. Management's strategic plans call for a risk analysis to assess current risk exposures to prioritize risk management opportunities including but not limited to risk assumption, risk transfer, and risk reduction programs. The management of the City's fixed assets includes coverage of potential property losses. The City conducts ongoing risk assessments inclusive of safety training.

The Texas Municipal League Intergovernmental Risk Pool (the insurer) insures the City for potential claims for liability and property damage. Annually, the City reviews its exposures for liability as well as the estimated replacement value.

The City maintains an employee health and dental plan for employees and dependents, which is benchmarked annually and reviewed for cost containment strategies. The City retains a professional insurance brokerage firm for assistance and guidance in health care benefits planning as well as other employee life care benefits.

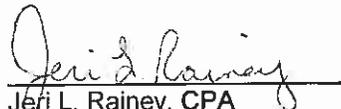
OTHER INFORMATION

Independent Audit. The City Charter requires an annual audit of the financial records and other evidence of financial transactions of the City by an independent certified public accountant selected by the governing body. This requirement has been complied with, and the independent auditors' report has been included in this report.

Acknowledgments. The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Sachse for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This is the ninth year that the City has received this prestigious award which recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. We believe that the City's current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we plan to submit it to the GFOA to determine its eligibility for another certificate. A Certificate of Achievement is valid for a period of one year only.

We wish to thank all members of the Finance department who assisted us with assembling the information presented in this report and acknowledge the assistance provided by our auditors, Rutledge Crain & Company, PC, Certified Public Accountants. We are grateful for the support provided us by the City Manager and City Council and pledge to be a resource to help them achieve the goals they have established for the Sachse community.

Respectfully submitted,



Jeri L. Rainey, CPA
Director of Finance



Dianne Lawson, CGFO
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sachse
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

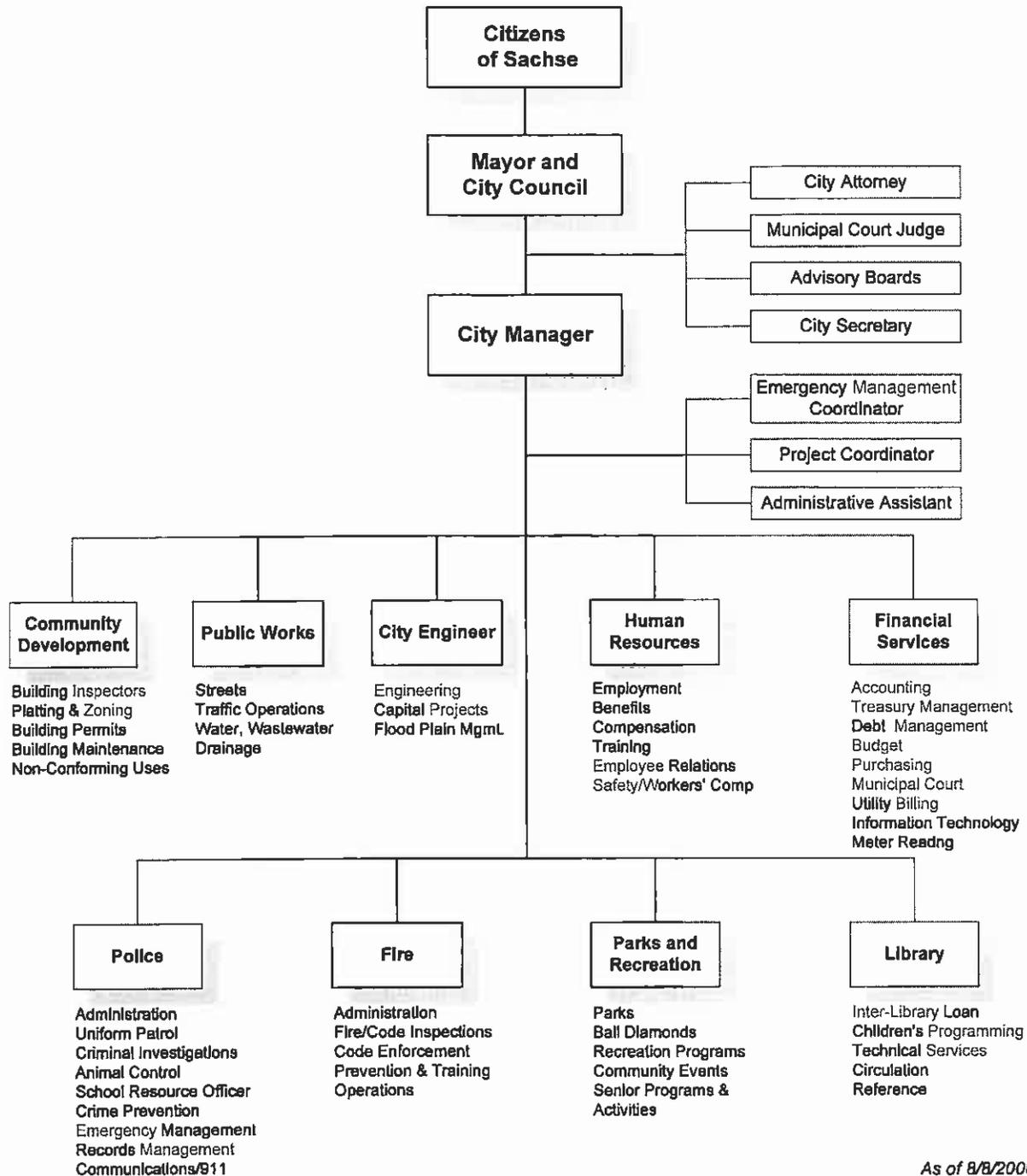
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Sachse Organizational Chart



As of 8/8/2008

**SACHSE, TEXAS
CITY COUNCIL**

**Mike Felix, Mayor
Term Expires 05/2010**

***Mayor Pro Tem*
Chris Lam
Place 2, Term Expires 5/2009**

Charles Smith Place 1, Term Expires 5/2009

Cullen King Place 3, Term Expires 5/2011

Bill Adams Place 4, Term Expires 5/2011

Patsy "Pat" McMillan Place 5, Term Expires 5/2010

Mark Timm Place 6, Term Expires 5/2010

**City Manager
Allen Barnes, CPM, ICMA-CM**

**Finance Director
Jeri L. Rainey, CPA**

**Accounting Manager
Dianne Lawson, CGFO**



FINANCIAL SECTION



RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
2401 Garden Park Court, Suite B
Arlington, Texas 76013

Independent Auditors' Report on Financial Statements

Honorable Mayor and City Council
City of Sachse, Texas

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

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

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

The management's discussion and analysis and budgetary comparison information on pages 17 through 28 and 60 through 61, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Rutledge Crain & Company, PC

April 19, 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF SACHSE, TEXAS

Management Discussion & Analysis
For the year ended September 30, 2008
(unaudited)

As management of City of Sachse, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The combined assets of the City of Sachse exceeded its liabilities at the close of the most recent fiscal year by \$75,004,184 (Net assets). Of this amount, \$5,433,722 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. The restricted assets of \$270,329 are for debt payments and \$5,533,291 is restricted for capital projects.
- The City's total net assets increased by \$1,604,571. The majority of the City's net assets are invested in capital assets or restricted for specific purposes. This increase is primarily attributable to contributed capital from developers for infrastructure improvements.
- As of the close of the current fiscal year, the City of Sachse's governmental funds reported combined ending fund balances of \$10,468,898 an increase of \$4,636,316 in comparison with the prior year. There is \$262,835 of fund balance reserved for debt service.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,392,417 or 35% of total general fund expenditures. The City's unreserved and unrestricted fund balance increased by 1% or \$47,383. This increase is the result of an increase in property and other taxes.
- The City's outstanding bonds payable increased by \$5,625,000 or 110% of the City's total debt outstanding at the beginning of the fiscal year. The total bonds payable at the close of the fiscal year was \$13,504,957 including self supporting debt of the proprietary fund which was \$3,115,420. The City issued general obligation bonds in an amount of \$6,130,000 for the first phase of debt issuance in the authorized \$37,925,000 general obligation bond program.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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 supplementary information (*statistical*) 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's finances, in a manner similar to a private-sector business. The statements provide both long-term and short-term information about the City's overall financial status.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may

CITY OF SACHSE, TEXAS

Management Discussion & Analysis
For the year ended September 30, 2008
(unaudited)

serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

Both the Statement of Net Assets and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis.

These two government-wide financial statements also distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 include general government and administration, public safety, public works, development services, and cultural and recreation. The business-type activities of the City include Water and Sewer operations.

In the government-wide financial statements, pages 31 – 33, the City is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, library, community development, parks and recreation, municipal court, and general administration. Property and sales taxes, charges for services and franchise fees finance most of these activities.
- **Business-type activities** – The City's water, sewer and solid waste operations are reported here. These are functions intended to recover all or a significant portion of their costs through user fees and charges.
- **Component units** – The City includes separate legal entities in this report - the Sachse Economic Development Corporation and the George Bush Turnpike Reinvestment Zone (TIF) . Although legally separate, these component units are important because the City is financially accountable for each.

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, 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 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 current sources and uses of spendable resources, as well as on resources available for future spending at fiscal year end. The governmental fund statement provides a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources than can be spent in the near future to finance the City's programs. In short, this information is useful in evaluating a governments near-term financing requirements.

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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. A reconciliation is provided on page 35 that details the relationships or differences between Governmental Funds Balance Sheet to the Statement of Net Assets as reported for governmental activities.

Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. This reconciliation can be found on page 37.

The City maintains two major governmental funds – the General Fund and Capital Projects Fund. Information is presented separately in the Governmental Funds Balance Sheet (page 54). In the governmental fund financial statements the City maintains two non-major governmental funds - Special Revenue Fund and Debt Service Fund and are reported as Other Governmental Funds. The basic governmental funds financial statements can be found on pages 34 – 37.

Enterprise Fund - The City maintains only one proprietary fund or enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City charges customers for the services it provides. The City uses an enterprise fund to account for its water and sewer and sanitation operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. Proprietary financial statements 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 and Sewer Fund since it is considered a major fund of the City. The basic proprietary fund financial statements can be found on pages 38 – 40 of this report.

Component Units - The City maintains the accounting and financial statements for two component units. The Sachse Economic Development Corporation is reported as a discrete component unit on the government wide financial statements. Its separate fund information is included in the notes to the financial statements. The George Bush Turnpike Reinvestment Zone is reported as a blended component unit. Its financial information may be found in the combining balance sheet (Exhibit C-3) and combining statement of revenues, expenditures and changes in fund balances (Exhibit C-4).

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 – 57.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information highlighting budgetary information for the General Fund in Exhibit B-1 on page 60. Budgets for nonmajor governmental funds are included as other supplementary information. The exhibits present budget basis information for governmental funds that have legally adopted budgets. There are combining balance sheets and combining statements of revenues, expenditures, and changes in fund balances for each non-major governmental fund.

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GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets and net assets by category may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$75,004,184. Analyzing the net assets and net expenses of governmental and business-type activities separately, business-type activities' net assets are \$22,249,335 while the governmental activities' net assets are \$52,754,849.

The largest portion of the City's net assets (85%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental activities		Net Assets Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
	Current and other assets	\$ 13,262,044	\$ 7,381,230	\$ 5,128,269	\$ 4,748,856	\$ 18,390,313
Capital assets	52,624,965	48,437,632	19,393,040	19,291,141	72,018,005	69,785,241
Total assets	65,887,009	55,477,331	24,521,309	24,039,997	90,408,318	81,915,327
Long-term liabilities outstanding	10,647,418	4,929,610	1,678,019	1,779,308	12,325,437	6,708,918
Other liabilities	2,484,742	1,330,553	593,955	476,243	3,075,697	1,806,796
Total liabilities	13,132,160	6,260,163	2,271,974	2,255,551	15,401,134	8,515,714
Net assets:						
Invested in capital assets, net of related debt	46,034,267	45,783,623	17,732,575	17,526,144	63,766,842	63,309,767
Restricted	58,803,620	1,079,709	--	--	5,803,620	1,079,709
Unrestricted	916,962	4,751,835	4,516,760	4,258,302	5,433,722	9,010,137
Total net assets	\$ 52,754,849	\$ 51,615,167	\$ 22,249,335	\$ 21,784,446	\$ 75,004,184	\$ 73,399,613

An additional portion of the City's net assets (less than 1%) represents resources restricted for purposes other than operations such as debt service. Unrestricted net assets \$5,433,722 may be used to meet the government's ongoing obligations to citizens and creditors. There are no restricted assets in the business-type functions of the City. As of September 30, 2008, the City is able to report positive balances in all categories of net assets. The total change in net assets was \$1,604,571.

The primary government's expenses exceeded program revenues by \$577,433. Program revenues are specific to the function(s) of the primary government such as user fees and charges for services, grants and capital contributions. The expenses of the primary government were \$17,680,865 with public safety comprising the largest expense category at 29% or \$5,122,627. Water and Sewer enterprise activities comprised 28% or \$5,003,566. The change in net assets is also attributable to an infusion of resources

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from property taxes, sales taxes, franchise taxes, charges for services and interest earnings on investments. The City received \$2,283,497 or 25% of its program revenues from capital contributions which were for investments made back into the City's infrastructure. Charges for services totaled \$6,418,359 or 71% of program revenues.

Governmental Activities: The change in net assets for governmental activities (basic services) was \$1,139,682 which accounts for 71% of the total growth in the net assets of the primary government. Key elements of this increase are as follows:

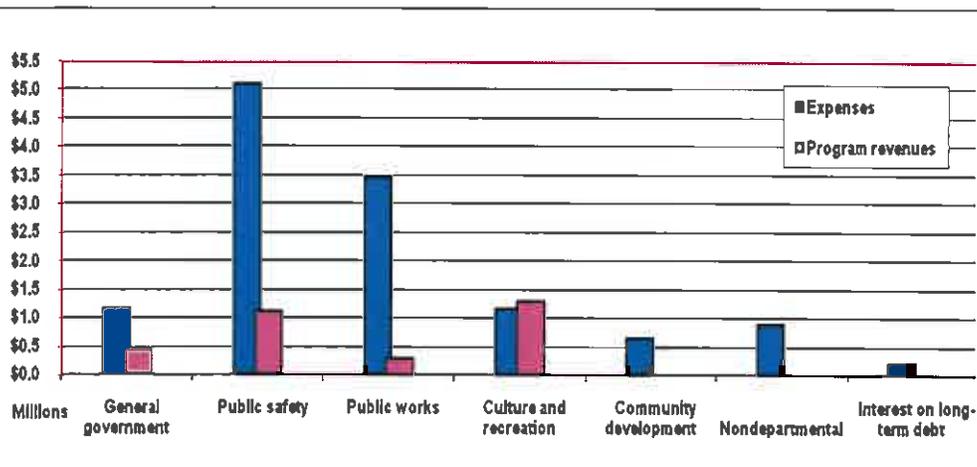
	Changes in Net Assets					
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Program revenues:						
Charges for services	\$1,551,647	\$1,821,607	\$4,866,712	\$4,385,488	\$6,418,359	\$6,206,475
Operating grants and contributions	401,576	149,774	-	-	401,576	149,774
Capital grants and contributions	1,373,884	2,478,539	909,613	1,900,735	2,283,497	4,379,274
General revenues:						
Property taxes	6,345,256	5,790,305	-	-	6,345,256	5,179,030
Sales and other taxes	3,212,530	3,310,322	-	-	3,212,530	3,310,322
Unrestricted investment earnings	390,571	367,695	143,922	204,514	534,493	571,990
Miscellaneous revenue	89,725	94,695	-	-	89,725	94,695
Gain (loss) on sale of assets	-	(7,805)	-	9,694	-	1,889
Total revenues:	\$13,365,189	\$14,004,913	\$5,920,247	\$6,500,431	\$19,285,436	\$20,505,344
Program expenses:						
General government	1,155,883	1,165,132	-	-	1,155,883	1,165,132
Public Safety	5,122,627	4,735,242	-	-	5,122,627	4,735,242
Public Works	3,467,466	3,334,704	-	-	3,467,466	3,334,704
Culture and recreation	1,262,603	1,033,235	-	-	1,262,603	1,033,235
Community development	656,111	1,231,869	-	-	656,111	1,231,869
Nondepartmental	905,125	-	-	-	905,125	-
Interest on LT debt	207,484	217,332	-	-	207,484	217,332
Water and sewer	-	-	5,003,566	4,641,202	5,003,566	4,641,202
Total expenses:	12,677,299	11,717,514	5,003,566	4,641,202	17,680,865	16,358,716
Excess before transfers	687,890	2,287,399	916,681	1,859,229	1,604,571	4,146,628
Transfers	451,792	367,145	(451,792)	(367,145)	-	-
Inc. (Dec.) in net assets	1,139,682	2,654,544	464,889	1,492,084	1,604,571	4,146,628
Net assets – 9-30-07	51,615,167	48,756,436	21,784,446	20,292,362	73,399,613	69,048,798
Prior period adjustment	-	204,187	-	-	-	204,187
Net assets restated 9-30-07	-	48,960,623	-	20,292,362	-	67,250,985
Net assets – 9-30-08	\$52,754,849	\$51,615,167	\$22,249,335	\$21,784,446	\$75,004,184	\$73,399,613

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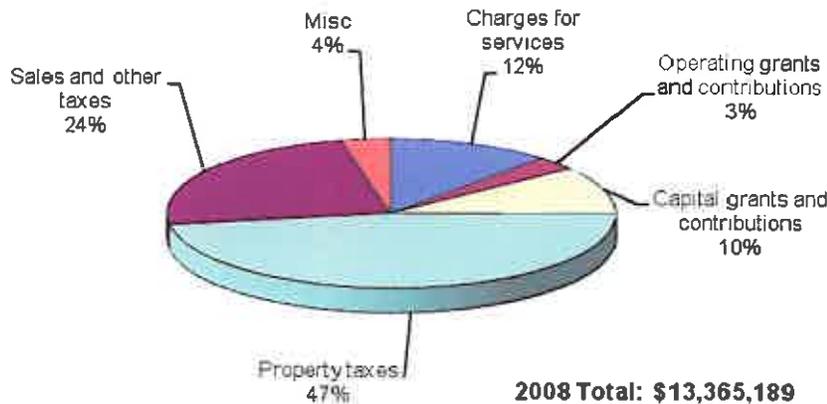
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- General governmental activity expenses of the primary government increased by 8.2% or \$959,785 due to growth in demand for services.
- Property taxes increased by 10% or \$576,951. Most of this increase is from new construction values and appreciation in overall property values. The City's tax rate has remained constant.
- Charges for services decreased by 15% or \$269,960 which is related to licenses, fees and permitting activities. The City experienced a decline in building related activity.
- Sales and other taxes decreased by 3% or \$97,792. The City's franchise revenue continues to increase as a result of growth in end users. Sales tax experienced a decrease due to a decline in participants. The economic development incentives are in place in accordance with the Texas Economic Development 380 Act.
- Investment earnings which are in the other category of general revenues were \$390,571.

Expenses and Program Revenues - Governmental Activities - The purpose of the following graph is to show the relationship of program revenues to governmental activities before property taxes and other general revenues:



Revenues by Source - Governmental Activities



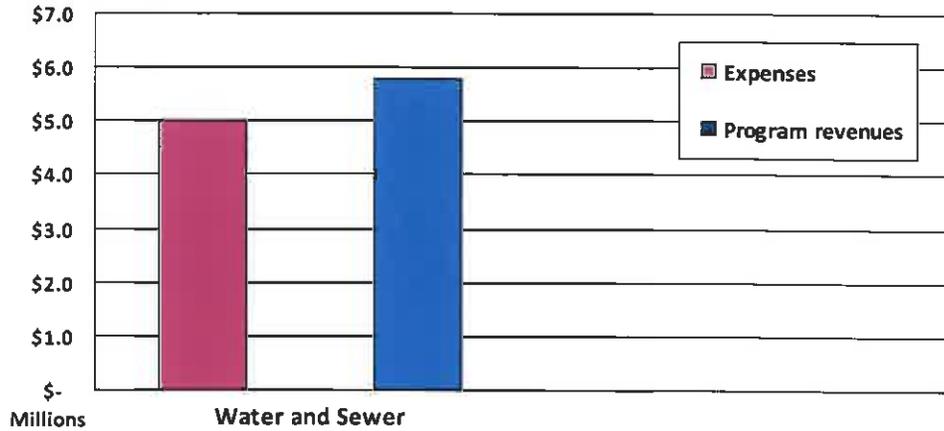
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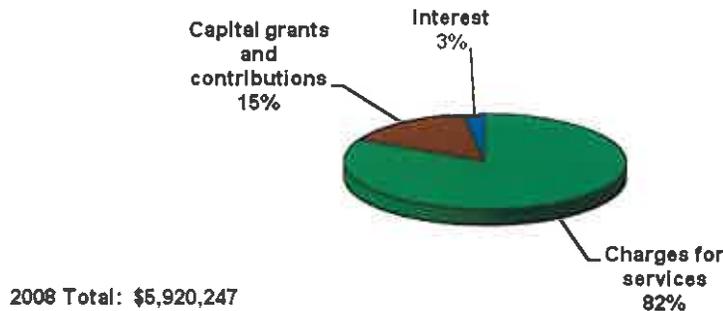
Business-type Activities: The business-type activities are for water and sewer operations and infrastructure improvements. The business-type activities of the primary government increased the City's net assets by \$464,889, accounting for 29% of the total growth in the City's net assets. Some of the primary elements of this change are as follows:

- Program revenues exceeded expenses by \$772,759 before transfers and other sources for the primary government's water and sewer functions (see chart below)
- Charges for services increased by 8% or \$362,364 which is related to strict conservation measures by the City and the City's wholesale water provider. Demand for water increased due to weather patterns.
- Capital grants and contributions decreased by 52% or \$991,122 which is from infrastructure assets contributed by the development community.
- Investment earnings other sources decreased by 20% or \$60,592 for business-type activities because of a weak market during the fiscal year.

Expenses and program revenues – business-type activities



Revenues by source – business-type activities



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The tables and graphs above are a summary of the City's operations for the year end September 30, 2008. For additional statistical and numeric presentations please refer to the statistical section of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City of Sachse's governmental funds reported combined ending fund balances of \$10,468,898, an increase of \$4,636,317 in comparison with the prior year. Approximately 97% or \$10,188,311 of this total amount constitutes unreserved and undesignated fund balances. The unreserved funds are summarized below:

General fund	\$ 3,392,417
Special revenue fund	1,262,603
Capital projects fund	<u>5,533,291</u>
Total reserved	\$ <u>10,188,311</u>

The general fund is the main operating fund of the City of Sachse and at the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$3,392,417. There was a 1% increase or \$36,037 in unreserved, undesignated general fund balance over last year. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance of General Fund represents 35% of total general fund expenditures.

The fund balance of the City of Sachse's general fund decreased (*shortage of revenues over expenditures*) of \$409,138 before transfers. Key factors in this growth in fund balance are as follows:

- In comparison to the prior year there was an increase in overall general purpose revenues of \$132,606 or 1% which was the result of an infusion of various fees and charges as well as taxes.
- Revenue from property taxes increased by 10% or \$511,884 due to roll back tax levy calculations on use changes of developed properties (*agriculture exemptions*) as well as an increase in taxable assessed values.
- Sales and franchise tax revenue increased by 3% or \$51,809 as a result of growth in the customer base and retail businesses.

Other governmental funds which include special revenue and debt service funds decreased for a combined total of \$82,940 with a fiscal year ending combined fund balance of \$1,525,438. Of this amount \$262,835 is restricted for debt service retirement of principal and interest. The remaining balance of \$1,262,603 is for special use funds such as municipal court, park development and street impact fees. The Capital Project Fund ending fund balance is \$5,533,291 and is sales tax accumulated and being set aside for infrastructure improvements. During the year the City expended \$3,029,163 on various roadway projects and the municipal complex venture from the Capital Project Fund. The 2006 bond package authorized new municipal facilities as well as parks and transportation projects. The city is approaching completion on the design and engineering for the municipal complex. The transportation projects were the 5th Street and Dewitt Road widening project; Bunkerhill widening project; Murphy Road improvement project; and SH78 and 5th Street intersection improvements. The City received \$1,463,886 in sales and

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other taxes to be used toward street infrastructure projects as identified in the City's capital improvement plan.

Proprietary funds - The City's proprietary fund or enterprise fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Net assets in the Propriety Fund totaled \$22,249,335. Unrestricted net assets of the enterprise fund at the close of the fiscal year amounted to \$4,516,608. The total growth in net assets for the water and sewer enterprise fund was \$464,889. The investment in capital assets, net of related debt is \$17,732,575. The capital assets of the water and sewer enterprise fund total \$37,633,490 at original cost and after depreciation the value is \$19,393,040. The City operates and maintains a water and sewer distribution system with force mains and lift stations. The City has four water storage facilities with a total capacity of approximately five million gallons. Other factors concerning the finances of the water and sewer enterprise fund have already been addressed in the discussion of the City's business-type activities. However, the following are additional comments regarding operations of the enterprise fund:

- The Water and Sewer Enterprise Fund had an operating loss of \$63,424 which was a planned draw down of cash reserves for new and refurbished infrastructure improvements.
- Capital Improvements were \$1,358,301.
- Operational expenses before depreciation was \$3,673,732 and with depreciation the total was \$4,930,136.
- Cash and cash equivalents in the enterprise fund was \$3,471,453 at fiscal year end.

General Fund Budgetary Highlights – Difference between the original budget and the final amended budget were relatively minor with an increase in the revenue budget of \$6,250 and \$35,200 increase in the appropriations budget. These changes in appropriations were allocated to community events for the Fourth of July Fireworks event. There was a negative variance of \$124,349 over budgeted general fund revenues. Sales and other taxes were \$202,737 more than the projected; while licenses, permits and fees were \$263,614 less than budgeted. During the year, revenues were less than budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balances. The following are additional comments regarding appropriations:

- There was a positive variance of \$435,647 in budgeted appropriations with the largest positive variance in public safety of \$320,393. This savings is from personnel and benefits as a result of turnover and delay of hiring.
- There were negative variances in appropriations for Fire and Ambulance wages as well as Parks and Recreation for water utilities.
- \$409,138 is the deficit of revenues under expenditures before transfers.
- As stated in an earlier discussion the net positive change in fund balance is \$47,383.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City of Sachse's investment in capital assets for its governmental and business-type activities as of September 30, 2008 amounts to \$72,018,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, park improvements and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was

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3% (4% for governmental activities and 1% for business-type activities) or \$2,232,764 (net of depreciation). Additional information on the City of Sachse's capital assets can be found in notes to the financial statements of this report. Major capital asset events during the current fiscal year included the following:

General government activities:

Municipal Complex architecture design	\$ 368,237
SH 78 and 5 th Street intersection project	664,987
Hooper Road improvements	47,987
Maxwell Creek Road improvements	16,000
Murphy Road widening from SH78 to Blackburn Road	378,110
5 th Street widening project	1,653,933
Dewitt Street widening	106,529
Bunkerhill Road improvements	84,525
Salmon Park improvements	31,859
	<u>\$ 3,352,147</u>

Enterprise/business-type activities:

Public Works property lift station and engineering for road	\$ 48,365
	<u>\$ 48,365</u>

The following table summarizes the capital asset activity for the year ended September 30, 2008:

	Capital Assets (net of depreciation)					
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,237,774	\$ 8,726,033	\$ 346,821	\$ 346,821	\$ 1,584,595	\$ 9,072,854
Construction in progress	3,352,147	337,029	48,365	48,365	3,400,512	385,394
Buildings	3,080,544	3,252,959	138,612	151,347	3,219,156	3,404,306
Park improvements	877,462	361,436	-	-	877,462	361,436
Infrastructure	42,763,321	36,400,702	18,713,497	18,553,500	61,476,818	54,954,202
Vehicles and machinery	885,605	961,723	97,264	123,053	982,869	1,084,776
Other equipment	428,112	454,218	48,481	68,055	476,593	522,273
	<u>\$ 52,624,965</u>	<u>\$ 50,494,100</u>	<u>\$ 19,393,040</u>	<u>\$ 19,291,141</u>	<u>\$ 72,018,005</u>	<u>\$ 69,785,241</u>

Long-term debt. At the end of the current fiscal year, the City of Sachse had total bonded debt obligations of \$12,050,000. Of this amount, \$1,630,465 is self-supporting through revenues collected from the rates of the City's enterprise fund or utility. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions. The following table provides additional information on the City's outstanding long-term obligations:

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	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Gross bonded debt						
General obligation	\$6,256,483	\$156,598	\$83,517	\$103,402	\$6,340,000	\$260,000
Certificates of obligation	4,133,053	4,503,407	1,576,947	1,661,593	5,710,000	6,165,000
Total bonded debt	\$10,389,536	\$4,660,005	\$1,660,464	\$1,764,995	\$12,050,000	\$6,425,000
Other Long-term debt						
Capital Leases	-	50,472	-	-	-	50,472
Compensated absences	275,647	219,133	17,554	14,313	293,201	233,446
Total	\$10,665,183	\$4,929,610	\$1,678,018	\$1,779,308	\$12,343,201	\$6,708,918

- During the fiscal year, the City retired \$505,000 or about 23% of its outstanding bonded debt.
- The City issued \$6,130,000 in General Obligation Bonds to begin engineering and design on various projects authorized in the \$37,925 bond package approval.
- Total bonded debt increased by \$5,625,000 or 8% during the year.
- At fiscal year end the City has \$31,795,000 in authorized but unissued general obligation bonds for street infrastructure and municipal facilities. Subsequent to fiscal year end the City issued \$34,560,000 in general obligation bonds which included the unissued balance of the general obligation bonds as well as \$2,765,000 in a refunding component.
- The current debt ratio of tax-supported debt to assessed value of all taxable property is less than 1%.
- The City maintains an underlying "Aa2" rating by Moody's Investors Service, Inc. and an "AAA" rating by Standard and Poor's Rating Services. All of the City's outstanding bonds are insured and carry "AAA" ratings.
- The City has never defaulted in paying its debt obligations.

There is additional information related to the City of Sachse's long term-debt on pages 51 through 53 of the footnotes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Sachse increased the 2008-2009 tax rate to \$.62 per \$100 of assessed value as a result from the first phase of debt issuance in the General Obligation Bond program. In the fiscal year 2008-2009 Budget, General fund revenues are budgeted to increase by approximately 9%. The increase is primarily from property taxes, sales and other taxes associated from growth in residential home values, permitting activity and retail businesses. Property taxes make up about 62% of the total General Fund revenues for fiscal year 2008-2009.

Unemployment in the City increased from 5.1% in 2007 to 5.4% in 2008.

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The City continues to maintain a fund balance equal to or greater than 15% of operating expenditures in all governmental fund types. The policy objectives are to maintain a minimum of a 15% reserve in all operating funds.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 5560 Highway 78, Sachse Texas 75048. You can contact Jeri L. Rainey, Director of Finance at either (972) 495-1212, extension 33 or jrainey@cityofsachse.com. The City's comprehensive annual financial report will be posted on the City's web page at cityofsachse.com.

BASIC FINANCIAL STATEMENTS



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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
<i>Cash and Cash Equivalents</i>	\$ 1,287,010	\$ 400	\$ 1,287,410	\$ —
<i>Investments</i>	10,106,007	3,471,053	13,577,060	1,830,280
<i>Receivables (net of allowances for uncollectibles):</i>	2,561,433	753,690	3,315,123	999,859
<i>Internal balances</i>	(809,251)	809,251	—	—
<i>Due from primary government</i>	—	—	—	46,746
<i>Inventories</i>	—	74,262	74,260	225,999
<i>Prepaid items</i>	17,752	—	17,752	—
<i>Deferred charges</i>	99,093	19,613	118,706	—
Capital assets (net of accumulated depreciation):				
<i>Land</i>	1,237,774	346,821	1,584,595	—
<i>Rights-of-way</i>	7,488,259	—	7,488,259	—
<i>Construction in progress</i>	3,352,147	48,365	3,400,512	—
<i>Buildings and improvements</i>	3,080,544	138,612	3,219,156	—
<i>Office equipment</i>	428,112	48,481	476,593	—
<i>Machinery and equipment</i>	885,605	97,264	982,869	—
<i>Parks improvements</i>	877,462	—	877,462	—
<i>Bridge improvements</i>	851,779	—	851,779	—
<i>Street infrastructure</i>	34,423,283	—	34,423,283	—
<i>Water and sewer system infrastructure</i>	—	18,713,497	18,713,497	—
Total Assets	65,887,009	24,521,309	90,408,318	3,102,884
LIABILITIES:				
<i>Accounts payable and accrued liabilities</i>	2,405,772	439,960	2,845,732	790,014
<i>Retainage payable</i>	—	17,077	17,077	—
<i>Accrued interest payable</i>	22,637	8,529	31,166	—
<i>Due to component unit</i>	46,746	—	46,746	—
<i>Unearned revenue</i>	9,587	—	9,587	—
<i>Customer deposits</i>	—	128,389	128,389	—
Noncurrent Liabilities:				
<i>Due within one year</i>	874,303	127,963	1,002,266	11,628
<i>Due in more than one year</i>	9,773,115	1,550,056	11,323,171	—
Total Liabilities	13,132,160	2,271,974	15,404,134	801,642
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	46,034,267	17,732,575	63,766,842	—
Restricted For:				
Debt Service	270,329	—	270,329	—
Capital Projects	5,533,291	—	5,533,291	—
Unrestricted	916,962	4,516,760	5,433,722	2,301,242
Total Net Assets	\$ 52,754,849	\$ 22,249,335	\$ 75,004,184	\$ 2,301,242

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
<i>General government</i>	\$ 1,155,883	\$ 441,333	\$ --	\$ 14,998
<i>Public safety</i>	5,122,627	713,814	400,576	--
<i>Public works</i>	3,467,466	111,109	--	170,896
<i>Culture and Recreation</i>	1,162,603	109,031	1,000	1,187,990
<i>Community development</i>	656,111	176,360	--	--
<i>Nondepartmental</i>	905,125	--	--	--
<i>Interest on Long-term Debt</i>	207,484	--	--	--
Total Governmental Activities	<u>12,677,299</u>	<u>1,551,647</u>	<u>401,576</u>	<u>1,373,884</u>
Business-type Activities:				
Water and Sewer Enterprise	5,003,566	4,866,712	--	909,613
Total Primary Government	<u>\$ 17,680,865</u>	<u>\$ 6,418,359</u>	<u>\$ 401,576</u>	<u>\$ 2,283,497</u>
COMPONENT UNIT:				
Economic Development	<u>\$ 4,655,242</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

General Revenues:
Property taxes
Sales and other taxes
Unrestricted investment earnings
Miscellaneous revenue
Transfers
Total General Revenues
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (699,552)		\$ (699,552)	
(4,008,237)		(4,008,237)	
(3,185,461)		(3,185,461)	
135,418		135,418	
(479,751)		(479,751)	
(905,125)		(905,125)	
(207,484)		(207,484)	
<u>(9,350,192)</u>		<u>(9,350,192)</u>	
-	\$ 772,759	772,759	
<u>(9,350,192)</u>	<u>772,759</u>	<u>(8,577,433)</u>	
			\$ (4,655,242)
6,345,254	-	6,345,254	-
3,212,532	-	3,212,532	5,160,661
390,571	143,922	534,493	57,982
89,725	-	89,725	1,461
451,792	(451,792)	-	-
<u>10,489,874</u>	<u>(307,870)</u>	<u>10,182,004</u>	<u>5,220,104</u>
1,139,682	464,889	1,604,571	564,862
51,615,167	21,784,446	73,399,613	1,736,380
<u>\$ 52,754,849</u>	<u>\$ 22,249,335</u>	<u>\$ 75,004,184</u>	<u>\$ 2,301,242</u>

CITY OF SACHSE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
<i>Cash and Cash Equivalents</i>	\$ 1,287,010	\$ —	\$ —	\$ 1,287,010
<i>Investments</i>	3,110,550	5,366,953	1,628,503	10,106,006
Receivables (net of allowances for uncollectibles):				
<i>Ad valorem taxes</i>	79,880	—	9,783	89,663
<i>Services accounts receivable</i>	99,373	—	—	99,373
<i>Franchise taxes</i>	160,459	—	—	160,459
<i>Sales taxes</i>	185,393	1,820,329	—	2,005,722
<i>Other</i>	204,482	—	1,734	206,216
<i>Due from Other Funds</i>	90,676	—	10,560	101,236
<i>Prepaid items</i>	17,752	—	—	17,752
Total Assets	\$ 5,235,575	\$ 7,187,282	\$ 1,650,580	\$ 14,073,437
LIABILITIES AND FUND BALANCES:				
Liabilities:				
<i>Accounts payable and accrued liabilities</i>	\$ 757,032	\$ 1,645,498	\$ 3,242	\$ 2,405,772
<i>Accrued interest payable</i>	—	—	22,637	22,637
<i>Due to other funds</i>	819,813	8,493	82,183	910,489
<i>Due to component unit</i>	46,746	—	—	46,746
<i>Deferred revenue</i>	201,815	—	17,080	218,895
Total Liabilities	1,825,406	1,653,991	125,142	3,604,539
Fund Balances:				
Reserved Fund Balances:				
<i>Reserved for debt service</i>	—	—	262,835	262,835
<i>Reserved for inventories</i>	17,752	—	—	17,752
Unreserved, undesignated, reported in:				
<i>General Fund</i>	3,392,417	—	—	3,392,417
<i>Special Revenue Funds</i>	—	—	1,262,603	1,262,603
<i>Capital Project Funds</i>	—	5,533,291	—	5,533,291
Total Fund Balance	3,410,169	5,533,291	1,525,438	10,468,898
Total Liabilities and Fund Balance	\$ 5,235,575	\$ 7,187,282	\$ 1,650,580	\$ 14,073,437

The accompanying notes are an integral part of this statement.

CITY OF SACHSE, TEXAS

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008*

Total fund balances - governmental funds balance sheet	\$ 10,468,898
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	52,624,965
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	69,340
Payables for bond principal which are not due in the current period are not reported in the funds.	(10,389,537)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(275,647)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	17,766
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	99,093
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	40,596
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	<u>99,375</u>
Net assets of governmental activities - statement of net assets	<u>\$ 52,754,849</u>

The accompanying notes are an integral part of this statement.

CITY OF SACHSE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenue:				
<i>Ad valorem taxes, penalties and interest</i>	\$ 5,688,185	\$ —	\$ 645,995	\$ 6,334,180
<i>Sales and other taxes</i>	1,748,646	1,463,886	—	3,212,532
<i>Fines</i>	435,245	—	35,094	470,339
<i>Licenses, permits and fees</i>	909,161	—	22,354	931,515
<i>Gifts and contributions</i>	160,488	47,967	272,099	480,554
<i>Impact and development fees</i>	—	50,000	148,673	198,673
<i>Interest and investment earnings</i>	179,800	152,054	58,717	390,571
<i>Miscellaneous</i>	109,058	—	—	109,058
Total revenues	<u>9,230,583</u>	<u>1,713,907</u>	<u>1,182,932</u>	<u>12,127,422</u>
Expenditures:				
Current:				
<i>General Government</i>	1,129,882	—	6,366	1,136,248
<i>Public Safety</i>	4,796,932	—	62,641	4,859,573
<i>Public works</i>	1,191,999	—	16,000	1,207,999
<i>Cultural and recreation</i>	995,198	—	574,334	1,569,532
<i>Community development</i>	620,585	19,861	—	640,446
<i>Nondepartmental</i>	905,125	—	—	905,125
Capital Outlay	—	3,029,163	—	3,029,163
Debt Service:				
<i>Principal</i>	—	—	400,468	400,468
<i>Interest and Fiscal Charges</i>	—	—	201,334	201,334
<i>Bond Issuance Costs</i>	—	104,308	—	104,308
Total Expenditures	<u>9,639,721</u>	<u>3,153,332</u>	<u>1,261,143</u>	<u>14,054,196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(409,138)</u>	<u>(1,439,425)</u>	<u>(78,211)</u>	<u>(1,926,774)</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	456,521	—	—	456,521
<i>Transfers Out</i>	—	—	(4,729)	(4,729)
<i>General Obligation Bonds Issued</i>	—	6,130,000	—	6,130,000
<i>Premiums on Bonds Issued</i>	—	51,518	—	51,518
<i>Discount on Bonds Issued</i>	—	(70,219)	—	(70,219)
Total Other Financing Sources (Uses)	<u>456,521</u>	<u>6,111,299</u>	<u>(4,729)</u>	<u>6,563,091</u>
Net Change in Fund Balances	47,383	4,671,874	(82,940)	4,636,317
Fund Balances - Beginning	<u>3,362,786</u>	<u>861,417</u>	<u>1,608,378</u>	<u>5,832,581</u>
Fund Balances - Ending	<u>\$ 3,410,169</u>	<u>\$ 5,533,291</u>	<u>\$ 1,525,438</u>	<u>\$ 10,468,898</u>

The accompanying notes are an integral part of this statement.

CITY OF SACHSE, TEXAS

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

Net change in fund balances - total governmental funds	\$ 4,636,317
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	3,838,555
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,854,746)
Donations of capital assets increase net assets in the SOA but not in the funds.	1,147,059
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	11,073
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	400,468
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	50,472
Bond issuance costs and similar items are amortized in the SOA but not in the funds	(5,215)
(Increase) decrease in accrued interest from beginning of period to end of period	(935)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(56,513)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	(10,278)
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	(9,581)
Bond issue costs are reported in the funds but not in the SOA.	104,308
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(6,130,000)
Bond premiums are reported in the funds but not in the SOA.	(51,518)
Bond discounts are reported in the funds but not in the SOA.	70,216
	<u>70,216</u>
Change in net assets of governmental activities - statement of activities	\$ <u>1,139,682</u>

The accompanying notes are an integral part of this statement.

CITY OF SACHSE, TEXAS

STATEMENT OF NET ASSETS

ENTERPRISE FUND

SEPTEMBER 30, 2008

	Enterprise Fund Water and Sewer Enterprise
ASSETS:	
Current Assets:	
<i>Cash and Cash Equivalents</i>	\$ 400
<i>Investments</i>	3,471,053
Receivables	
Accounts (net of allowances for uncollectible)	753,334
Other	356
<i>Due from other funds</i>	809,253
<i>Inventories</i>	74,260
Total Current Assets	<u>5,108,656</u>
Noncurrent Assets:	
<i>Deferred charges</i>	19,613
Property, Plant and Equipment	
Land	346,821
Construction in progress	48,365
Buildings	313,503
Office equipment	262,210
Machinery and equipment	685,291
Water and sewer system improvements	35,977,300
Less Accumulated Depreciation	<u>(18,240,450)</u>
Net Property, Plant and Equipment	<u>19,393,040</u>
Total Noncurrent Assets	<u>38,786,080</u>
Total Assets	<u>24,521,309</u>
LIABILITIES:	
Current Liabilities:	
<i>Accounts payable and accrued liabilities</i>	439,960
<i>Retainage payable</i>	17,077
<i>Accrued interest payable</i>	8,529
<i>Customer deposits</i>	128,389
Total Current Liabilities	<u>593,955</u>
Noncurrent Liabilities:	
<i>Certificates of obligation</i>	1,660,465
<i>Compensated absences payable</i>	17,554
Total Noncurrent Liabilities	<u>1,678,019</u>
Total Liabilities	<u>2,271,974</u>
NET ASSETS:	
<i>Invested in capital assets, net of related debt</i>	17,732,575
<i>Unrestricted</i>	<u>4,516,760</u>
Total Net Assets	<u>\$ 22,249,335</u>

The accompanying notes are an integral part of this statement.

CITY OF SACHSE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Fund Water and Sewer Enterprise
OPERATING REVENUES:	
<i>Water sales</i>	\$ 2,797,126
<i>Sewer charges</i>	1,892,631
<i>Connection and tap charges</i>	61,623
<i>Miscellaneous operating revenue</i>	115,332
Total Operating Revenues	<u>4,866,712</u>
OPERATING EXPENSES:	
<i>Personnel</i>	519,108
<i>Supplies and maintenance</i>	317,822
<i>Materials and maintenance</i>	84,256
<i>Operational items</i>	2,752,546
<i>Depreciation and amortization</i>	1,256,404
Total Operating Expenses	<u>4,930,136</u>
Operating Income (Loss)	<u>(63,424)</u>
NON-OPERATING REVENUES (EXPENSES):	
<i>Investment income</i>	143,922
<i>Interest Expense</i>	(73,430)
Total Non-operating Revenues (Expenses)	<u>70,492</u>
Income Before Capital Contributions and Transfers	<u>7,068</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS	
<i>Capital contributions</i>	909,613
<i>Transfers out</i>	(451,792)
Total Operating Expenses	<u>457,821</u>
Change in Net Assets	464,889
Total Net Assets - Beginning	<u>21,784,446</u>
Total Net Assets - Ending	<u>\$ 22,249,335</u>

The accompanying notes are an integral part of this statement.

CITY OF SACHSE, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Water and Sewer Enterprise
Cash Flows from Operating Activities:	
<i>Cash received from customers</i>	\$ 4,885,078
<i>Cash payments to employees for services</i>	(3,003,547)
<i>Cash payments to other suppliers for goods and services</i>	(515,865)
Net Cash Provided (Used) by Operating Activities	<u>1,365,666</u>
Cash Flows from Non-capital Financing Activities:	
<i>Payments from (to) other funds</i>	(1,209,847)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,209,847)</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Principal and interest paid</i>	(438,970)
<i>Acquisition or construction of capital assets</i>	(161,407)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(600,377)</u>
Cash Flows from Investing Activities:	
<i>Interest and dividends on investments</i>	143,922
Net Cash Provided (Used) for Investing Activities	<u>143,922</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(300,636)
Cash and Cash Equivalents at Beginning of Year	3,772,089
Cash and Cash Equivalents at End of Year	<u>\$ 3,471,453</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:	
Cash	\$ 400
Investments classified as cash equivalents	3,471,053
	<u>\$ 3,471,453</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	\$ (63,424)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
<i>Depreciation and amortization</i>	1,256,404
Change in Assets and Liabilities:	
<i>Decrease (increase) in receivables</i>	38,446
<i>Decrease (increase) in other receivables</i>	(356)
<i>Decrease (increase) in inventories</i>	30,196
<i>Increase (decrease) in accounts payable</i>	120,881
<i>Increase (decrease) in accrued wages payable</i>	3,243
<i>Increase (decrease) in customer deposits</i>	(19,724)
Total Adjustments	<u>1,429,090</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,365,666</u>
Non-cash Financing Activities:	
<i>Contributions of capital assets from developers</i>	<u>\$ 909,613</u>

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Sachse (the "City"), was incorporated in 1956 under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925 and has adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

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). For proprietary funds, the City has elected to not apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

Financial Reporting Entity

The City is governed by an elected mayor and a six-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 Governmental Accounting Standards Board ("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 all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial 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 units 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:

- A. 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.
- B. 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.
- C. 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 other access, are significant to that primary government.

Blended Component Unit

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 acts 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. Separate financial statements are not prepared.

Sachse Economic Development Corporation (EDC) - The EDC serves all citizens of the City and is governed by a seven member board of directors appointed by the Sachse City Council. An Executive Director is appointed by the Sachse EDC seven member board to carry out the Board's administrative and policy initiatives. The Sachse EDC is a 4B Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the EDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

The EDC's balance sheet and statement of revenues, expenditures and changes in fund balance are presented in Note 8. Separate financial statements are not prepared. However, additional financial information for the EDC may be obtained at the entity's administrative offices at the following address: Sachse Economic Development Corporation 5300 Ben Davis Road, Sachse, Texas 75048.

Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, 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 governmental activities of the City include general government, public safety, public works, culture and recreation, and community development.

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) operating or capital 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 proprietary funds. These statements present each major fund as a separate column on the fund financial statements.

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 resources measurement focus means all assets and liabilities (whether current or concurrent) 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for non-matured interest on general 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 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

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund's pro rata share of total pooled deposits.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Inventories and prepaid items

All inventories are valued at cost using the first-in first-out (FIFO) method. Inventories consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Property Taxes

The City's ad valorem 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. Property taxes attach as an enforceable lien on property as of January 1 after they are levied. 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 governmental services, including the payment of principal and interest on general obligation long-term debt. Allocations of property tax levy to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2008 is as follows, per \$100 of assessed valuation:

2007 Tax Levy Rates for Fiscal Year 2008

General Fund	\$ 0.497583
Debt Service Fund	<u>0.055825</u>
Total	<u>\$ 0.553408</u>

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within sixty days following the close of the fiscal year have been recognized as revenue at the fund level.

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

Transactions Between Funds and Between Funds and Component Units

Interfund services 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 interfund transactions, except interfund services and reimbursements, are recorded as transfers.

Transactions between the component units and the primary government are accounted for as external transactions. At September 30, 2008, the EDC had a receivable from the City in the amount of \$46,746. This balance is reported by the General Fund as Due to Component Unit and by EDC as Due from Primary Government.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities and component unit columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical costs are not available. Donated assets are valued at fair market value on the date donated.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical costs for the initial reporting of these assets through back trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	25 Years
Machinery and equipment	5-10 Years
Vehicles	5 - 10 Years
Street Infrastructure - Gravel	5 Years
Street Infrastructure - Asphalt	10 Years
Street Infrastructure - Concrete	30 Years

Vacation and Sick Leave (Compensated Absences)

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Once per year, employees with accumulations greater than 40 hours may redeem 3 days of sick and vacation leave. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported 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."

Net Assets

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

2. DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

The City's portfolio consists of an operational checking account and a money market investment account. Additionally, the City has investments with TexPool, a local government investment pool. All City funds are invested in interest bearing accounts. The City does not carry any security instrument (investment type) on its books that are traded on the open market; therefore all investments are listed at 100% of market value. 100% of the City's current portfolio has same day liquidity which means that the City has same day access to all cash.

The Master Account is an interest bearing checking account which the City operates as a pooled cash account for all funds. Transactions typical of this account are accounts payable and payroll checks, all cash receipt deposits, electronic tax receipt deposits, and electronic credit card deposits. Each fund type's portion of this pool is reported in the fund financial statements as "cash and cash equivalents."

The Pooled Money Market Account is an investment account to which funds are swept and withdrawn as needed for operational cash flow requirements. TexPool is a long-term investment account used primarily for the investment of special revenue and bond funds.

The investment policies of the city are governed by State statutes and a City council adopted Investment Policy Ordinance. Major provisions of the City's investment policy include: responsibility for investments, authorized investments, bank and security dealer selection, and qualifying procedures, safekeeping and custodial procedures.

Cash

At September 30, 2008, the carrying amount of the City's deposits was \$1,287,410 and the bank balance was \$1,422,181. The bank balance was covered by federal depository insurance and by collateral held by the pledging financial institution's trust department or agent in the City's name.

External Investment Pools.

The City invests in the TexPool (the Texas Local Government Investment Pool) which is an investment fund authorized by the Texas Legislature and overseen by the State Comptroller of Public Accounts. 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.

The purpose of TexPool is to allow for the pooling of public funds to provide a higher yield on the pooled investment than would be possible with the investment of the individual public entity's funds. TexPool investments are subject to the same investment policies maintained by the State Treasury for all state funds. The Legislature has authorized only certain investment instruments for public funds, including repurchase agreements, U.S. Treasury bills and bonds, securities of other U.S. government agencies, commercial paper and other safe instruments. The investment in TexPool and any accrued interest may be redeemed at the City's discretion. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the City's position in TexPool is the same as the value of TexPool shares.

CITY OF SACHSE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

At September 30, 2008, the City's balance in investment pools was as follows:

Primary Government					
Description	Carrying Amount	Fair Value	% of Total (Cost)	Weighted Average Maturity	Rating
Money Market Mutual Funds	\$ 6,186,498	\$ 6,186,498	46%	1 day	
CDARS	6,550,313	6,550,313	48%	1 day	
Government Sponsored Investment Pools TexPool	840,249	840,249	6%	1 day	AAAm
	<u>\$ 13,577,060</u>	<u>\$ 13,577,060</u>	<u>100%</u>		
Component Unit (EDC)					
Money Market Mutual Funds	\$ 319,703	\$ 319,703	17%	1 day	
CDARS	1,510,577	1,510,577	83%	1 day	
	<u>\$ 1,830,280</u>	<u>\$ 1,830,280</u>	<u>100%</u>		

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 in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This type of risk is typically expressed in terms of the credit ratings issued by a nationally recognized statistical rating organization. The City's policy is to maintain a list of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Texas. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). The City's investment in the Texas Local Government Pool (TexPool) carried a credit rating of AAAm by Standard & Poor's as of September 30, 2008.

Money market mutual funds are secured by collateral pledged by the City's depository. CDARS are certificates of deposits spread among numerous depositories and secured by FDIC depository insurance.

CITY OF SACHSE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008

3. RECEIVABLES

	Governmental Funds				Proprietary Fund
	General	Capital Projects	Nonmajor	Total	Water & Sewer Enterprise
Ad valorem taxes	\$ 88,755	\$ -	\$ 10,870	\$ 99,625	\$ -
Allowance for uncollectible taxes	(8,875)	-	(1,087)	(9,962)	-
	<u>79,880</u>	<u>-</u>	<u>9,783</u>	<u>89,663</u>	<u>-</u>
Services accounts	198,746	-	-	198,746	803,690
Allowance for uncollectible accounts	(99,373)	-	-	(99,373)	(50,000)
	<u>99,373</u>	<u>-</u>	<u>-</u>	<u>99,373</u>	<u>753,690</u>
Franchise taxes	<u>160,459</u>	<u>-</u>	<u>-</u>	<u>160,459</u>	<u>-</u>
Sales taxes	<u>185,393</u>	<u>1,820,329</u>	<u>-</u>	<u>2,005,722</u>	<u>-</u>
Franchise taxes	<u>160,459</u>	<u>-</u>	<u>-</u>	<u>160,459</u>	<u>-</u>
Other					
Court fines	213,701	-	-	213,701	-
Allowance for uncollectible accounts	(42,733)	-	-	(42,733)	-
Miscellaneous	<u>33,514</u>	<u>-</u>	<u>1,734</u>	<u>35,248</u>	<u>-</u>
	<u>204,482</u>	<u>-</u>	<u>1,734</u>	<u>206,216</u>	<u>-</u>
Total	\$ <u>729,587</u>	\$ <u>1,820,329</u>	\$ <u>11,517</u>	\$ <u>2,561,433</u>	\$ <u>753,690</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in governmental funds and unearned revenue reported in government-wide activities were as follows:

	Deferred	Unearned
Major Funds		
Delinquent property taxes receivable (General Fund)	\$ 61,848	\$ -
Ambulance revenue receivable (General Fund)	99,371	-
Municipal court fines receivable (General Fund)	40,596	-
	<u>201,815</u>	<u>-</u>
Nonmajor Funds		
Improvements (Special Revenue Fund)	-	9,587
Delinquent property taxes receivable (Debt Service Fund)	7,493	-
Total deferred/unearned revenue for governmental funds	\$ <u>209,308</u>	\$ <u>9,587</u>

CITY OF SACHSE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

4. CAPITAL ASSETS

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

	Balance 9/30/2007	Additions	Deletions & Transfers Out	Transfers and Completed Construction	Balance 9/30/2008
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$ 1,237,774	\$ -	\$ -	\$ -	\$ 1,237,774
Right-of-way	7,488,259	-	-	-	7,488,259
Construction In progress	337,029	3,555,405	-	(540,287)	3,352,147
Total capital assets not being depreciated	9,063,062	3,555,405	-	(540,287)	12,078,180
Capital assets, being depreciated					
Buildings	4,376,376	-	-	-	4,376,376
Office equipment	734,709	50,410	-	-	785,119
Machinery and equipment	320,344	114,089	-	-	434,413
Vehicles	2,247,409	74,998	-	-	2,322,405
Parks improvements	560,171	27,674	-	540,287	1,128,132
Bridge Improvements	1,948,398	-	-	-	1,948,398
Street infrastructure	78,981,109	1,163,059	-	-	80,144,168
Total capital assets being depreciated	89,168,516	1,430,208	-	540,287	91,139,011
Less accumulated depreciation for:					
Buildings	(1,123,416)	(172,416)	-	-	(1,295,832)
Office equipment	(280,493)	(76,514)	-	-	(357,007)
Machinery and equipment	(233,194)	(27,047)	-	-	(260,241)
Vehicles	(1,372,835)	(238,137)	-	-	(1,610,972)
Parks improvements	(198,735)	(51,935)	-	-	(250,670)
Bridge improvements	(1,031,672)	(64,947)	-	-	(1,096,619)
Street infrastructure	(43,497,133)	(2,223,752)	-	-	(45,720,885)
Total accumulated depreciation	(47,737,478)	(2,854,748)	-	-	(50,592,226)
Total capital assets being depreciated, net	41,431,038	(1,424,540)	-	540,287	40,546,785
Governmental activities capital assets, net	\$ 50,494,100	\$2,130,865	\$ -	\$ -	\$ 52,624,965

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

<u>Current Depreciation Expense, by Function</u>	
General government	\$ 16,492
Public safety	340,350
Public works	2,344,763
Culture and recreation	144,413
Community development	8,730
	<u>\$ 2,854,748</u>

CITY OF SACHSE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008

	Balance 9/30/2007	Additions	Retirements	Transfers and Completed Construction	Balance 9/30/2008
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$ 346,821	\$ -	\$ -	\$ -	\$ 346,821
Construction in progress	48,365	-	-	-	48,365
Total capital assets not being depreciated	395,186	-	-	-	395,186
Capital assets, being depreciated					
Buildings	313,503	-	-	-	313,503
Office equipment	262,174	-	-	-	262,174
Machinery and equipment	411,982	-	-	-	411,982
Vehicles	253,594	19,749	-	-	273,343
Water and sewer system infrastructure	34,638,748	1,338,552	-	-	35,977,300
Total capital assets being depreciated	35,880,001	1,358,301	-	-	37,238,302
Less accumulated depreciation for:					
Buildings	(162,155)	(12,736)	-	-	(174,891)
Office equipment	(194,083)	(19,610)	-	-	(213,693)
Machinery and equipment	(366,019)	(11,754)	-	-	(377,773)
Vehicles	(176,539)	(33,749)	-	-	(210,288)
Water and sewer system infrastructure	(16,085,248)	(1,178,555)	-	-	(17,263,803)
Total accumulated depreciation	(16,984,044)	(1,256,404)	-	-	(18,240,448)
Total capital assets being depreciated, net	18,895,957	101,897	-	-	18,997,854
Business-type activities capital assets, net	\$ 19,291,143	\$ 101,897	\$ -	\$ -	\$ 19,393,040

CITY OF SACHSE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

Construction commitments

The City has active construction projects as of September 30, 2008. The projects include land acquisition, street construction, park improvements, water system improvements, and sewer system improvements.

Land acquisition, building construction, street and park improvements are being financed by bond proceeds, park development fees, combination tax and revenue certificates of obligation (general purposes) and self supporting combination tax and revenue certificates of obligation. The commitment for water system improvements and sewer system improvements are being financed by self supporting bonds, combination tax and revenue certificates of obligation, and water and sewer impact fees.

	Spent to Date	Remaining Commitment	Total Commitment
Buildings			
City Hall	\$ 233,716	\$ 9,966,284	\$ 10,200,000
Public Safety	122,087	8,547,913	8,670,000
Library	3,100	611,900	615,000
Senior Citizens	9,334	910,666	920,000
		-	
Parks			
Salmon Park	31,859	838,141	870,000
Streets			
SH 78	-	7,500,000	7,500,000
Murphy Road	378,110	5,672,890	6,051,000
5th Street	1,653,933	1,978,067	3,632,000
Dewitt Road	106,529	1,523,471	1,630,000
Bunker Hill	84,525	10,715,475	10,800,000
SH 78 & 5th Street Intersection	664,987	573,183	1,238,170
Maxwell Creek Road	16,000	(16,000)	-
Hooper Road	47,967	(47,967)	-
Bryan Street	-	500,000	500,000
NTTA ROW	-	1,160,000	1,160,000
	<u>\$ 3,352,147</u>	<u>\$ 50,434,023</u>	<u>\$ 53,786,170</u>
Water System			
Maxwell Creek Road waterline	\$ -	\$ 484,000	\$ 500,000
PGBT waterline	-	1,242,000	1,242,000
Sewer System			
Old Town CDBG sewerline	-	108,000	108,000
Animal Shelter	48,365	31,635	80,000
	<u>\$ 48,365</u>	<u>\$ 1,865,635</u>	<u>\$ 1,930,000</u>

CITY OF SACHSE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

5. LONG-TERM DEBT

At September 30, 2008, bonds payable consisted of the following individual issues:

Purpose	Original Amount	Year of Issue	Final Maturity	Average Annual Payment	Interest Rate	Balance - 9/30/08	
						Governmental	Business-type
GOVERNMENTAL TYPE ACTIVITIES DEBT							
General Obligation Bonds:							
Improvements	\$ 2,245,000	1994	2019	\$ 42,700	5.10% - 7.25%	\$ 126,483	\$ 83,518
Improvements	6,130,000	2007	2028	455,700	4.00% - 4.15%	6,130,000	-
						<u>\$ 6,256,483</u>	<u>\$ 83,518</u>
Certificates of Obligation:							
Improvements	1,140,000	1997	2017	19,500	5.00% - 7.00%	\$ 573,054	\$ 121,947
Improvements	675,000	1999	2019	40,750	4.70% - 6.55%	350,000	-
Improvements	850,000	2000	2016	82,875	5.10% - 7.25%	545,000	-
Improvements	1,810,000	2002	2017	174,500	4.10% - 6.50%	1,285,000	-
Improvements	2,000,000	2003	2019	166,000	2.70% - 3.70%	1,380,000	-
Improvements	1,530,000	2007	2022	137,250	3.72% - 4.50%	-	1,425,000
						<u>\$ 4,133,054</u>	<u>\$ 1,546,947</u>

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2008:

Description	September 30, 2007	Additions	Retirements	September 30, 2008	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 156,597	\$ 6,130,000	\$ (30,115)	\$ 6,256,482	\$ 210,115
Certificates of obligation	4,503,407	-	(370,354)	4,133,053	389,476
Total bonds payable	<u>4,660,004</u>	<u>6,130,000</u>	<u>(400,469)</u>	<u>10,389,535</u>	<u>599,591</u>
Bond premiums/discounts	-	(18,701)	935	(17,766)	(935)
Capital lease obligation	50,472	-	(50,472)	-	-
Compensated absences	219,133	90,537	(34,023)	275,647	275,647
	<u>\$ 4,929,609</u>	<u>\$ 6,201,836</u>	<u>\$ (484,029)</u>	<u>\$ 10,647,416</u>	<u>\$ 874,303</u>
Business-type activities:					
General obligation bonds	\$ 103,403	\$ -	\$ (19,885)	\$ 83,518	\$ 19,885
Certificates of obligation	1,661,593	-	(84,646)	1,576,947	90,524
Total bonds payable	<u>1,764,996</u>	<u>-</u>	<u>(104,531)</u>	<u>1,660,465</u>	<u>110,409</u>
Compensated absences	14,313	6,056	(2,815)	17,554	17,554
	<u>\$ 1,779,309</u>	<u>\$ 6,056</u>	<u>\$ (107,346)</u>	<u>\$ 1,678,019</u>	<u>\$ 127,963</u>

CITY OF SACHSE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

Description	September 30, 2007	Additions	Retirements	September 30, 2008	Due Within One Year
DCU - Sachse Economic Development Corporation:					
Compensated absences	\$ 10,428	\$ 3,330	\$ (2,130)	\$ 11,628	\$ 11,628

The City intends to retire all of its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues from the Debt Service Fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the Water and Sewer Enterprise Fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

Certificates of Obligation.

Annual debt service requirements to maturity for certificates of obligation are as follows:

Due Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$ 389,476	\$ 175,968	\$ 90,524	\$ 63,672	\$ 719,640
2010	418,599	159,613	91,401	60,108	729,721
2011	442,722	141,711	97,278	56,372	738,083
2012	452,722	122,627	102,278	52,398	730,025
2013	476,845	101,899	103,155	48,275	730,174
2014 - 2018	1,912,690	205,102	587,267	171,691	2,876,750
2019 - 2022	40,000	940	505,000	46,040	591,980
	<u>\$ 4,133,054</u>	<u>\$ 907,860</u>	<u>\$ 1,576,903</u>	<u>\$ 498,556</u>	<u>\$ 7,116,373</u>

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds are as follows:

Due Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$ 210,115	\$ 422,402	\$ 19,885	\$ 3,816	656,218
2010	251,138	238,957	23,862	2,688	516,645
2011	235,057	228,925	9,943	1,810	475,735
2012	245,058	219,142	9,942	1,293	475,435
2013	255,057	208,959	9,943	776	474,735
2014 - 2018	1,370,058	884,217	9,942	259	2,264,476
2019 - 2023	1,660,000	583,325	-	-	2,243,325
2024 - 2028	2,030,000	214,208	-	-	2,244,208
	<u>\$ 6,256,483</u>	<u>\$ 3,000,135</u>	<u>\$ 83,517</u>	<u>\$ 10,642</u>	<u>\$ 9,350,777</u>

6. INTERFUND RECEIVABLES AND PAYABLES

Due to/from other funds at September 30, 2008 consisted of the following individual fund receivables and payables:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 90,676	\$ 819,813
Capital Projects Fund	-	8,493
Nonmajor governmental funds	10,560	82,183
Water and Sewer Fund	<u>809,253</u>	<u>-</u>
	<u>\$ 910,489</u>	<u>\$ 910,489</u>

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled within one year.

7. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund operating transfers for fiscal year 2008 were as follows:

	<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>
General Fund	\$ 456,521	\$ -
Nonmajor governmental funds	-	4,729
Water and Sewer Fund	<u>-</u>	<u>451,792</u>
	<u>\$ 456,521</u>	<u>\$ 456,521</u>

Transfers from the Water and Sewer Fund were made for operations support costs borne by the General Fund. Transfers from the Special Revenue Funds to the Capital Projects Fund were made for final costs associated with the Murphy Road and Blackburn Road Intersection improvements and signalization.

CITY OF SACHSE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

8. DISCRETE COMPONENT UNIT – SACHSE ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET

ASSETS:

Investments	\$ 1,830,280
Receivables (net of allowances for uncollectibles):	999,859
Due from primary government	46,746
Inventories	225,999
Total Assets	<u>\$ 3,102,884</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and accrued liabilities	\$ 790,014
Total Liabilities	<u>790,014</u>

Fund Balances:

Reserved for inventory	225,999
Unreserved	2,086,871
Total Fund Balances	<u>2,312,870</u>
Total Liabilities and Fund Balances	<u>\$ 3,102,884</u>

RECONCILIATION OF EDC FUND BALANCE SHEET TO
 DISCRETE COMPONENT UNIT STATEMENT OF NET ASSETS

EDC Fund Balance	\$ 2,312,870
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Amounts reported for governmental activities in the statement of net assets are different because:

Liabilities for compensated absences are not reported in the funds	(11,628)
EDC Net Assets	<u>\$ 2,301,242</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Revenue:

Sales and other taxes	\$ 5,160,661
Interest and investment earnings	57,982
Miscellaneous	1,461
Total revenues	<u>5,220,104</u>

Expenditures:

Community development	4,655,242
Total Expenditures	<u>4,655,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>564,862</u>

Fund Balances - Beginning	<u>1,736,380</u>
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Fund Balances - Ending	<u>\$ 2,301,242</u>
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CITY OF SACHSE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

RECONCILIATION OF EDC FUND STATEMENT OF REVENUES, EXPENDITRES AND
 CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

EDC Change in Fund Balance \$ 564,862

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

Changes in liabilities for compensated absences are not reported in the funds.	(1,200)
EDC Net Assets	\$ 563,662

9. RETIREMENT PLAN

The City participates in the Texas Municipal Retirement System

Plan Description - The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 821 currently administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 821 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2006 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report which can be obtained by writing to P.O. Box 149153, Austin, Texas, 78714-9153, or by accessing the CAFR online at www.tmr.org.

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows:

Total # of participating entities	
Employee deposit rate:	7%
Matching ratio (employer to employee):	2 to 1
Years required for vesting	5
Service retirement eligibility	5 years/age 60 20 years/any age
Updated service credit	100%
Annually repeating	Yes
Annuity increase to retirees	70%
Annually repeating	Yes
Supplemental death benefit	
For active employees	Yes
For retirees	Yes

Contributions - Under the state law governing TMRS, the actuary annually determines the City contribution rate. The rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of

CITY OF SACHSE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect, i.e. December 31, 2006 valuation is effective for rates beginning January 2008.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/2005	12/31/2006	12/31/2007
Actuarial Value of Assets (A)	\$ 4,699,369	\$ 5,206,173	\$ 5,876,105
Actuarial Accrued Liability (B)	\$ 5,983,416	\$ 6,642,647	\$ 9,065,572
Percentage Funded (C) = (A)/(B)	78.5%	78.4%	64.8%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL) (D)=(B)-(A))	\$ 1,284,047	\$ 1,436,474	\$ 3,189,467
Annual Covered Payroll (E)	\$ 4,221,132	\$ 4,313,719	\$ 4,814,560
UAAL as a Percentage of Covered Payroll (D)/(E)	30.4%	33.3%	66.2%
Accounting Year Ending	9/30/2006	9/30/2007	9/30/2008
Net Pension Obligation (NPO) at the Beginning of the Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Annual Required Contribution (ARC) (F)	\$ 513,185	\$ 503,928	\$ 580,529
Contributions Made (F)	\$ 513,185	\$ 503,928	\$ 580,529
NPO at the End of the Period	\$ -	\$ -	\$ -

Actuarial Assumptions

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Amortization Period	30 Years - Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Includes Inflation at	3.0%
Cost-of-Living Adjustments	2.1% (3.0% CPI)
City-Specific Assumptions	
Payroll Growth Assumption	3.0%
Withdrawal Rates for Male/Female	Mid-Low/Mid-Low

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal Board for the benefit of the City and the other participating individual city units located in Texas. The City pays an annual premium to the Funds for its workers' compensation and property liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for their members for up to \$2,000,000 per insured event, with a deductible of \$5,000 due from the City per claim. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

11. SUBSEQUENT EVENTS

On February 2, 2009, the City issued \$31,795,000 of General Obligation Refunding and Improvement Bonds, Series 2009 to provide funds for new projects and to refund portions of existing general obligation bonds (\$2,765,000) and certificates of obligation.



REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULES

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but is not considered a part of the basic financial statements.

CITY OF SACHSE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Ad valorem taxes, penalties and interest</i>	\$ 5,769,976	\$ 5,769,976	\$ 5,688,185	\$ (81,791)
<i>Sales and other taxes</i>	1,545,909	1,545,909	1,748,646	202,737
<i>Fines</i>	495,000	495,000	435,245	(59,755)
<i>Licenses, permits and fees</i>	1,172,775	1,172,775	909,161	(263,614)
<i>Gifts and contributions</i>	134,097	140,347	160,488	20,141
<i>Interest and investment earnings</i>	200,000	200,000	179,800	(20,200)
<i>Miscellaneous</i>	30,925	30,925	109,058	78,133
Total revenues	<u>9,348,682</u>	<u>9,354,932</u>	<u>9,230,583</u>	<u>(124,349)</u>
Expenditures:				
Current:				
General government				
<i>City manager</i>	332,949	338,662	304,143	34,519
<i>City secretary</i>	138,151	153,837	140,885	12,952
<i>Human resources</i>	250,270	250,421	237,391	13,030
<i>Finance</i>	447,090	452,080	447,463	4,617
<i>Municipal court</i>	149,684	153,476	155,803	(2,327)
Public safety:				
<i>Police</i>	2,968,875	3,013,745	2,714,736	299,009
<i>Animal control</i>	178,291	179,920	115,366	64,554
<i>Fire and ambulance</i>	1,654,019	1,767,857	1,811,027	(43,170)
Public works:				
<i>Streets</i>	808,158	808,689	803,375	5,314
<i>Facility maintenance</i>	250,574	251,610	265,018	(13,408)
<i>City engineer</i>	139,791	165,557	123,606	41,951
Cultural and recreation				
<i>Parks and recreation</i>	591,558	591,593	623,745	(32,152)
<i>Seniors</i>	80,981	82,686	85,605	(2,919)
<i>Library services</i>	282,789	282,789	285,848	(3,059)
<i>Community development</i>	665,475	650,514	620,585	29,929
<i>Nondepartmental</i>	1,101,513	931,932	905,125	26,807
Total Expenditures	<u>10,040,168</u>	<u>10,075,368</u>	<u>9,639,721</u>	<u>435,647</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(691,486)</u>	<u>(720,436)</u>	<u>(409,138)</u>	<u>311,298</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	451,792	451,792	456,521	4,729
Total Other Financing Sources (Uses)	<u>451,792</u>	<u>451,792</u>	<u>456,521</u>	<u>4,729</u>
Net Change in Fund Balances	<u>(239,694)</u>	<u>(268,644)</u>	<u>47,383</u>	<u>316,027</u>
Fund Balances - Beginning	<u>3,362,786</u>	<u>3,362,786</u>	<u>3,362,786</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,123,092</u>	<u>\$ 3,094,142</u>	<u>\$ 3,410,169</u>	<u>\$ 316,027</u>

BUDGETARY INFORMATION

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

- A. On the first Monday in August, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. On or before the third Monday in September, the budget is legally enacted by the City Council through the passage of an ordinance.
- D. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- E. Formal budgetary integration, using the modified accrual basis of accounting, is employed as a management control device for the General Fund and Special Revenue Fund. No supplemental appropriations were made during the fiscal year.
- F. Annual budgets are adopted for all primary governmental funds except the PGBT Reinvestment Zone TIF and the Capital Projects funds
- G. Expenditures exceeded appropriations in the following departments in the general fund:

General Fund	
Municipal court	\$ (2,327)
Fire and ambulance	(43,170)
Facility maintenance	(13,408)
Parks and recreation	(32,152)
Seniors	(2,919)
Library services	(3,059)

Expenditures exceeded appropriations in the following departments in the special revenue fund:

Special Revenue Fund	
Fire and ambulance	(4,954)
Streets	(16,000)
Parks and recreation	(461,416)



OTHER SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and is not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
Assets:			
<i>Investments</i>	\$ 1,263,138	\$ 365,365	\$ 1,628,503
Receivables (net of allowances for uncollectibles):			
<i>Ad valorem taxes</i>	--	9,783	9,783
<i>Other</i>	1,734	--	1,734
<i>Due from Other Funds</i>	10,560	--	10,560
	<u>1,275,432</u>	<u>375,148</u>	<u>1,650,580</u>
Total Assets	\$ 1,275,432	\$ 375,148	\$ 1,650,580
LIABILITIES AND FUND BALANCES:			
Liabilities:			
<i>Accounts payable and accrued liabilities</i>	\$ 3,242	\$ --	\$ 3,242
<i>Accrued interest payable</i>	--	22,637	22,637
<i>Due to other funds</i>	--	82,183	82,183
<i>Deferred revenue</i>	9,587	7,493	17,080
Total Liabilities	<u>12,829</u>	<u>112,313</u>	<u>125,142</u>
Fund Balances:			
Reserved Fund Balances:			
<i>Reserved for debt service</i>	--	262,835	262,835
Unreserved, undesignated, reported in:			
<i>Special Revenue Funds</i>	1,262,603	--	1,262,603
Total Fund Balance	<u>1,262,603</u>	<u>262,835</u>	<u>1,525,438</u>
Total Liabilities and Fund Balance	\$ 1,275,432	\$ 375,148	\$ 1,650,580

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

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
<i>Advalorem taxes, penalties and interest</i>	\$ 2,006	\$ 643,989	\$ 645,995
<i>Fines</i>	35,094	--	35,094
<i>Licenses, permits and fees</i>	22,354	--	22,354
<i>Gifts and contributions</i>	272,099	--	272,099
<i>Impact and development fees</i>	148,673	--	148,673
<i>Interest and investment earnings</i>	49,014	9,703	58,717
Total revenues	<u>529,240</u>	<u>653,692</u>	<u>1,182,932</u>
Expenditures:			
Current:			
<i>General Government</i>	6,366	--	6,366
<i>Public Safety</i>	62,641	--	62,641
<i>Public works</i>	16,000	--	16,000
<i>Cultural and recreation</i>	574,334	--	574,334
Debt Service:			
<i>Principal</i>	--	400,468	400,468
<i>Interest and Fiscal Charges</i>	--	201,334	201,334
Total Expenditures	<u>659,341</u>	<u>601,802</u>	<u>1,261,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(130,101)</u>	<u>51,890</u>	<u>(78,211)</u>
Other Financing Sources (Uses):			
<i>Transfers Out</i>	(4,729)	--	(4,729)
Total Other Financing Sources (Uses)	<u>(4,729)</u>	<u>--</u>	<u>(4,729)</u>
Net Change in Fund Balances	(134,830)	51,890	(82,940)
Fund Balances - Beginning	<u>1,397,433</u>	<u>210,945</u>	<u>1,608,378</u>
Fund Balances - Ending	<u>\$ 1,262,603</u>	<u>\$ 262,835</u>	<u>\$ 1,525,438</u>

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

	Special Revenue	PGBT Reinvestment Zone TIF	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS			
Assets:			
<i>Investments</i>	\$ 1,257,981	\$ 5,157	\$ 1,263,138
Receivables (net of allowances for uncollectibles):			
<i>Other</i>	1,734	-	1,734
<i>Due from Other Funds</i>	<u>10,560</u>	<u>-</u>	<u>10,560</u>
Total Assets	\$ <u>1,270,275</u>	\$ <u>5,157</u>	\$ <u>1,275,432</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
<i>Accounts payable and accrued liabilities</i>	\$ 3,242	\$ -	\$ 3,242
<i>Deferred revenue</i>	9,587	-	9,587
Total Liabilities	<u>12,829</u>	<u>-</u>	<u>12,829</u>
Fund Balances:			
Unreserved, undesignated, reported in:			
<i>Special Revenue Funds</i>	1,257,446	5,157	1,262,603
Total Fund Balance	<u>1,257,446</u>	<u>5,157</u>	<u>1,262,603</u>
Total Liabilities and Fund Balance	\$ <u>1,270,275</u>	\$ <u>5,157</u>	\$ <u>1,275,432</u>

CITY OF SACHSE, TEXAS

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

	Special Revenue	PGBT Reinvestment Zone TIF	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
<i>Ad valorem taxes, penalties and interest</i>	\$ —	\$ 2,006	\$ 2,006
<i>Fines</i>	35,094	—	35,094
<i>Licenses, permits and fees</i>	22,354	—	22,354
<i>Gifts and contributions</i>	272,099	—	272,099
<i>Impact and development fees</i>	148,673	—	148,673
<i>Interest and investment earnings</i>	48,891	123	49,014
Total revenues	<u>527,111</u>	<u>2,129</u>	<u>529,240</u>
Expenditures:			
Current:			
<i>General Government</i>	6,366	—	6,366
<i>Public Safety</i>	62,641	—	62,641
<i>Public works</i>	16,000	—	16,000
<i>Cultural and recreation</i>	574,334	—	574,334
Total Expenditures	<u>659,341</u>	<u>—</u>	<u>659,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(132,230)</u>	<u>2,129</u>	<u>(130,101)</u>
Other Financing Sources (Uses):			
<i>Transfers Out</i>	(4,729)	—	(4,729)
Total Other Financing Sources (Uses)	<u>(4,729)</u>	<u>—</u>	<u>(4,729)</u>
Net Change in Fund Balances	<u>(136,959)</u>	<u>2,129</u>	<u>(134,830)</u>
Fund Balances - Beginning	<u>1,394,405</u>	<u>3,028</u>	<u>1,397,433</u>
Fund Balances - Ending	<u>\$ 1,257,446</u>	<u>\$ 5,157</u>	<u>\$ 1,262,603</u>

CITY OF SACHSE, TEXAS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Fines</i>	\$ 34,500	\$ 34,500	\$ 35,094	\$ 594
<i>Licenses, permits and fees</i>	10,200	10,200	22,354	12,154
<i>Gifts and contributions</i>	—	28,000	272,099	244,099
<i>Impact and development fees</i>	235,700	235,700	148,673	(87,027)
<i>Interest and investment earnings</i>	27,100	27,100	48,891	21,791
Total revenues	<u>307,500</u>	<u>335,500</u>	<u>527,111</u>	<u>191,611</u>
Expenditures:				
Current:				
General government				
<i>Finance</i>	15,825	15,825	6,366	9,459
<i>Municipal court</i>	47,815	47,815	47,122	693
Public safety:				
<i>Police</i>	5,000	5,000	865	4,135
<i>Animal control</i>	81	81	—	81
<i>Fire and ambulance</i>	9,700	9,700	14,654	(4,954)
Public works:				
<i>Streets</i>	—	—	16,000	(16,000)
Cultural and recreation				
<i>Parks and recreation</i>	92,500	92,500	553,916	(461,416)
<i>Library services</i>	—	28,000	20,418	7,582
Total Expenditures	<u>170,921</u>	<u>198,921</u>	<u>659,341</u>	<u>(460,420)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>136,579</u>	<u>136,579</u>	<u>(132,230)</u>	<u>(268,809)</u>
Other Financing Sources (Uses):				
<i>Transfers out</i>	(200,000)	(200,000)	(4,729)	(195,271)
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(4,729)</u>	<u>(195,271)</u>
Net Change in Fund Balances	<u>(63,421)</u>	<u>(63,421)</u>	<u>(136,959)</u>	<u>(73,538)</u>
Fund Balances - Beginning	<u>1,394,405</u>	<u>1,394,405</u>	<u>1,394,405</u>	<u>—</u>
Fund Balances - Ending	<u>\$ 1,330,984</u>	<u>\$ 1,330,984</u>	<u>\$ 1,257,446</u>	<u>\$ (73,538)</u>

CITY OF SACHSE, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Advalorem taxes, penalties and interest</i>	\$ 619,962	\$ 619,962	\$ 643,989	\$ 24,027
<i>Interest and investment earnings</i>	10,000	10,000	9,703	(297)
Total revenues	<u>629,962</u>	<u>629,962</u>	<u>653,692</u>	<u>23,730</u>
Expenditures:				
Debt Service:				
<i>Principal</i>	400,468	400,468	400,468	—
<i>Interest and fiscal charges</i>	200,994	200,994	201,334	(340)
Total Expenditures	<u>601,462</u>	<u>601,462</u>	<u>601,802</u>	<u>(340)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,500</u>	<u>28,500</u>	<u>51,890</u>	<u>23,390</u>
Net Change in Fund Balances	<u>28,500</u>	<u>28,500</u>	<u>51,890</u>	<u>23,390</u>
Fund Balances - Beginning	<u>210,945</u>	<u>210,945</u>	<u>210,945</u>	<u>—</u>
Fund Balances - Ending	<u>\$ 239,445</u>	<u>\$ 239,445</u>	<u>\$ 262,835</u>	<u>\$ 23,390</u>

CITY OF SACHSE, TEXAS
ECONOMIC DEVELOPMENT FUND
DISCRETELY PRESENTED COMPONENT UNIT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Sales and other taxes</i>	\$ 815,000	\$ 815,000	\$ 5,160,661	\$ 4,345,661
<i>Gifts and contributions</i>	1,200	1,200	—	(1,200)
<i>Interest and investment earnings</i>	46,500	46,500	57,982	11,482
<i>Miscellaneous</i>	—	—	1,461	1,461
Total revenues	<u>862,700</u>	<u>862,700</u>	<u>5,220,104</u>	<u>4,357,404</u>
Expenditures:				
Current:				
<i>Community development</i>	1,032,532	998,032	4,655,242	(3,657,210)
Total Expenditures	<u>1,032,532</u>	<u>998,032</u>	<u>4,655,242</u>	<u>(3,657,210)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(169,832)</u>	<u>(135,332)</u>	<u>564,862</u>	<u>700,194</u>
Net Change in Fund Balances	(169,832)	(135,332)	564,862	700,194
Fund Balances - Beginning	<u>1,736,380</u>	<u>1,736,380</u>	<u>1,736,380</u>	<u>—</u>
Fund Balances - Ending	<u>\$ 1,566,548</u>	<u>\$ 1,601,048</u>	<u>\$ 2,301,242</u>	<u>\$ 700,194</u>

STATISTICAL SECTION

This part of the City of Sachse'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.

CITY OF SACHSE, TEXAS

TABLE D-1

NET ASSETS BY COMPONENT

Last Five Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2004	2005	Fiscal Year 2006 ^b	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 37,268,177	\$ 43,168,696	\$ 44,754,561	\$ 45,783,623	\$ 46,034,267
Restricted	145,267	125,191	139,988	1,079,709	5,803,620
Unrestricted	5,738,364	3,731,444	4,066,074	4,751,835	916,962
Total governmental activities net assets^a	\$ 43,151,808	\$ 47,025,331	\$ 48,960,623	\$ 51,615,167	\$ 52,754,849
Business-type activities					
Invested in capital assets, net of related debt	\$ 14,672,474	\$ 15,412,819	\$ 15,844,099	\$ 17,526,144	\$ 17,732,575
Restricted					
Unrestricted	3,174,112	3,654,065	4,448,263	4,258,302	4,516,760
Total business-type activities net assets	\$ 17,846,586	\$ 19,066,884	\$ 20,292,362	\$ 21,784,446	\$ 22,249,335
Primary government					
Invested in capital assets, net of related debt	\$ 51,940,651	\$ 58,581,515	\$ 60,598,660	\$ 63,309,767	\$ 63,766,842
Restricted	145,267	125,191	139,988	1,079,709	5,803,620
Unrestricted	8,912,476	7,385,509	8,514,337	9,010,137	5,433,722
Total primary governmental net assets	\$ 60,998,394	\$ 66,092,215	\$ 69,252,985	\$ 73,399,613	\$ 75,004,184

Source: Comprehensive Annual Financial Report

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

^a The requirement for statistical data is ten years; only five years are available at this time.

^b The 2006 net asset value in the governmental activities group was restated in 2007. Reference Note 12. Restatement of Financial Statements on page 44.

GOVERNMENT-WIDE EXPENSES BY FUNCTION^a
LAST FIVE FISCAL YEARS

(Unaudited)

	Fiscal Year				
	2004	2005	2006	2007 ^b	2008
Revenues (Exhibit D-3)	\$ 12,801,368	\$ 19,563,375	\$ 19,988,744	\$ 20,504,724	\$ 19,285,436
Expenses					
Governmental activities:					
General government	\$ 1,701,492	\$ 1,746,332	\$ 2,046,546	\$ 1,165,132	\$ 1,155,883
Public safety	2,901,151	3,517,912	3,904,491	4,735,242	5,122,627
Public works	2,350,788	2,870,899	3,652,686	3,334,704	3,467,466
Culture and recreation	745,527	815,792	811,641	1,033,235	1,162,603
Community development	562,637	612,772	658,666	1,231,869	656,111
Nondepartmental					905,125
Interest on long-term debt	307,543	260,137	235,890	217,332	207,484
Total governmental activities expenses	<u>8,569,138</u>	<u>9,823,844</u>	<u>11,309,920</u>	<u>11,717,514</u>	<u>12,677,299</u>
Business-type activities:					
Water and sewer	4,176,632	4,645,710	4,616,233	4,640,582	5,003,566
Total business-type activities expenses	<u>4,176,632</u>	<u>4,645,710</u>	<u>4,616,233</u>	<u>4,640,582</u>	<u>5,003,566</u>
Total primary government expenses	<u>\$ 12,745,770</u>	<u>\$ 14,469,554</u>	<u>\$ 15,926,153</u>	<u>\$ 16,358,096</u>	<u>\$ 17,680,865</u>
Changes in Net Assets	<u>\$ 55,598</u>	<u>\$ 5,093,821</u>	<u>\$ 4,062,591</u>	<u>\$ 4,146,628</u>	<u>\$ 1,604,571</u>

Source: Comprehensive Annual Financial Report**Note:** ^a Accrual-basis financial information for the city as a whole is only available back to 2004, the year GASB Statement 34 was implemented.^b General Revenue classifications modified.

CITY OF SACHSE, TEXAS

GOVERNMENT-WIDE REVENUES ^a
 LAST FIVE FISCAL YEARS
 (Unaudited)

	Fiscal Year			
	2004	2005	2006	2007 ^b
	2008			
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 348,038	\$ 461,562	\$ 679,877	\$ 472,491
Public safety	297,488	412,446	793,118	883,435
Public works	487,667	215,455	185,928	129,384
Culture and recreation	38,173	38,205	49,412	47,779
Community development	582,880	456,953	498,279	288,518
Operating grants and contributions	17,976	14,951	27,540	149,774
Capital grants and contributions	299,115	4,708,563	4,141,707	2,478,539
Total governmental activities program revenues	<u>2,071,337</u>	<u>6,308,135</u>	<u>6,375,861</u>	<u>4,449,920</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,099,360	4,429,192	5,218,473	4,384,868
Operating grants and contributions	122,239	55,299	-	-
Capital grants and contributions	8,927	1,514,799	741,816	1,900,735
Total business-type activities program revenues	<u>4,230,526</u>	<u>5,999,290</u>	<u>5,960,289</u>	<u>6,285,603</u>
Total primary government program revenues	<u>\$ 6,301,863</u>	<u>\$ 12,307,425</u>	<u>\$ 12,336,150</u>	<u>\$ 10,735,523</u>
General Revenues				
Governmental activities:				
Taxes:				
Property taxes	\$ 4,264,874	\$ 4,842,770	\$ 5,154,268	\$ 5,790,305
Sales & Other taxes	1,894,749	1,992,412	1,735,286	3,310,322
Penalties and interest	41,031	44,256	50,504	-
Unrestricted investment earnings	158,285	213,359	388,712	367,476
Miscellaneous	76,437	85,503	179,142	86,890
Transfers	210,932	210,932	263,260	367,145
Total governmental activities	<u>6,646,308</u>	<u>7,389,232</u>	<u>7,771,172</u>	<u>9,922,138</u>
Business-type activities:				
Unrestricted investment earnings	64,129	77,650	144,682	204,514
Miscellaneous	-	-	-	9,694
Transfers	(210,932)	(210,932)	(263,260)	(367,145)
Total business-type activities	<u>(146,803)</u>	<u>(133,282)</u>	<u>(118,578)</u>	<u>(451,792)</u>
Total primary government	<u>\$ 6,499,505</u>	<u>\$ 7,255,950</u>	<u>\$ 7,652,594</u>	<u>\$ 9,769,201</u>
Total Revenues	<u>\$ 12,801,368</u>	<u>\$ 19,563,375</u>	<u>\$ 19,988,744</u>	<u>\$ 20,504,724</u>
				<u>\$ 19,285,436</u>

Source: Comprehensive Annual Financial Report

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

^b General Revenue classifications modified.

CITY OF SACHSE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006 ^b	2007	2008
General Fund										
Reserved ^a	\$ 107,057	\$ 83,297	\$ 25,307	\$ 13,421	\$ 15,841	\$ 22,230	\$ 8,424	\$ 29,384	\$ 6,407	\$ 17,752
Unreserved	1,147,704	1,657,666	2,036,441	2,305,891	2,497,174	2,468,950	2,382,441	2,625,205	3,356,380	3,392,417
Total general fund	\$ 1,254,761	\$ 1,740,963	\$ 2,061,748	\$ 2,319,312	\$ 2,513,015	\$ 2,491,180	\$ 2,390,865	\$ 2,654,589	\$ 3,362,787	\$ 3,410,169
All Other Governmental Funds										
Reserved for:										
Debt service	79,348	105,350	118,427	165,958	132,582	134,177	142,760	153,727	210,945	262,835
Unreserved, reported in:										
Special revenue funds				1,819,879	1,441,911	1,387,428	1,256,030	1,221,237	1,397,433	1,262,603
Capital projects funds	227,094	79,138	499,948	592,237	1,711,396	1,859,545	2,427,372	1,524,830	861,417	5,533,291
Total all other governmental funds	\$ 306,442	\$ 184,488	\$ 618,375	\$ 2,578,074	\$ 3,285,889	\$ 3,381,150	\$ 3,826,162	\$ 2,899,794	\$ 2,469,795	\$ 7,058,729

Source: Comprehensive Annual Financial Report

Notes: ^a Includes prepaid items.

^b Restated 2006 Fund balance per GAAP for 60 day allowance to Property Taxes and Ambulance Receivables.

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Ad valorem taxes	\$ 1,805,370	\$ 2,202,932	\$ 2,731,564	\$ 3,243,282	\$ 3,956,662	\$ 4,309,116	\$ 4,881,110	\$ 5,304,854	\$ 5,829,802	\$ 6,334,180
Sales and other taxes	557,468	618,557	817,780	982,262	2,329,504	1,887,878	1,988,273	1,735,286	3,350,242	3,212,532
Fines	189,110	235,001	269,769	301,240	284,461	316,993	430,466	574,093	491,411	470,339
Licenses, permits and fees	825,977	761,262	660,392	962,318	1,380,310	1,353,632	974,478	1,246,398	1,273,438	931,515
Gifts and contributions	-	-	-	-	1,000	1,000	11,868	59,117	215,827	480,554
Intergovernmental	138,752	112,898	104,319	-	-	-	-	-	-	-
Impact and development fees	-	-	-	201,259	42,333	34,570	105,588	129,360	249,037	198,673
Interest earned	63,305	103,001	183,677	188,783	165,300	158,285	213,359	388,712	367,476	390,571
Miscellaneous	109,299	345,046	260,156	182,899	287,651	176,934	178,983	175,846	116,422	109,058
Total revenues	3,689,281	4,378,707	5,027,657	6,062,043	8,446,221	8,238,408	8,784,125	9,613,666	11,893,655	12,127,422
EXPENDITURES										
General government	654,890	705,996	840,375	1,017,631	1,051,952	1,066,196	1,134,368	1,181,981	1,146,484	1,129,882
Public safety	1,248,496	1,527,842	1,774,115	2,402,478	2,961,119	3,067,091	3,417,148	3,823,814	4,395,529	4,693,018
Public works	858,037	1,160,632	1,348,147	1,017,959	1,619,053	1,054,131	1,308,812	1,344,793	1,300,255	1,125,444
Culture and recreation	-	-	-	429,614	620,476	669,126	710,041	853,422	916,667	1,015,616
Community development	223,615	196,449	312,003	472,728	511,183	570,970	624,020	636,328	1,219,360	640,446
Nondepartmental	-	-	-	-	-	672,075	620,116	843,533	-	905,125
Capital outlay	465,900	450,723	661,765	1,762,984	2,774,833	553,977	181,899	1,396,203	2,405,561	3,838,555
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirement	158,183	164,206	173,386	222,421	227,478	402,625	478,794	495,840	387,456	400,468
Interest and fiscal charges	115,379	133,936	151,958	153,042	272,155	319,723	264,442	239,050	217,332	201,334
Bond Issuance Costs	-	-	-	-	-	-	-	0	0	104,308
Total expenditures	3,724,500	4,339,784	5,261,749	7,478,857	10,038,249	8,375,914	8,739,640	10,814,964	11,988,644	14,054,196
Excess (deficiency) of revenues over (under) expenditures	(35,219)	38,923	(234,092)	(1,416,814)	(1,592,028)	(137,506)	44,485	(1,201,298)	(94,989)	(1,926,774)
OTHER FINANCING SOURCES (USES)										
Certificates of obligation	453,000	-	850,000	1,810,000	2,000,000	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	164,950	6,043	-
Capital lease obligation	-	119,000	-	-	324,800	-	89,280	150,000	-	-
General obligation bonds	-	-	-	-	-	-	-	-	-	6,130,000
Premium bonds issued	-	-	-	-	-	-	-	-	-	51,518
Discount on bonds issued	-	-	-	-	-	-	-	-	-	(70,219)
Operating transfer from component units	174,100	206,325	138,764	351,148	743,746	-	-	-	-	-
Operating transfer to component units	-	-	-	(188,893)	(575,000)	379,068	293,187	378,448	537,435	456,521
Transfers in	-	-	-	-	(168,136)	(115,188)	(82,255)	(170,290)	(170,290)	(4,729)
Transfers out	-	-	-	-	-	210,932	300,212	578,210	373,188	6,563,091
Total other financing sources (uses)	627,100	325,325	988,764	1,972,255	2,493,546	210,932	300,212	578,210	373,188	6,563,091
NET CHANGE IN FUND BALANCES	\$ 591,881	\$ 364,248	\$ 754,672	\$ 555,441	\$ 901,518	\$ 73,426	\$ 344,697	\$ (623,088)	\$ 278,199	\$ 4,636,317
Debt service as a percentage of noncapital expenditures	8.4%	7.7%	7.1%	6.6%	6.9%	9.2%	8.7%	7.8%	6.3%	6.9%

Source: Comprehensive Annual Financial Report

CITY OF SACHSE, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)

Last Ten Fiscal Year
(Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates					
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Garland Independent School District	Dallas County	Total Dallas County Entities	Wylie Independent School District	Collin County	Total Collin County Entities
1999	\$ 0.58790	\$ 0.08680	\$0.67470	\$ 1.47840	\$0.43307	\$ 2.58617	\$ 1.57000	\$0.34855	\$ 2.59325
2000	0.57240	0.07430	0.64670	1.40530	0.44770	2.49970	1.57000	0.36472	2.58142
2001	0.55920	0.06750	0.62670	1.47170	0.50567	2.60407	1.57000	0.34405	2.54075
2002	0.52800	0.06090	0.58890	1.45860	0.51553	2.56303	1.56090	0.34284	2.49264
2003	0.50840	0.06700	0.57540	1.45860	0.51550	2.54950	1.61000	0.34195	2.52735
2004	0.46650	0.09350	0.56000	1.55850	0.54116	2.65966	1.72000	0.34193	2.62193
2005	0.47330	0.08510	0.55840	1.62140	0.54366	2.72346	1.80000	0.34065	2.69905
2006	0.48120	0.07716	0.55836	1.67010	0.55480	2.78326	1.81700	0.33942	2.71478
2007	0.48116	0.07716	0.55832	1.54490	0.55393	2.65715	1.81700	0.32270	2.69802
2008	0.49758	0.05582	0.55341	1.25330	0.56721	2.37392	1.70250	0.33268	2.58859

Source: Dallas & Collin Central Appraisal Districts and City records

CITY OF SACHSE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Market Value			Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property				
1999	\$ 362,839,445	\$ 5,010,644	\$	40,092,308	327,757,781	0.67470
2000	468,989,267	5,222,350		40,936,564	433,275,053	0.64670
2001	586,185,675	6,624,632		45,709,809	547,100,498	0.62664
2002	703,073,304	27,931,382		56,691,977	674,312,709	0.58882
2003	790,350,431	27,612,804		56,086,207	761,877,028	0.57540
2004	905,638,916	28,172,703		58,839,162	874,972,457	0.56006
2005	972,981,183	25,867,428		47,340,710	951,507,901	0.55832
2006	1,056,846,756	25,655,260		55,782,708	1,026,719,308	0.55832
2007	1,159,232,775	27,492,978		54,164,913	1,132,560,840	0.55832
2008	1,230,433,837	30,098,392		56,599,871	1,203,932,358	0.55341

Source: City of Sachse Budget Document
Dallas & Collin Central Appraisal Districts

CITY OF SACHSE, TEXAS

TABLE D-8

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Five Years Ago ^a
(Unaudited)

	2008		2003		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Woodbridge Villas LLC	14,271,567	1.26%	Woodbridge Prop Inc.	\$ 15,145,215	2.25%
Oncor Electric Delivery	5,316,520	0.47%	Woodbridge Apartments	9,112,113	1.35%
Woodbridge 1314 Ltd	5,239,000	0.46%	Jackson Project Ltd	4,968,500	0.74%
Woodbridge Shopping Center	4,459,920	0.39%	Texas Utilities	4,867,230	0.72%
Realty Association of Iowa Corp	3,531,175	0.31%	Highland Homes Ltd	4,123,920	0.61%
Realty Association of Iowa Corp	3,463,028	0.31%	Continental Homes of Texas	3,630,560	0.54%
Verizon	3,410,710	0.30%	DR Horton Tx Ltd	3,109,690	0.46%
Woodbridge Property Inc	2,598,918	0.23%	Harris Land Dev Inc	2,464,000	0.37%
MW NTB Sachse LP	2,406,780	0.21%	Sumeer Homes Inc	2,024,780	0.30%
Woodbridge Property Inc	2,356,380	0.21%	62 Quail Hollow Ltd	1,952,061	0.29%
Total	\$ 47,053,998	4.15%	Total	\$ 51,398,069	7.62%
Total Assessed Valuation	\$ 1,132,560,840	100.00%	Total Assessed Valuation	\$ 674,591,156	100.00%

Source: Tax Office

Note: Property is assessed as of January 1 and certified to the city by July 25 for taxable values

^a The requirement for statistical data is the current year and nine years ago; only the current year and five years ago are available at this time.

CITY OF SACHSE TEXAS

TABLE D-9

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 1,757,818	\$ 1,738,970	98.9%	\$ 17,987	\$ 1,756,957	100.0%
2000	2,114,610	2,096,326	99.1%	17,686	2,114,012	100.0%
2001	2,721,875	2,682,672	98.6%	38,663	2,721,335	100.0%
2002	3,215,589	3,173,235	98.7%	41,764	3,214,999	100.0%
2003	3,881,577	3,874,163	99.8%	4,331	3,878,494	99.9%
2004	4,272,432	4,226,180	98.9%	42,885	4,269,065	99.9%
2005	4,884,876	4,793,144	98.1%	85,100	4,878,244	99.9%
2006	5,281,560	5,201,118	98.5%	63,595	5,264,713	99.7%
2007	5,723,724	5,649,957	98.7%	10,741	5,660,698	98.9%
2008	6,266,916	6,203,890	99.0%	—	6,203,890	99.0%

Source: Dallas and Collin County reports.

CITY OF SACHSE, TEXAS

TABLE D-10

RATIO OF OUTSTANDING BONDED DEBT BY TYPE

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities ^b		Total Primary Government	Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	General Obligation Bonds	Certificates of Obligation			
1999	\$ 1,066,070	\$ 1,484,140	\$ 735,800	\$ 415,861	\$ 3,701,871	2.12	\$ 389
2000	975,725	1,410,279	643,237	409,722	3,438,963	1.38	353
2001	870,324	2,192,295	573,639	222,706	3,858,964	1.38	352
2002	755,887	3,896,311	498,077	195,690	5,345,965	1.72	438
2003	626,392	5,798,327	412,571	248,406	7,085,696	1.86	474
2004	490,874	5,531,220	323,088	209,954	6,555,136	1.69	431
2005	343,310	5,199,990	226,690	182,432	5,952,422	1.44	369
2006	183,700	4,863,760	121,301	164,072	5,332,833	1.21	308
2007	156,598	4,503,407	103,402	1,661,593	6,425,000	1.43	364
2008	6,256,483	4,133,054	19,885	90,524	10,499,946	2.28	582

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

^aSee Table D-14 for personal income and population data.

^bSelf supporting.

CITY OF SACHSE, TEXAS

TABLE D-11

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Total		
1999	\$ 1,066,070	\$ 1,484,140	\$ 2,550,210	0.78%	\$ 268
2000	975,725	1,410,279	2,386,004	0.55%	245
2001	870,324	2,192,295	3,062,619	0.56%	279
2002	755,887	3,896,311	4,652,198	0.69%	381
2003	626,392	5,798,327	6,424,719	0.84%	429
2004	490,874	5,531,220	6,022,094	0.69%	396
2005	343,310	5,199,990	5,543,300	0.58%	343
2006	183,700	4,863,760	5,047,460	0.49%	292
2007	156,598	4,503,407	4,660,005	0.41%	264
2008	6,256,482	4,133,053	10,389,535	0.86%	576

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

^aSee Table D-7 for property value data.

^bSee Table D-14 for population data.

CITY OF SACHSE, TEXAS

TABLE D-12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2008
(Unaudited)

Governmental Unit	Taxable Assessed Value	Gross Bonded Debt	Percentage of Debt Applicable to Area	Sachse Share of Overlapping Debt
Debt repaid with property taxes				
Wylie I.S.D	\$ 3,103,326,009	\$ 239,223,562	10.51%	\$ 25,142,396
Garland I.S.D	14,437,247,075	387,033,819	5.35%	20,706,309
Collin County	71,866,212,346	389,985,000	0.48%	1,871,928
Dallas County	170,582,361,268	158,486,552	0.52%	824,130
Collin County Community College District	73,890,970,544	50,595,000	0.48%	242,856
Dallas County Community College District	177,508,750,618	298,185,000	0.52%	1,550,562
Subtotal, overlapping debt				50,338,182
City of Sachse Direct Debt (includes self-supporting)			100.00%	10,389,535
Total direct and overlapping debt				\$ 60,727,717

Source: Taxing Entities and City
Percentage of debt application to area provided by Municipal Advisory Council of Texas.

CITY OF SACHSE, TEXAS

TABLE D-13

PLEGGED-REVENUE COVERAGE

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Water and Sewer System Revenue Bonds					Times Coverage
	Total Revenues ^a	Operating Expenses ^b	Net Available Revenue	Annual Requirement ^{c,d}		
1999	\$ 2,218,609	\$ 1,299,616	\$ 918,993	\$ 144,549		6.36 %
2000	3,143,266	1,663,919	1,479,347	-		
2001	3,519,420	2,339,331	1,180,089	-		
2002	3,657,186	2,738,755	918,431	-		
2003	3,830,838	2,959,595	871,243	-		
2004	4,285,728	2,953,919	1,331,809	-		
2005	4,562,141	3,404,797	1,157,344	-		
2006	5,363,155	3,550,579	1,812,576	-		
2007	4,599,696	3,921,120	678,576	-		
2008	5,010,634	4,125,524	885,110	-		

Less:

Note:^aIncludes operating and non-operating revenues.^bIncludes operating expenses minus depreciation plus transfers out.^cIncludes Principal and Interest.^dThe City has had no revenue bonds since September 30, 2000.

CITY OF SACHSE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population ^a	Personal Income	Per Capita Personal Income ^b	School Enrollment ^c		Unemployment Rate ^d	
				Garland ISD	Wylie ISD	Dallas County	Collin County
1999	9,514	\$ 174,800,722	\$ 18,373	48,146	3,969	3.5%	2.2%
2000	9,751	248,943,030	25,530	49,209	4,323	3.6%	2.0%
2001	10,975	280,191,750	25,530	50,604	4,553	5.3%	4.1%
2002	12,195	311,338,350	25,530	51,986	4,969	7.2%	6.2%
2003	14,959	381,903,270	25,530	53,724	5,559	6.2%	6.2%
2004	15,210	388,311,300	25,530	55,004	6,504	5.5%	4.8%
2005	16,150	412,309,500	25,530	55,738	8,948	5.7%	4.3%
2006	17,300	441,669,000	25,530	56,593	9,800	4.4%	3.2%
2007	17,650	450,604,500	25,530	57,030	10,713	5.1%	4.3%
2008	18,050	460,816,500	25,530	56,600	11,402	5.4%	4.6%

^aEstimated population provided by the City of Sachse.

^bPer Capita Income provided by North Central Texas Council of Governments.

^cGarland & Wylie Independent School Districts.

^dTexas Workforce Commission.

CITY OF SACHSE, TEXAS

TABLE D-15

PRINCIPAL EMPLOYERS

Current Year and Five Years Ago ^a
(Unaudited)

	2008			2003		
	Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
	Garland ISD	160	1.04%	Garland ISD	120	1.06%
	City of Sachse	136	0.89%	City of Sachse	91	0.81%
	Wylie ISD	120	0.78%	First National Bank of Sachse	25	0.22%
	Kroger	70	0.46%	Metro Store	19	0.17%
	First Bank	20	0.13%	Marshall Cabinets	15	0.13%
	Metro Store	20	0.13%	TPC Electric	13	0.12%
	Marshall Cabinets	15	0.10%	Sachse Veterinary Clinic	12	0.11%
	TPC Electric	15	0.10%	Puerto Escondido	8	0.07%
	Sachse Veterinary Clinic	12	0.08%	Ditto Wood Products	8	0.07%
	American National Bank	12	0.08%	Country Junction	5	0.04%
	Total	580	3.78%		316	2.80%

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

^a The requirement for statistical data is the current year and nine years ago; only the current year and five years ago are available at this time.

TABLE D-16

CITY OF SACHSE, TEXAS

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 (Unaudited)

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government and Administration	11.50	12.00	12.00	12.00	14.00	18.00	17.00	17.00	17.00	18.00
Public Safety	25.00	30.00	36.00	38.00	45.00	50.00	56.00	60.00	65.00	71.00
Public Works	8.00	9.00	7.00	9.00	14.00	13.00	13.00	13.50	12.00	12.00
Culture and Recreation	4.00	4.00	8.00	9.00	11.00	12.00	12.00	12.00	12.50	14.00
Water and Sewer	8.00	10.00	12.00	12.00	8.00	5.00	5.00	5.00	5.00	7.00
Community Development	8.00	10.00	10.00	10.00	12.00	13.00	13.00	13.50	13.00	13.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	65.50	76.00	86.00	91.00	105.00	112.00	117.00	122.00	125.50	136.00

CITY OF SACHSE, TEXAS

TABLE D-17

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Police										
Number of Employees	25	29	32	34	36	40	43	43	43	43
Number of Violations (Citations)	N/A	N/A	N/A	5,358	5,191	4,919	7,242	7,256	4,947	5,666
Fire										
Number of Employees ^a	N/A	1	4	4	9	10	13	17	22	24
Number of Volunteers ^b	28	30	25	22	15	8	5	4	3	4
Number of Fire runs	145	163	175	195	248	244	313	283	410	491
Number of EMS runs	300	338	450	489	570	551	638	633	556	572
Public Works										
Streets (miles)	25	35	58	71	86	105	105	112	120	122
Building Permits Issued	550	585	422	335	515	446	176	282	186	176
Cultural and Recreational										
Parks and Recreation										
Park maintain & operate per acre	60	60	60	60	82	82	86	86	93	93
Participants in Parks Programs ^c	N/A	N/A	N/A	N/A	N/A	637	1,665	2,741	2,630	3,570
Participants in Senior Program	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,914	8,812	12,815
Library										
Volumes in Collection	N/A	N/A	N/A	N/A	N/A	N/A	34,757	36,722	38,481	35,879
Water and Sewer										
Number of Water Connections	3,473	4,138	4,608	4,829	5,254	5,749	5,999	6,275	6,504	6,651
Number of Sewer Connections	3,026	3,638	4,127	4,432	4,845	5,411	5,666	5,889	6,078	6,252
Average Daily Water Consumption ^d	1,199	1,574	1,986	1,647	2,145	2,270	2,467	2,889	2,032	2,545
Maximum Storage Capacity ^d	1.9	1.9	1.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9

Source:

City Departments

Notes:

N/A - Data not Available.

^aFire Department Administration and EMS Staff.^bVolunteers include Fire Chief prior to 2000.^cParks Programs organized in 2004.^dMillions of gallons.

CITY OF SACHSE, TEXAS

TABLE D-18

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	10	13	14	14	15	17	17	17	17	17
Fire Stations	1	1	1	1	2	2	2	2	2	2
Police Motorcycle Units	N/A	N/A	N/A	1	1	1	2	2	2	2
Public Works										
Streets-Paved	25	35	58	71	86	105	105	112	120	122
Cultural and Recreational										
Parks (acres)	60	60	60	60	82	82	86	86	93	93
Playgrounds ^a	2	2	2	2	3	3	3	3	3	4
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	N/A	1	1	1	1	1	1	1	1	1
Water and Sewer										
Fire Hydrants	345	389	418	400	475	543	598	671	688	721
Ground Storage Facilities	2	2	2	2	2	2	2	2	2	2
Elevated Storage Facilities	2	2	2	2	2	2	2	2	2	2
Lift Stations	5	5	5	4	4	4	4	4	4	4

Source: City Departments

Notes: ^a Does not include HOA playgrounds.

