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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2009

**FISCAL Year**



**2008—2009**

## 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**



FISCAL YEAR ENDED

SEPTEMBER 30, 2009

AS PREPARED BY THE

**FINANCE DEPARTMENT**

**City of Sachse, Texas**  
**COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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**City of Sachse, Texas**  
**COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS**  
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## **INTRODUCTORY SECTION**





March 12, 2010

Honorable Mayor and City Council,  
City Manager, and  
Citizens of Sachse

The Comprehensive Annual Financial Report (CAFR) of the City of Sachse, Texas (the City), for the fiscal year ended September 30, 2009, is submitted herewith.

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

Rutledge Crain & Company, PC have issued an unqualified (“clean”) opinion on the City of Sachse’s financial statements for the year ended September 30, 2009. The independent auditors’ report is located at the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management’s Discussion and Analysis (MD&A) and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditors’ report and provides a narrative introduction, overview and analysis of the basic financial statements.

## **PROFILE OF THE GOVERNMENT**

The City of Sachse, incorporated in 1956, is located in Dallas County and Collin County, Texas, 20 miles northeast of downtown Dallas, on State Highway 78 and currently occupies a land area of 9.8 square miles. The City’s population was 18,750 at the end of the fiscal year.

The City Council is comprised of the Mayor and six council members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the department heads, and the performance of functions within the municipal organization.

The City of Sachse provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, sewer, engineering, streets and infrastructure, community development (planning and zoning), and general administrative services.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Sachse as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally

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WEB: [www.cityofsachse.com](http://www.cityofsachse.com)

separate entities and not part of the primary government's operations. The Sachse Economic Development Corporation (SEDC) is included in the financial statements as a discretely presented component unit.

The annual budget serves as the foundation for Sachse's financial planning and control. Annual budgets are legally adopted for the General Fund, Utility Fund, and Debt Service Fund. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance, setting the limit for expenditures during the fiscal year. Expenditure appropriations in the adopted budget are by department and may be amended during the year. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures exceeding budgeted expenditures without approval of the City Council.

As part of each year's budget development process, departments are required to update revenue and expenditure estimates for the current fiscal year. The re-estimated current year budget is submitted to the City Council along with the proposed budget for the next fiscal year. The revised budget is then used as a working budget for the last half of the current fiscal year.

Throughout the year, monthly reports are provided to the individual departments to review and compare actual versus budgeted amounts. The Finance Department also reviews operating revenues and expenditures, recommending adjustments, as needed. On a quarterly basis, the Finance Department submits financial reports to the City Council.

Formal budgetary integration is not employed for the PGBT Tax Increment Financing Zone Fund (TIF) special revenue fund, Proprietary Fund or Capital Projects Fund. However, the City does adopt an annual budget for those funds for managerial control.

## **LOCAL ECONOMY**

The City of Sachse currently enjoys a stable economic environment and local indicators point to continued stability 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 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). The TIF Zone contains approximately 540 acres of commercial development.

**Property Values** – Assessed property values increased \$15,382,793 (1.28%) from the preceding year with \$39,993,794 in new property and a \$19,759,726 (1.54%) increase in the value of existing property. During the last five years, assessed property value has increased 39.2 % and property taxes account for 59 % of the General Fund revenue. With a well-educated populace and average household income of \$75,000, Sachse enjoys an exceptionally high property tax collection rate.

**Long-Term Strategic Planning** – Long-term vision and strategic planning have been the catalyst for the City's transformation of shaping Sachse into a friendly, vibrant community offering a safe and enjoyable quality of life to all who call Sachse home. The City's annual budget process involves incorporating the goals and strategies

identified by the City Council. Individual departments develop their goals and objectives in terms of these all-encompassing organizational goals. Priorities during the 2008-2009 budget year were:

- Transportation – Improve mobility through the City
- Infrastructure – Systematically invest in public infrastructure
- Facilities – Analyze and plan for future facility needs beyond current construction
- Fiscally Sound – Negotiate strongly on all agreements
- Economic Development – Provide economic investment that increases employment opportunities, the tax base, and provides desired goods and services for residents and contributes to the community character and identify
- Public Safety and Security – Enhance neighborhood livability and safety
- Planning – Proactively work to keep various plans reviewed and updated
- Open Government – Increase public awareness using multiple communication sources
- Arts, Culture and Recreation – Enhance and communicate Sachse’s activities to the community

**Strategic Financial Plan** – An appropriate financial plan for the City of Sachse requires many elements all working in concert with one another. Additional demands for “essential” City services such as police, fire, sewer, drainage and street improvements is anticipated. The Finance Department’s management role will be to maintain and enhance financial plan elements and ensure the continued financial stability for the City of Sachse.

**Financial Resource Planning** – Strategic planning begins with determining the City’s fiscal capacity based upon long-term financial forecasts of recurring available revenues. Financial forecasts coupled with financial trend analysis techniques and careful reserve analysis will preserve the fiscal well being of Sachse. Strategic planning is a critical element not only to meet long-term financial stability goals but to determine City Council objectives that will require special financial planning to achieve success.

**Capital Improvement Planning** – The City of Sachse’s Capital Improvement Program is a multi-year financial plan for the acquisition expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. The City’s operating and capital project budgets are closely linked.

Revenues for the capital budget come from bond sales, development fees, intergovernmental revenues and current operating revenues. The Capital Improvement Program, unlike the operating budget, is a five-year plan that is reviewed and projects are reprioritized as needed. Project budgets are used as a guide for projects, debt, and other related budget planning. As such, plans for future years are subject to change.

**Debt Management** – All debt issuances are for the purpose of financing capital infrastructure or long-lived costly assets. Each debt issuance is evaluated against multiple policies addressing: debt service as a percent of operating expenditures, tax and revenue bases for the repayment of debt, the overall debt burden on the community, statutory limitations and market factors affecting tax-exempt interest costs. Sizing of the City’s capital improvement program based on debt capacity in conjunction with conservatively estimated pay-as-you-go revenues help stabilize per capita debt and lower annual debt service costs to the City for the long-term.

**Cash Management Policies and Practices** – The City of Sachse’s investment policy is to invest all City funds at the highest available interest rate, assuring that all monies are fully secured with emphasis on safety of principal, liquidity, yield, diversification, and public trust. State statutes authorize the City to invest in U.S. Government obligations, state investment pools, commercial paper, obligations of Texas and its agencies and fully collateralized repurchase agreements. The City utilizes a pooled cash concept in order to invest greater amounts of cash at one time and therefore receives more favorable interest rates.

**Insurance and Risk Management** – The City has a comprehensive risk management program, including property, liability, safety, worker’s compensation, health, dental and wellness. The safety incentive program promotes

employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses. In addition to the safety program's preventive measure, claims are closely monitored in order to minimize the City's liability exposure. To reduce health claim costs, the City promotes a wellness program to improve employee awareness of exercise, nutrition and lifestyle choices.

## **FISCAL YEAR 2009 HIGHLIGHTS**

The North Texas Tollway Authority (NTTA) Eastern Extension of the President George Bush Turnpike from State Highway 78 in Garland to Interstate Highway 30 in Rowlett is currently under construction. The 9.9 mile segment will result in a six-lane toll road passing through Garland, Sachse and Rowlett. Construction commenced in the last quarter of 2008 with an anticipated completion and opening in the fourth quarter of 2011.

The citizens of Sachse voted for General Obligation Bonds in the amount of \$37,925,000 for facilities, parks and transportation in November 2006. The GO Bond program is currently in progress. Construction on the Municipal Complex is underway with an anticipated completion during the third quarter of 2010. The City Council awarded the contract for the Salmon Park improvements. Construction is slated to start in early spring of 2010 with an anticipated completion in early fall 2010. Major street improvements to 5<sup>th</sup> Street and Dewitt Road will be completed in 2010. Bunker Hill Road is being designed with final alignment completed and right of way acquisition underway.

The City has signed an agreement with the Texas Department of Transportation for modifications to State Highway 78 at Woodbridge Parkway for a grade crossing at Woodbridge Parkway and State Highway 78. The addition of this crossing is for the enhancement of mobility but will create a commercial development in the northwestern quadrant of the City.

The Texas Department of Transportation project to widen State Highway 78 from Rowlett Creek in Garland to Spring Creek Road in Wylie is underway. The widening project will increase the highway to a six-lane divided thoroughfare. Construction within the City limits started in the last quarter of 2009 with an anticipated completion date in Sachse of the third quarter of 2010. In conjunction with the widening, the Sachse Park Department relocated twenty trees from the median to City parks.

The Tax Increment Financing Zone (TIF) District has begun construction on a sixteen and twelve inch water distribution system along the President George Bush toll road in the southern part of the city. The waterlines will supply future development in the southern areas of the city.

Work will be completed early in 2010 on the Animal Shelter driveway renovation project. The driveway from Sachse Road to the Animal Shelter facility is being concreted and widened to accommodate two lanes of traffic.

Murphy Road widening improvements, a joint project with Dallas County, began in 2009 and will be completed in 2010. The project improves an old 2-lane, asphalt roadway to a 4-lane thoroughfare. Regional growth increased traffic volumes leading to the need for additional capacity.

Maxwell Creek Road north of Ranch Road has been widened to a four-lane roadway in the northern part of the City. Maxwell Creek Road in Sachse was re-aligned to connect with McCreary Road in the City of Murphy. The City also completed a sixteen inch water line main along Maxwell Creek.

A new waterline was installed along Eastview Drive to replace an aging waterline for improved service to the customers in this area.

The City continues to work with the City of Wylie and Collin County on the design of a new Hooper Road bridge across Maxwell Creek. The bridge will eventually connect Hooper Road in Wylie to Woodbridge Parkway in Sachse that will improve regional mobility.

The City approved the Sachse Turnpike Overlay Zoning District to promote high quality commercial development along the President George Bush Turnpike. The overlay district is intended to prepare the properties for commercial growth by adopting unified zoning standards for the district.

#### **AWARDS AND ACKNOWLEDGEMENTS**

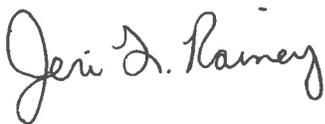
**Awards** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sachse for its CAFR for the fiscal year ended September 30, 2008. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgements** – Many people are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to representatives of Rutledge Crain & Company PC for their invaluable assistance in producing the final document and to the Finance team who were instrumental in the completion of this report.

We would also like to thank the City Manager’s office and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectively submitted,



Jeri L. Rainey, CPA  
Finance Director



Dianne Lawson, CGFO  
Finance 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, 2008

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.



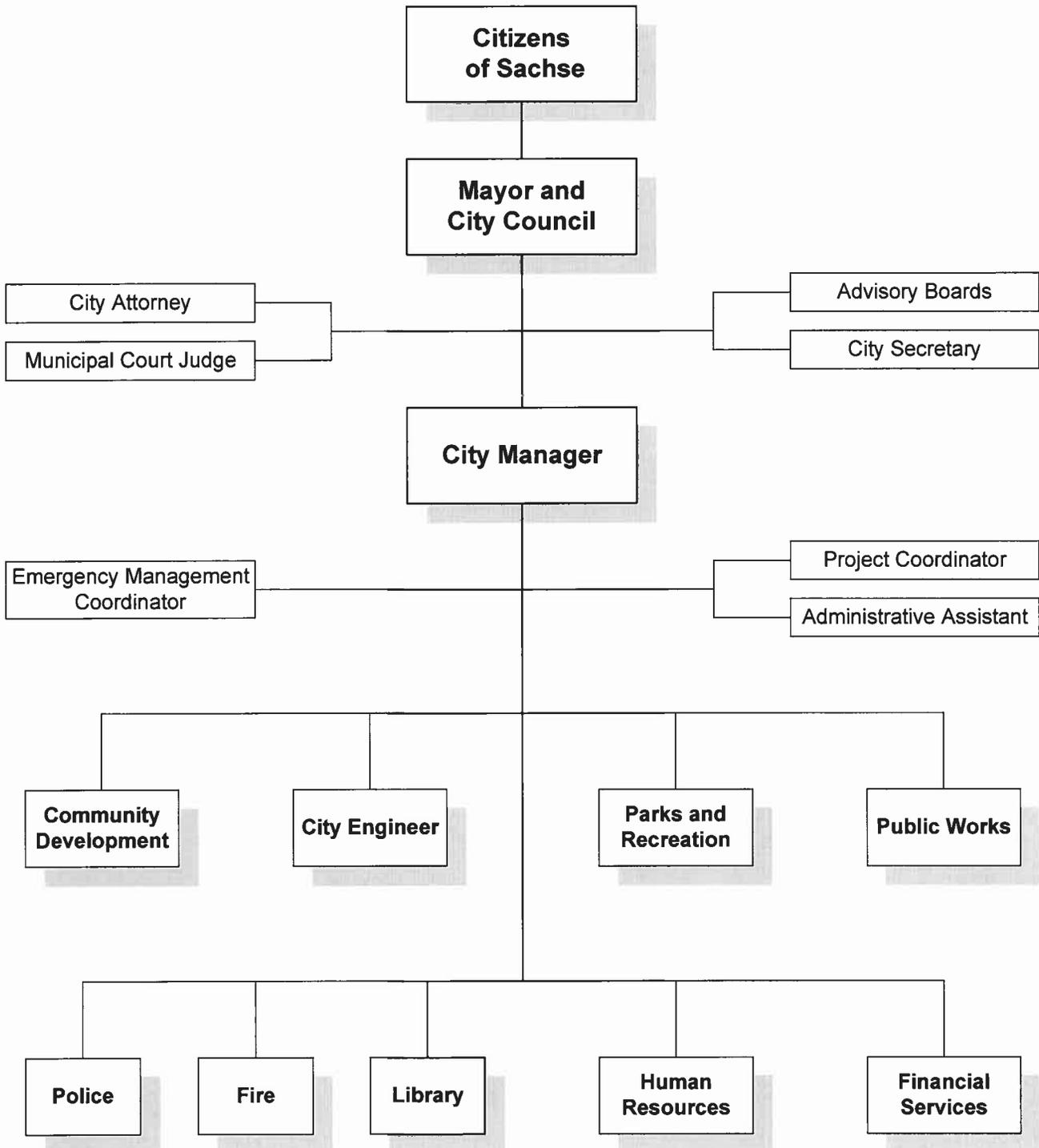
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# City of Sachse Organizational Chart



# CITY OF SACHSE, TEXAS

## CITY OFFICIALS



### Council Members

Mayor

Mayor Pro Tem

Council Member

Council Member

Council Member

Council Member

Council Member

Mike Felix

Bill Adams

Cullen King

Patsy "Pat" McMillan

Jared Patterson

Charles Smith

Mark Timm

### Management Staff

City Manager

Finance Director

City Secretary

Community Development Director

City Engineer

Fire/EMS Chief

Human Resources Director

Library Director

Parks/Senior Center Director

Police Chief

Public Works Director

Allen Barnes

Jeri Rainey

Terry Smith

Barry Shelton

Billy George

Douglas Kendrick

Cheree Bontrager

Dolores Greenwald

Lance Whitworth

Dennis Veach

Joe Crase

## **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, 2009, 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, 2009, 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 15 through 27 and 65 through 67, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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.



March 12, 2010



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
(UNAUDITED)**

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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, 2009. 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 assets of the City exceeded its liabilities (net assets) at September 30, 2009 by \$72,246,529. Of this amount, \$7,440,582 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$2,757,655. The majority of the City's net assets are invested in capital assets or restricted for specific purposes. This decrease is primarily attributable to an \$800,000 contribution to the State of Texas for the widening project on State Highway 78 and \$928,000 for the President George Bush Tollway waterline infrastructure.
- The City's governmental funds reported combined ending fund balances of \$35,677,188 at September 30, 2009, an increase of \$25,208,290 from the prior fiscal year.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$3,344,798 or 33% of total General Fund expenditures.
- The City's outstanding bonds payable increased by \$31,048,350 or 258% 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 \$43,120,000 including self supporting debt of the proprietary fund which was \$1,375,000. The City issued general obligation refunding and improvement bonds in an amount of \$34,560,000, a portion of which, \$2,780,000 was used to defease certain existing debt.

### **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. Two statements, the Statement of Net Assets and the Statement of Activities, are utilized to provide this financial overview.

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 serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To

**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
(UNAUDITED)**

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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 used in prior reporting models.

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 through 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 two separate legal entities in this report: the Sachse Economic Development Corporation (SEDC), a discrete component unit and the George Bush Turnpike Reinvestment Zone (TIF), a blended component unit. Although legally separate, these component units are important because the City is financially accountable for them.

**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 and proprietary.

**Governmental Funds** - Governmental funds are used to account for the majority of the City's activities which are essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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.

**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
(UNAUDITED)**

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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 37 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 fund 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 41.

The City maintains three major governmental funds – the General Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the Governmental Funds Balance Sheet (page 34). In the governmental fund financial statements the City maintains two non-major governmental funds - Special Revenue Fund and PGBT (TIF) Fund and are reported as Other Governmental Funds. The governmental funds financial statements can be found on pages 70 through 72.

**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 42 through 44 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-1) and combining statement of revenues, expenditures and changes in fund balances (Exhibit C-2).

**Notes to the Financial Statements** - Additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements is provided in the notes to the financial statements found on pages 45 through 61.

**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 65. 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.

**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
(UNAUDITED)**

**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 \$72,246,529 as of September 30, 2009. Analyzing the net assets and net expenses of governmental and business-type activities separately, business-type activities' net assets are \$22,403,835 while the governmental activities' net assets are \$49,842,694.

The largest portion of the City's net assets (80%) 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		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 42,185,154	\$ 13,262,044	\$ 4,674,878	\$ 5,128,269	\$ 46,860,032	\$ 18,390,313
Capital assets	55,612,018	52,624,965	19,885,141	19,393,040	75,497,159	72,018,005
<b>Total assets</b>	<b>97,797,172</b>	<b>65,887,009</b>	<b>24,560,019</b>	<b>24,521,309</b>	<b>122,357,191</b>	<b>90,408,318</b>
Long-term liabilities						
outstanding	42,019,871	10,647,418	1,478,409	1,678,019	43,498,280	12,325,437
Other liabilities	5,934,607	2,484,742	677,775	593,955	6,612,38	3,075,697
<b>Total liabilities</b>	<b>47,954,478</b>	<b>13,132,160</b>	<b>2,156,184</b>	<b>2,271,974</b>	<b>50,110,662</b>	<b>15,401,134</b>
Net assets:						
Invested in capital assets,						
net of related debt	39,684,306	46,034,267	18,430,141	17,732,575	58,114,447	63,766,842
Restricted	6,691,500	5,803,620		--	6,691,500	5,830,620
Unrestricted	3,466,888	916,962	3,973,694	4,516,760	7,440,582	5,433,722
<b>Total net assets</b>	<b><u>\$ 49,842,694</u></b>	<b><u>\$ 52,754,849</u></b>	<b><u>\$ 22,403,835</u></b>	<b><u>\$ 22,249,335</u></b>	<b><u>\$ 72,246,529</u></b>	<b><u>\$ 72,246,529</u></b>

An additional portion of the City's net assets, \$6,691,500, represents resources that are subject to external restrictions on how they may be used; the remaining balance of \$7,440,582 may be used to meet the government's ongoing obligations to citizens and creditors. A summary of the City's operations for the year ended September 30, 2009 is provided in Table 2.

**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
(UNAUDITED)**

**Table 2  
Changes in Net Assets**

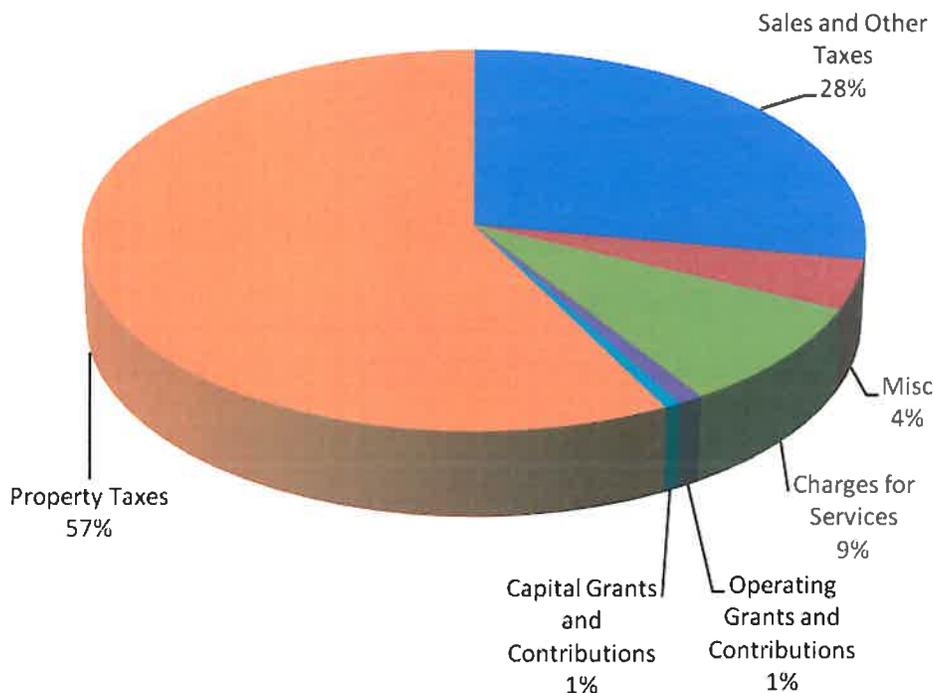
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Program revenues:						
Charges for services	\$1,125,342	\$1,551,647	\$4,863,884	\$4,866,712	\$5,989,226	\$6,418,359
Operating grants and contributions	124,155	401,576	-	-	124,155	401,576
Capital grants and contributions	78,763	1,373,884	1,127,986	909,613	1,206,749	2,283,497
General revenues:						
Property taxes	7,304,775	6,345,256	-	-	7,304,775	6,345,256
Sales and other taxes	3,537,454	3,212,530	-	-	3,537,454	3,212,530
Unrestricted investment earnings	420,591	390,571	64,398	143,922	484,989	534,493
Miscellaneous revenue	112,734	89,725	-	-	112,734	89,725
Gain (loss) on sale of assets	333	-	-	-	333	-
<b>Total revenues:</b>	<b>\$12,704,147</b>	<b>\$13,365,189</b>	<b>\$6,056,268</b>	<b>\$5,920,247</b>	<b>\$18,760,415</b>	<b>\$19,285,436</b>
Program expenses:						
General government	2,306,206	2,061,008	-	-	2,306,206	2,061,008
Public Safety	5,196,405	5,122,627	-	-	5,196,405	5,122,627
Public Works	5,322,948	3,467,466	-	-	5,322,948	3,467,466
Culture and recreation	1,365,603	1,262,603	-	-	1,365,603	1,262,603
Community development	617,616	656,111	-	-	617,616	656,111
Interest on LT debt	1,222,132	207,483	-	-	1,222,132	207,484
Water and sewer	-	-	5,487,160	5,003,567	5,487,160	5,003,566
<b>Total expenses:</b>	<b>16,030,910</b>	<b>12,677,298</b>	<b>5,487,160</b>	<b>5,003,567</b>	<b>21,518,070</b>	<b>17,680,865</b>
Excess before transfers	(3,326,763)	687,891	569,108	916,680	(2,757,655)	1,604,571
Transfers	414,607	451,792	(414,607)	(451,792)	-	-
Inc. (Dec.) in net assets	(2,912,156)	1,139,683	154,501	464,888	(2,757,655)	1,604,571
Net assets – 9-30-08	52,754,850	51,615,167	22,249,334	21,784,446	\$75,004,184	73,399,613
<b>Net assets – 9-30-09</b>	<b><u>\$49,842,694</u></b>	<b><u>\$52,754,850</u></b>	<b><u>\$22,403,835</u></b>	<b><u>\$22,249,334</u></b>	<b><u>\$72,246,529</u></b>	<b><u>\$75,004,184</u></b>

**Governmental Activities**

Revenues – The following chart visually illustrates the City's revenue by sources for governmental activities.

**Revenues by Source - Government Activities**

**2009 Total: \$12,704,147**



Revenues for the City's governmental activities decreased by \$661,042 or 5%. Major components of revenue decreases/increases are explained as follows:

- Property taxes increased by 15% or \$959,521. Some of this increase is from new construction values. The City's tax rate has increased marginally as a result of the first phase of bond debt issuance.
- Charges for services decreased by 28% or \$426,305 which is primarily related to a decrease in the issuance of permits and the decrease in municipal court fines.
- Sales, franchise and beverage taxes increased by 1% or \$324,924. The City's franchise revenue continues to increase as a result of growth in end users. Sales tax experienced an increase due to the city's ability to attract retail businesses. However the city practice has been to not depend on sales tax revenue to fund operations. Therefore the impact of sales tax fluctuations does not effect the City as much as expected in light of the national economy. 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 \$30,020.

**CITY OF SACHSE, TEXAS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**  
**(UNAUDITED)**

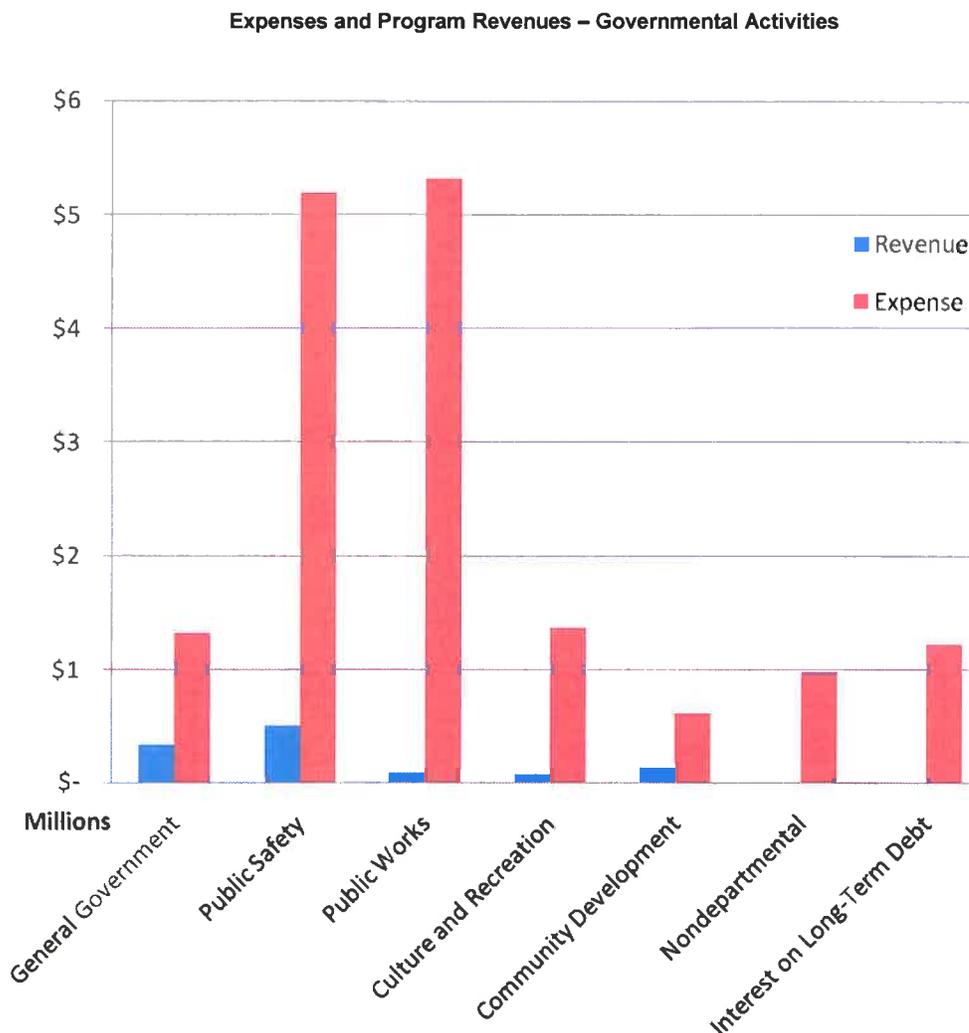
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Expenses for governmental activities were increased by \$3,353,612 or 26%. Components of increases and decreases are explained as follows:

- General Government increased by \$166,061 or 14%
- Public Safety increased by \$73,778 or 2%
- Public Works increased by \$1,855,482 or 54%
- Culture and Recreation increased by \$203,000 or 17%
- Community Development decreased by \$38,495 or 6%
- Interest on long term debt increased by \$1,014,648 or 489% due to the issuance of bonds and the associated costs

The increase in expenses were due primarily due to public works projects, payment of debt and other budgeted expenditures.

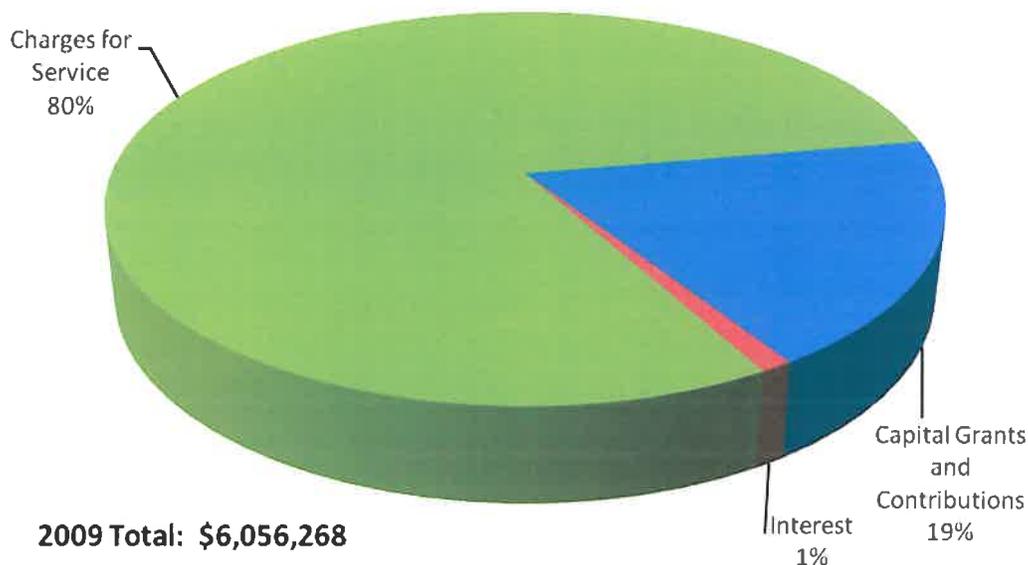
The following chart illustrates the relationship between expenses and program revenues for governmental type activities.



**Business-type Activities:**

Revenues – The following chart visually illustrates the City's revenue by sources for business-type activities.

**Revenue By Source – Business-Type Activities**



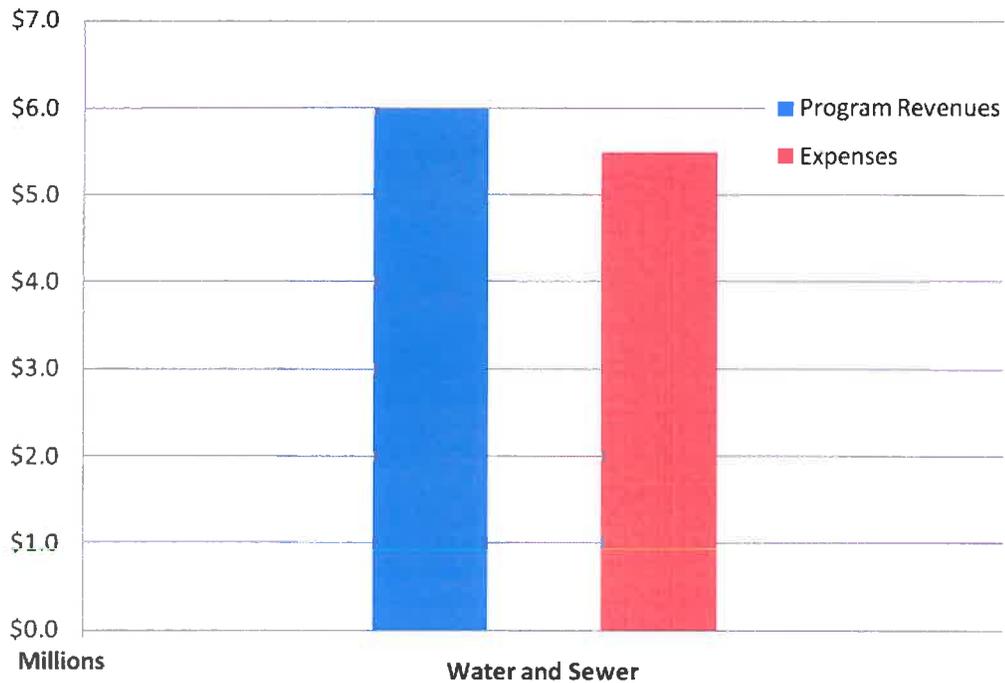
Business-type revenues increased \$136,021 or 2%. Major components of the decreases/increases are as follows:

- Charges for services decreased by less than 1% or \$2,828 which is related to strict conservation measures by the City and the City's wholesale water provider.
- Capital grants and contributions increased by 24% or \$218,373 which is from infrastructure assets contributed by the development community.
- Investment earnings decreased by 123% or \$79,524 for business-type activities because of a weak market during the fiscal year.

Expenses for business-type activities increased by \$483,593 or 9%. The increases are primarily the result of expansion of waterlines, sewer replacement, and maintenance on the water towers. The following chart illustrates the relationship between expenses and program revenues for business-type activities:

**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
(UNAUDITED)**

**Expenses and program revenues – business-type activities**



**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 \$35,677,188, an increase of \$25,208,290 in comparison with the prior year. Approximately 99% or \$35,675,494 of this total amount constitutes unreserved and undesignated fund balances. The unreserved funds are summarized below:

General Fund	\$ 3,344,798
Debt Service	(448,861)
Special Revenue Fund	379,137
Capital Projects Fund	<u>32,400,420</u>
<b>Total Reserved</b>	<b>\$ <u>35,675,494</u></b>

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 \$3,344,798. There was a 1% increase or \$22,443 in unreserved, undesignated general fund balance over last year. As a measure of the

**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
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general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance of General Fund represents 33% of total general fund expenditures.

The restated fund balance of the City of Sachse's general fund increased by \$6,385 after transfers. This slight increase is attributable to a reduction in associated spending due to the economic slow down at the end of the fiscal year

Other governmental funds which include special revenue and debt service funds decreased for a combined total of \$883,466 with a fiscal year ending combined fund balance of \$379,137. The remaining balance of \$1,299,191 is for other non-major funds such as municipal court, park development and street impact fees. The Capital Project Fund ending fund balance is \$32,400,420. Sales tax proceeds that are set aside specifically for infrastructure projects as well as voter approved bond projects are recorded in this fund. During the year the City expended \$6,634,786 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. Construction on the municipal complex is underway with anticipated occupancy by late summer 2010. The transportation projects were the 5<sup>th</sup> Street and Dewitt Road widening project; Bunkerhill widening project; Murphy Road improvement project; and SH78 and 5th Street intersection improvements. The City received \$1,585,642 in sales and 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 Proprietary Fund totaled \$22,403,835. Unrestricted net assets of the enterprise fund at the close of the fiscal year amounted to \$3,973,694. The total growth in net assets for the water and sewer enterprise fund was \$154,501. The investment in capital assets, net of related debt is \$18,430,141. The capital assets of the water and sewer enterprise fund total \$39,351,892 at original cost and after depreciation the value is \$19,885,141. 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:

- Capital Improvements were \$772,978.
- Operational expenses excluding depreciation were \$4,117,242 while the total was \$5,343,543.
- Cash and cash equivalents in the enterprise fund were \$1,806,899 at fiscal year end.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor with no change in the revenue budget and a \$3,500 increase in the appropriations budget. These changes in appropriations were allocated to participate in the construction of a shelter for the Historical Society's fire truck. There was a negative variance of \$137,992 over budgeted general fund revenues. Sales and other taxes were \$60,982 more than the projected; while licenses, permits and fees were \$147,255 less than budgeted. The following are additional comments regarding appropriations:

- There was a positive variance of \$491,621 in budgeted appropriations with the largest positive variance in public safety of \$180,730. This savings is from personnel and benefits as a result of turnover and delay in hiring.
- \$585,059 is the deficit of revenues under expenditures before transfers.
- As stated in an earlier discussion the net positive change in fund balance is \$6,385.

**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, 2009 amounts to \$75,497,159 (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 7% (5% for governmental activities and 2% for business-type activities) or \$3,461,280 (net of depreciation). Additional information on the City of Sachse's capital assets can be found on pages 51 – 52 in the accompanying notes to the financial statements of this report. Major capital asset events during the current fiscal year included the following:

**Major capital asset events during the current fiscal year included the following:**

	Source	Amount
<b>General Government Activities:</b>		
• Park Improvements	City	\$ 20,470
• Video recording systems for patrol units (5)	City	24,977
• KCR Crossing agreement	City	28,421
• Bunkerhill Road improvements	GO Bonds	383,480
• 5th Street Widening improvements	GO Bonds	441,428
• Murphy Road widening improvements	GO Bonds	1,443,946
• Dewitt Road improvements	GO Bonds	81,406
• Brookhollow Drive refurbishment	City	13,744
• SH78 & 5th Street intersection redesign	GO Bonds	5,770
• Municipal Campus construction progress	GO Bonds	3,313,882
• Laserfische Document Storage System	City	17,437
		\$ 5,774,961
 <b>Enterprise/Business-Type Activities:</b>		
• Sewer Vac Truck and unit	City	\$ 165,000
• Pick-up truck	City	13,940
• Portable Message Board	City	14,445
• Murphy Road waterline	City	17,874
• McCreary Road waterline	City	269,800
• Eastview waterline	City	135,210
		\$ 616,269

**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
(UNAUDITED)**

The following table summarizes the capital asset activity for the year ended September 30, 2009:

**Table 3  
Capital Assets  
(net of depreciation)**

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
	Land	\$ 1,237,774	\$ 1,237,774	\$ 346,821	\$ 346,821	\$ 1,584,595
Construction in progress	9,052,094	3,352,147	975,915	48,365	10,028,009	3,400,512
Buildings	2,908,128	3,080,544	125,876	138,612	3,034,004	3,219,156
Park improvements	816,575	877,462	--	--	816,575	877,462
Infrastructure	40,525,036	42,763,321	18,158,807	18,713,497	58,683,843	61,476,818
Vehicles and machinery	701,782	885,605	243,836	97,264	945,618	982,869
Other equipment	370,629	428,112	33,886	48,481	404,415	476,593
	\$ 55,612,018	\$52,624,965	\$ 19,885,141	\$ 19,393,040	\$ 75,497,159	\$ 72,018,005

**Long-Term Debt**

At the end of the current fiscal year, the City of Sachse had total bonded debt obligations of \$43,120,000. Of this amount, \$1,375,000 is self-supporting through revenues collected from the rates of the City's enterprise fund or utility fund. 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:

**Table 4  
Outstanding Debt at Year-end  
Bonds and Other Long Term Debt**

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
	<b>Gross bonded debt</b>					
General obligation	\$40,510,000	\$6,238,717	\$0	\$83,518	\$40,510,000	\$6,322,235
Certificates of obligation	1,235,000	4,133,154	1,375,000	1,576,947	2,610,000	5,710,001
Total bonded debt	\$41,745,000	\$10,371,771	\$1,375,000	\$1,660,465	\$43,120,000	\$12,032,236
<b>Other Long-term debt</b>						
Compensated absences	314,287	275,647	23,409	17,554	337,696	293,201
Total	\$42,059,287	\$10,647,418	\$1,398,409	\$1,678,019	\$43,457,696	\$12,325,437

**CITY OF SACHSE, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009  
(UNAUDITED)**

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The City's bonds are insured resulting in an A rating. The underlying rating from both Moody's Investors Service and Standard and Poor's for the City's General Obligation Bonds, and Certificates of Obligation are shown below in Table 5. Additional information on the City's long-term debt can be found in Note 5.

	<b>Table 5 Bond Ratings</b>	
	<b>Moody's Investors Service</b>	<b>Standard &amp; Poor's</b>
General Obligation Bonds	A2	AA-/Stable
Certificates of Obligation	Not rated	AA-(SPUR)/Stable

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

The City of Sachse increased the 2009-2010 tax rate to \$.705819 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 2009-2010 Budget, General fund revenues are budgeted to increase by approximately 1.3%. The increase is primarily from property taxes, sales and other taxes associated with growth in residential home values, permitting activity and retail businesses. Property taxes make up about 59% of the total General Fund revenues for fiscal year 2009-2010. The City will focus on transportation improvements impacting traffic flow throughout the city thoroughfare. The City looks to increase traffic capacity by improving the road volume throughout the city.

Future operational and capital budgets and tax rate planning will be of utmost importance as the City continues to grow. The City, like most of the north Texas area, has experienced the economic impact of the down turn in the housing market. The City will continue to work toward diversifying its revenue base with a mix of residential and commercial development that will generate additional revenues to replace residential permitting fees that the City has been dependent on for the last five to ten years. However, the City continues to see the development community continue to plat and provide buildable residential properties in the City. Commercial retailers and businesses continue to be attracted to Sachse according to the City's economic development leaders. In the near term future budgets will be impacted positively with the development of the President George Bush Turnpike TIF Zone.

**REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a 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 or call 972-495-1212.



## **BASIC FINANCIAL STATEMENTS**



## CITY OF SACHSE, TEXAS

STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
<i>Cash and Cash Equivalents</i>	\$ 25,945,626	\$ 400	\$ 25,946,026	\$ --
<i>Investments</i>	13,994,897	1,806,499	15,801,396	1,856,018
<i>Receivables (net of allowances for uncollectibles):</i>	2,443,762	853,235	3,296,997	2,745,747
<i>Internal balances</i>	(1,049,623)	1,049,623	--	--
<i>Advances to other funds</i>	--	920,045	920,045	--
<i>Due from component unit</i>	465,559	--	465,559	--
<i>Due from primary government</i>	--	--	--	1,376,331
<i>Inventories</i>	--	27,023	27,023	225,999
<i>Prepaid items</i>	1,694	--	1,694	--
<i>Deferred charges</i>	383,239	18,053	401,292	--
<b>Restricted Assets:</b>				
<i>Capital assets (net of accumulated depreciation):</i>				
<i>Land</i>	1,237,774	346,821	1,584,595	--
<i>Rights-of-way</i>	7,516,680	--	7,516,680	--
<i>Construction in progress</i>	9,052,094	975,915	10,028,009	--
<i>Buildings and improvements</i>	2,908,128	125,876	3,034,004	--
<i>Office equipment</i>	370,629	33,886	404,515	--
<i>Machinery and equipment and vehicles</i>	701,782	243,836	945,618	--
<i>Parks improvements</i>	816,575	--	816,575	--
<i>Bridge improvements</i>	786,833	--	786,833	--
<i>Street infrastructure</i>	32,221,523	--	32,221,523	--
<i>Water and sewer system infrastructure</i>	--	18,158,807	18,158,807	--
<b>Total Assets</b>	<b>97,797,172</b>	<b>24,560,019</b>	<b>122,357,191</b>	<b>6,204,095</b>
<b>LIABILITIES:</b>				
<i>Accounts payable and accrued liabilities</i>	3,456,037	531,100	3,987,137	836,459
<i>Retainage payable</i>	172,607	11,236	183,843	--
<i>Accrued interest payable</i>	--	7,020	7,020	--
<i>Advances from other funds</i>	920,045	--	920,045	--
<i>Due to component unit</i>	1,376,331	--	1,376,331	--
<i>Due to primary government</i>	--	--	--	465,558
<i>Unearned revenue</i>	9,587	--	9,587	--
<i>Customer deposits</i>	--	128,419	128,419	--
<i>Liabilities Payable from Restricted Assets</i>	--	--	--	--
<b>Noncurrent Liabilities-</b>				
<i>Due within one year</i>	1,043,179	103,409	1,146,588	9,187
<i>Due in more than one year</i>	40,976,692	1,375,000	42,351,692	--
<b>Total Liabilities</b>	<b>47,954,478</b>	<b>2,156,184</b>	<b>50,110,662</b>	<b>1,311,204</b>
<b>NET ASSETS</b>				
<i>Invested in Capital Assets, Net of Related Debt</i>	39,684,306	18,430,141	58,114,447	--
<b>Restricted For:</b>				
<i>Capital Projects</i>	6,691,500	--	6,691,500	--
<i>Unrestricted</i>	3,466,888	3,973,694	7,440,582	4,892,891
<b>Total Net Assets</b>	<b>\$ 49,842,694</b>	<b>\$ 22,403,835</b>	<b>\$ 72,246,529</b>	<b>\$ 4,892,891</b>

The accompanying notes are an integral part of this statement.

**CITY OF SACHSE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
<i>General government</i>	\$ 2,306,206	\$ 334,331	\$ --	\$ --
<i>Public safety</i>	5,196,405	500,042	123,268	--
<i>Public works</i>	5,322,948	83,002	--	69,892
<i>Culture and Recreation</i>	1,365,603	71,839	887	8,871
<i>Community development</i>	617,616	136,128	--	--
<i>Interest on Long-term Debt</i>	1,222,132	--	--	--
Total Governmental Activities	<u>16,030,910</u>	<u>1,125,342</u>	<u>124,155</u>	<u>78,763</u>
Business-type Activities:				
Water and Sewer Enterprise	5,487,160	4,863,884	--	1,127,986
Total Primary Government	<u>\$ 21,518,070</u>	<u>\$ 5,989,226</u>	<u>\$ 124,155</u>	<u>\$ 1,206,749</u>
<b>COMPONENT UNIT:</b>				
Economic Development	<u>\$ 4,875,296</u>	<u>\$ --</u>	<u>\$ 1,000</u>	<u>\$ --</u>
General Revenues:				
<i>Property taxes</i>				
<i>Sales taxes</i>				
<i>Franchise taxes</i>				
<i>Beverage taxes</i>				
<i>Unrestricted investment earnings</i>				
<i>Miscellaneous revenue</i>				
<i>Gain (loss) on sale of assets</i>				
<i>Transfers</i>				
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

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,971,875)		\$ (1,971,875)	
(4,573,095)		(4,573,095)	
(5,170,054)		(5,170,054)	
(1,284,006)		(1,284,006)	
(481,488)		(481,488)	
(1,222,132)		(1,222,132)	
<u>(14,702,650)</u>		<u>(14,702,650)</u>	
--	\$ 504,710	504,710	
<u>(14,702,650)</u>	<u>504,710</u>	<u>(14,197,940)</u>	
			\$ (4,874,296)
7,304,775	--	7,304,775	--
2,273,744	--	2,273,744	7,440,026
1,246,015	--	1,246,015	--
17,695	--	17,695	--
420,591	64,398	484,989	25,736
112,734	--	112,734	182
333	--	333	--
414,607	(414,607)	--	--
<u>11,790,494</u>	<u>(350,209)</u>	<u>11,440,285</u>	<u>7,465,944</u>
(2,912,156)	154,501	(2,757,655)	2,591,648
52,754,850	22,249,334	75,004,184	2,301,243
<u>\$ 49,842,694</u>	<u>\$ 22,403,835</u>	<u>\$ 72,246,529</u>	<u>\$ 4,892,891</u>

**CITY OF SACHSE, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	<u>General Fund</u>	<u>Debt Service</u>
<b>ASSETS</b>		
<b>Assets:</b>		
<i>Cash and Cash Equivalents</i>	\$ 3,966,569	\$ --
<i>Investments</i>	1,971,951	484,705
<b>Receivables (net of allowances for uncollectibles):</b>		
<i>Ad valorem taxes</i>	72,748	11,832
<i>Services accounts receivable</i>	61,175	--
<i>Franchise taxes</i>	153,750	--
<i>Sales taxes</i>	134,859	--
<i>Other</i>	268,203	--
<i>Due from Other Funds</i>	935,637	--
<i>Due from Component Unit</i>	465,559	--
<i>Prepaid items</i>	1,694	--
<b>Total Assets</b>	<u>\$ 8,032,145</u>	<u>\$ 496,537</u>
<b>LIABILITIES AND FUND BALANCES:</b>		
<b>Liabilities:</b>		
<i>Accounts payable and accrued liabilities</i>	\$ 752,049	\$ --
<i>Retainage payable</i>	--	--
<i>Due to other funds</i>	3,753,244	935,637
<i>Advances from other funds</i>	--	--
<i>Due to component unit</i>	--	--
<i>Deferred revenue</i>	180,360	9,761
<b>Total Liabilities</b>	<u>4,685,653</u>	<u>945,398</u>
<b>Fund Balances:</b>		
<i>Reserved for prepaid items</i>	1,694	--
<b>Unreserved, undesignated, reported in:</b>		
<i>General Fund</i>	3,344,798	--
<i>Special Revenue Funds</i>	--	--
<i>Debt Service Fund</i>	--	(448,861)
<i>Capital Project Funds</i>	--	--
<b>Total Fund Balance</b>	<u>3,346,492</u>	<u>(448,861)</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 8,032,145</u>	<u>\$ 496,537</u>

The accompanying notes are an integral part of this statement.

<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 21,979,058	\$ --	\$ 25,945,627
10,257,288	1,280,953	13,994,897
--	--	84,580
--	--	61,175
--	--	153,750
1,740,425	--	1,875,284
--	770	268,973
2,672,262	31,359	3,639,258
--	--	465,559
--	--	1,694
<u>\$ 36,649,033</u>	<u>\$ 1,313,082</u>	<u>\$ 46,490,797</u>
\$ 2,699,675	\$ 4,313	\$ 3,456,037
172,607	--	172,607
--	--	4,688,881
--	920,045	920,045
1,376,331	--	1,376,331
--	9,587	199,708
<u>4,248,613</u>	<u>933,945</u>	<u>10,813,609</u>
--	--	1,694
--	--	3,344,798
--	379,137	379,137
--	--	(448,861)
32,400,420	--	32,400,420
<u>32,400,420</u>	<u>379,137</u>	<u>35,677,188</u>
<u>\$ 36,649,033</u>	<u>\$ 1,313,082</u>	<u>\$ 46,490,797</u>



**CITY OF SACHSE, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009

Total fund balances - governmental funds balance sheet	\$ 35,677,188
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.	55,612,019
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	68,143
Payables for bond principal which are not due in the current period are not reported in the funds.	(41,705,583)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(314,287)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	383,238
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	58,421
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	63,556
Net assets of governmental activities - statement of net assets	\$ <u>49,842,694</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, 2009

	General Fund	Debt Service
<b>Revenue:</b>		
<i>Ad valorem taxes, penalties and interest</i>	\$ 6,155,274	\$ 1,148,429
<i>Sales taxes</i>	688,102	--
<i>Franchise taxes</i>	1,246,015	--
<i>Beverage taxes</i>	17,695	--
<i>Fines</i>	322,745	--
<i>Licenses, permits and fees</i>	767,613	--
<i>Gifts and contributions</i>	129,453	--
<i>Impact and development fees</i>	--	--
<i>Interest and investment earnings</i>	63,947	4,630
<i>Miscellaneous</i>	130,928	--
<b>Total revenues</b>	<u>9,521,772</u>	<u>1,153,059</u>
<b>Expenditures:</b>		
<b>Current:</b>		
<i>General Government</i>	1,291,322	--
<i>Public Safety</i>	4,874,466	--
<i>Public works</i>	1,254,757	--
<i>Cultural and recreation</i>	1,085,264	--
<i>Community development</i>	611,220	--
<i>Nondepartmental</i>	989,802	--
<b>Capital Outlay</b>	--	--
<b>Debt Service:</b>		
<i>Principal</i>	--	599,591
<i>Interest and Fiscal Charges</i>	--	1,202,984
<i>Bond Issuance Costs</i>	--	301,417
<b>Total Expenditures</b>	<u>10,106,831</u>	<u>2,103,992</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(585,059)</u>	<u>(950,933)</u>
<b>Other Financing Sources (Uses):</b>		
<i>Transfers In</i>	589,661	--
<i>Transfers Out</i>	--	(175,054)
<i>General Obligation Bonds Issued</i>	--	3,042,764
<i>Premiums on Bonds Issued</i>	--	411,052
<i>Sale of Capital Assets</i>	1,783	--
<i>Payment to Refunded Bond Escrow Agent</i>	--	(2,624,122)
<i>Discount on Bonds Issued</i>	--	(415,403)
<b>Total Other Financing Sources (Uses)</b>	<u>591,444</u>	<u>239,237</u>
<b>Net Change in Fund Balances</b>	6,385	(711,696)
<b>Fund Balances - Beginning</b>	3,410,169	262,835
<b>Prior Period Adjustment</b>	(70,062)	--
<b>Fund Balances - Ending</b>	<u>\$ 3,346,492</u>	<u>\$ (448,861)</u>

The accompanying notes are an integral part of this statement.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 2,271	\$ 7,305,974
1,585,642	--	2,273,744
--	--	1,246,015
--	--	17,695
--	19,847	342,592
--	14,741	782,354
--	1,081	130,534
--	72,578	72,578
328,975	23,039	420,591
--	--	130,928
<u>1,914,617</u>	<u>133,557</u>	<u>12,723,005</u>
--	4,342	1,295,664
--	37,582	4,912,048
--	9,000	1,263,757
3,444,145	38,549	4,567,958
--	--	611,220
--	--	989,802
3,190,641	927,550	4,118,191
--	--	599,591
--	--	1,202,984
--	--	301,417
<u>6,634,786</u>	<u>1,017,023</u>	<u>19,862,632</u>
(4,720,169)	(883,466)	(7,139,627)
--	--	589,661
--	--	(175,054)
31,517,236	--	34,560,000
--	--	411,052
--	--	1,783
--	--	(2,624,122)
--	--	(415,403)
<u>31,517,236</u>	<u>--</u>	<u>32,347,917</u>
26,797,067	(883,466)	25,208,290
5,533,291	1,262,603	10,468,898
70,062	--	--
<u>\$ 32,400,420</u>	<u>\$ 379,137</u>	<u>\$ 35,677,188</u>



**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, 2009

Net change in fund balances - total governmental funds	\$ 25,208,290
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	5,812,513
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,824,010)
The gain or loss on the sale of capital assets is not reported in the funds.	(1,450)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(1,198)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(1,878)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	599,591
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(17,272)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(38,640)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	17,825
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	(35,817)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	301,417
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(34,560,000)
Bond premiums are reported in the funds but not in the SOA.	(411,052)
Bond discounts are reported in the funds but not in the SOA.	415,403
Payments to refunded bond paying agent not in SOA	<u>2,624,122</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (2,912,156)</u>

The accompanying notes are an integral part of this statement.

**CITY OF SACHSE, TEXAS**

## STATEMENT OF NET ASSETS

## ENTERPRISE FUND

SEPTEMBER 30, 2009

	Enterprise Fund <u>Water and Sewer Enterprise</u>
<b>ASSETS:</b>	
<b>Current Assets:</b>	
<i>Cash and Cash Equivalents</i>	\$ 400
<i>Investments</i>	1,806,499
<i>Receivables</i>	
Accounts (net of allowances for uncollectible)	852,607
<i>Other</i>	628
<i>Due from other funds</i>	1,219,206
<i>Advances to other funds</i>	920,045
<i>Inventories</i>	27,023
<b>Total Current Assets</b>	<u>4,826,408</u>
<b>Noncurrent Assets:</b>	
<i>Deferred charges</i>	18,053
<b>Property, Plant and Equipment</b>	
<i>Land</i>	346,821
<i>Construction in progress</i>	975,915
<i>Buildings</i>	313,503
<i>Office equipment</i>	267,210
<i>Machinery and equipment</i>	878,676
<i>Water and sewer system improvements</i>	36,569,767
<i>Less Accumulated Depreciation</i>	<u>(19,466,751)</u>
<b>Net Property, Plant and Equipment</b>	<u>19,885,141</u>
<b>Total Noncurrent Assets</b>	<u>19,903,194</u>
<b>Total Assets</b>	<u>24,729,602</u>
<b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
<i>Accounts payable and accrued liabilities</i>	531,100
<i>Retainage payable</i>	11,236
<i>Due To other funds</i>	169,583
<i>Advances from other funds</i>	128,419
<i>Accrued interest payable</i>	7,020
<b>Total Current Liabilities</b>	<u>847,358</u>
<i>Certificates of obligation</i>	1,455,000
<i>Compensated absences payable</i>	23,409
<b>Total Noncurrent Liabilities</b>	<u>1,478,409</u>
<b>Total Liabilities</b>	<u>2,325,767</u>
<b>NET ASSETS:</b>	
<i>Invested in capital assets, net of related debt</i>	18,430,141
<i>Unrestricted net assets</i>	<u>3,973,694</u>
<b>Total Net Assets</b>	<u>\$ 22,403,835</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, 2009

	Enterprise Fund <u>Water and Sewer Enterprise</u>
OPERATING REVENUES:	
<i>Water sales</i>	\$ 2,698,777
<i>Sewer charges</i>	1,982,931
<i>Connection and tap charges</i>	63,946
<i>Miscellaneous</i>	118,231
Total Operating Revenues	<u>4,863,885</u>
OPERATING EXPENSES:	
<i>Personnel</i>	559,809
<i>Supplies and maintenance</i>	344,780
<i>Materials and maintenance</i>	91,001
<i>Operational items</i>	3,121,652
<i>Depreciation and amortization</i>	1,226,301
Total Operating Expenses	<u>5,343,543</u>
Operating Income (Loss)	<u>(479,658)</u>
NON-OPERATING REVENUES (EXPENSES):	
<i>Investment income</i>	64,398
<i>Interest Expense</i>	(143,618)
Total Non-operating Revenues (Expenses)	<u>(79,220)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(558,878)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Capital contributions	1,127,986
<i>Transfers In</i>	175,056
<i>Transfers out</i>	(589,663)
Total Capital Contributions and Transfers	<u>713,379</u>
Change in Net Assets	154,501
Total Net Assets - Beginning	<u>22,249,334</u>
Total Net Assets - Ending	<u>\$ 22,403,835</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, 2009

	Water and Sewer Enterprise
<b>Cash Flows from Operating Activities:</b>	
<i>Cash received from customers</i>	\$ 4,855,781
<i>Cash payments to employees for services</i>	(3,516,036)
<i>Cash payments to other suppliers for goods and services</i>	(553,955)
Net Cash Provided (Used) by Operating Activities	<u>785,790</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
<i>Payments from (to) other funds</i>	(1,575,022)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,575,022)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
<i>Principal and interest paid</i>	(349,032)
<i>Acquisition or construction of capital assets</i>	(590,415)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(939,447)</u>
<b>Cash Flows from Investing Activities:</b>	
<i>Interest and dividends on investments</i>	64,126
Net Cash Provided (Used) for Investing Activities	<u>64,126</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,664,553)
Cash and Cash Equivalents at Beginning of Year	3,471,453
Cash and Cash Equivalents at End of Year	<u>\$ 1,806,900</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:	
Cash	\$ 400
Investments classified as cash equivalents	1,806,499
	<u>\$ 1,806,899</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ (479,658)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation and amortization</i>	1,226,301
Change in Assets and Liabilities:	
<i>Decrease (increase) in receivables</i>	(99,274)
<i>Decrease (increase) in inventories</i>	47,237
<i>Increase (decrease) in accounts payable</i>	91,140
<i>Increase (decrease) in retainage payable</i>	(5,841)
<i>Increase (decrease) in accrued wages payable</i>	5,855
<i>Increase (decrease) in customre deposits</i>	30
Total Adjustments	<u>1,265,448</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 785,790</u>
Non-cash Financing Activities:	
<i>Contributions of capital assets from PGBT TIF Fund</i>	\$ 927,550
<i>Contributions of capital assets from developers</i>	200,436
	<u>\$ 1,127,986</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.

### **Discretely Presented Component Unit**

Sachse Economic Development Corporation (SEDC) - The SEDC 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 SEDC seven member board to carry out the Board's administrative and policy initiatives. The Sachse SEDC 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 SEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

The SEDC'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 SEDC may be obtained at the entity's administrative offices at the following address: Sachse Economic Development Corporation 5560 S. Highway 78, 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

CITY OF SACHSE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009

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. Prepaid items are recorded as expenditures when consumed.

**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, 2009 is as follows, per \$100 of assessed valuation:

2008 Tax Levy Rates for Fiscal Year 2009

General Fund	\$ 0.513894
Debt Service Fund	<u>0.096106</u>
Total	\$ <u>0.610000</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, 2009, the SEDC had receivables from and payables to the City in the amounts of \$1,376,331 and \$465,559, respectively. These balances are reported by the General Fund as Due to or Due from Component Unit and by SEDC as Due to or 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, 2009, the carrying amount of the City's deposits was \$25,946,026 and the bank balance was \$26,125,750. 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.

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At September 30, 2009, the City's balance in investment pools was as follows:

Description	Carrying Amount	Fair Value	% of Total (Cost)	Average Maturity	Rating
Money Market Mutual Funds	\$ 11,660,523	\$ 11,660,523	74%	1 day	
CDARS	4,004,861	4,004,861	25%	1 day	
Government Sponsored Investment Pools					
TexPool	136,012	136,012	1%	1 day	AAAm
	<u>\$ 15,801,396</u>	<u>\$ 15,801,396</u>	<u>100%</u>		
Component Unit (SEDC)					
Money Market Mutual Funds	\$ 1,856,018	\$ 1,856,018	100%	1 day	
CDARS	-	-	0%	1 day	
	<u>\$ 1,856,018</u>	<u>\$ 1,856,018</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-I (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, 2009.

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.

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**3. RECEIVABLES**

	Governmental Funds				Proprietary Fund
	General	Capital Projects	Nonmajor	Total	Water & Sewer Enterprise
Ad valorem taxes	\$ 80,831	\$ -	\$ 13,147	\$ 93,978	\$ -
Allowance for uncollectible taxes	(8,083)	-	(1,315)	(9,398)	-
	<u>72,748</u>	<u>-</u>	<u>11,832</u>	<u>84,580</u>	<u>-</u>
Services accounts	174,653	-	-	174,653	903,235
Allowance for uncollectible accounts	(113,478)	-	-	(113,478)	(50,000)
	<u>61,175</u>	<u>-</u>	<u>-</u>	<u>61,175</u>	<u>853,235</u>
Franchise taxes	153,750	-	-	153,750	-
Sales taxes	134,859	1,740,425	-	1,875,284	-
Other					
Court fines	216,375	-	-	216,375	-
Allowance for uncollectible accounts	(43,275)	-	-	(43,275)	-
Other governments	14,795	-	-	14,795	-
Miscellaneous	80,308	-	770	81,078	-
	<u>268,203</u>	<u>-</u>	<u>770</u>	<u>268,973</u>	<u>-</u>
Total	<u>\$ 690,735</u>	<u>\$ 1,740,425</u>	<u>\$ 12,602</u>	<u>\$ 2,443,762</u>	<u>\$ 853,235</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)	\$ 58,382	\$ -
Ambulance revenue receivable (General Fund)	63,556	-
Municipal court fines receivable (General Fund)	58,422	-
	<u>180,360</u>	<u>-</u>
Nonmajor Funds		
Improvements (Special Revenue Fund)	9,587	9,587
Delinquent property taxes receivable (Debt Service Fund)	9,761	-
	<u>19,348</u>	<u>9,587</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 199,708</u>	<u>\$ 9,587</u>

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**4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2009, was as follows:

	Balance 9/30/2008	Additions	Deletions & Transfers Out	Transfers and Completed Construction	Balance 9/30/2009
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,237,774	\$ -	\$ -	\$ -	\$ 1,237,774
Right-of-way	7,488,259	28,421	-	-	7,516,680
Construction in progress	3,352,147	5,699,947	-	-	9,052,094
<b>Total capital assets not being depreciated</b>	<b>12,078,180</b>	<b>5,728,368</b>	<b>-</b>	<b>-</b>	<b>17,806,548</b>
Capital assets, being depreciated					
Buildings	4,376,376	-	-	-	4,376,376
Office equipment	785,119	22,978	-	-	808,097
Machinery and equipment	434,413	40,698	-	-	475,111
Vehicles	2,322,405	-	(27,141)	-	2,295,264
Parks improvements	1,128,132	20,469	-	-	1,148,601
Bridge improvements	1,948,398	-	-	-	1,948,398
Street infrastructure	80,144,168	-	-	-	80,144,168
<b>Total capital assets being depreciated</b>	<b>91,139,011</b>	<b>84,145</b>	<b>(27,141)</b>	<b>-</b>	<b>91,196,015</b>
Less accumulated depreciation for:					
Buildings	(1,295,832)	(172,416)	-	-	(1,468,248)
Office equipment	(357,007)	(80,461)	-	-	(437,468)
Machinery and equipment	(260,241)	(34,485)	-	-	(294,726)
Vehicles	(1,610,972)	(188,586)	25,691	-	(1,773,867)
Parks improvements	(250,670)	(81,356)	-	-	(332,026)
Bridge improvements	(1,096,619)	(64,946)	-	-	(1,161,565)
Street infrastructure	(45,720,885)	(2,201,760)	-	-	(47,922,645)
<b>Total accumulated depreciation</b>	<b>(50,592,226)</b>	<b>(2,824,010)</b>	<b>25,691</b>	<b>-</b>	<b>(53,390,545)</b>
<b>Total capital assets being depreciated, net</b>	<b>40,546,785</b>	<b>(2,739,865)</b>	<b>(1,450)</b>	<b>-</b>	<b>37,805,470</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 52,624,965</b>	<b>\$ 2,988,503</b>	<b>\$ (1,450)</b>	<b>\$ -</b>	<b>\$ 55,612,018</b>

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

Current Depreciation Expense, by Function	
General government	\$ 20,437
Public safety	310,137
Public works	2,313,028
Culture and recreation	173,835
Community development	6,573
	<u>\$ 2,824,010</u>

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	Balance 9/30/2008	Additions	Retirements	Transfers and Completed Construction	Balance 9/30/2009
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital assets, not being depreciated:					
Land	\$ 346,821	\$ -	\$ -	\$ -	\$ 346,821
Construction in progress	48,365	927,550	-	-	975,915
Total capital assets not being depreciated	395,186	927,550	-	-	1,322,736
Capital assets, being depreciated					
Buildings	313,503	-	-	-	313,503
Office equipment	262,174	5,000	-	-	267,174
Machinery and equipment	411,982	14,445	-	-	426,427
Vehicles	273,343	178,940	-	-	452,283
Water and sewer system infrastructure	35,995,174	574,593	-	-	36,569,767
Total capital assets being depreciated	37,256,176	772,978	-	-	38,029,154
Less accumulated depreciation for:					
Buildings	(174,891)	(12,736)	-	-	(187,627)
Office equipment	(213,693)	(19,595)	-	-	(233,288)
Machinery and equipment	(377,773)	(10,070)	-	-	(387,843)
Vehicles	(210,288)	(36,743)	-	-	(247,031)
Water and sewer system infrastructure	(17,263,803)	(1,147,157)	-	-	(18,410,960)
Total accumulated depreciation	(18,240,448)	(1,226,301)	-	-	(19,466,749)
Total capital assets being depreciated, net	19,015,728	(453,323)	-	-	18,562,405
Business-type activities capital assets, net	<u>\$ 19,410,914</u>	<u>\$ 474,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,885,141</u>

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Construction commitments

The City has active construction projects as of September 30, 2009. 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
<b>Buildings</b>			
City Hall	\$ 252,571	\$ 9,947,429	\$ 10,200,000
Public Safety	128,372	8,541,628	8,670,000
Library	3,100	611,900	615,000
Senior Citizens	9,334	910,666	920,000
Animal Shelter	5,666	74,334	80,000
<b>Parks</b>			
Salmon Park	29,411	840,589	870,000
<b>Streets</b>			
SH 78	-	7,500,000	7,500,000
Murphy Road	763,324	5,287,676	6,051,000
5th Street	1,638,038	1,993,962	3,632,000
Dewitt Road	106,528	1,523,472	1,630,000
Bunker Hill	110,450	10,689,550	10,800,000
Bryan Street	-	500,000	500,000
NTTA ROW	646,817	513,183	1,160,000
	<u>\$ 3,693,611</u>	<u>\$ 48,934,389</u>	<u>\$ 52,628,000</u>
<b>Water System</b>			
Maxwell Creek Road waterline	\$ 62,000	438,000	\$ 500,000
PGBT waterline	-	1,242,000	1,242,000
<b>Sewer System</b>			
Old Town CDBG sewerline	-	108,000	108,000
	<u>\$ 62,000</u>	<u>\$ 1,788,000</u>	<u>\$ 1,850,000</u>

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5. LONG-TERM DEBT

At September 30, 2009, bonds payable consisted of the following individual issues:

Purpose	Original Amount	Year of Issue	Final Maturity	Average Annual Payment	Interest Rate	Balance - 9/30/09	
						Governmental	Business-type
<b>GOVERNMENTAL TYPE ACTIVITIES DEBT</b>							
General Obligation Bonds:							
Improvements	\$ 6,130,000	2007	2028	\$ 448,300	4.00% - 4.15%	\$ 5,950,000	\$ -
Improvements/Refunding	34,560,000	2009	2034	2,500,700	4.00% - 4.15%	34,560,000	-
						<u>\$ 40,510,000</u>	<u>\$ -</u>
Certificates of Obligation:							
Improvements	2,000,000	2003	2019	159,950	2.70% - 3.70%	\$ 1,235,000	\$ -
Improvements	1,530,000	2007	2022	137,250	3.72% - 4.50%	-	1,375,000
						<u>\$ 1,235,000</u>	<u>\$ 1,375,000</u>

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2009:

Description	September 30, 2008	Additions	Retirements	September 30, 2009	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 6,256,482	\$ 34,560,000	\$ (306,482)	\$ 40,510,000	\$ 575,000
Certificates of obligation	4,133,053	-	(2,898,053)	1,235,000	155,000
Total bonds payable	<u>10,389,535</u>	<u>34,560,000</u>	<u>(3,204,535)</u>	<u>41,745,000</u>	<u>730,000</u>
Deferred loss on refunding	-	(19,176)	767	(18,409)	-
Bond premiums/discounts	(17,766)	(4,350)	1,109	(21,007)	(1,109)
Compensated absences	275,647	74,312	(35,672)	314,287	314,287
	<u>\$ 10,647,416</u>	<u>\$ 34,610,786</u>	<u>\$ (3,238,331)</u>	<u>\$ 42,019,871</u>	<u>\$ 1,043,178</u>

Description	September 30, 2008	Additions	Retirements	September 30, 2009	Due Within One Year
<b>Business-type activities:</b>					
General obligation bonds	\$ 83,518	\$ -	\$ (83,518)	\$ -	\$ -
Certificates of obligation	1,576,947	-	(201,947)	1,375,000	80,000
Total bonds payable	<u>1,660,465</u>	<u>-</u>	<u>(285,465)</u>	<u>1,375,000</u>	<u>80,000</u>
Compensated absences	17,554	6,765	(910)	23,409	23,409
	<u>\$ 1,678,019</u>	<u>\$ 6,765</u>	<u>\$ (286,375)</u>	<u>\$ 1,398,409</u>	<u>\$ 103,409</u>

Description	September 30, 2008	Additions	Retirements	September 30, 2009	Due Within One Year
<b>SEDC - Sachse Economic Development Corporation:</b>					
Compensated absences	\$ 11,628	\$ 5,769	\$ (8,210)	\$ 9,187	\$ 9,187

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

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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	
2010	575,000	1,873,941	-	-	2,448,941
2011	700,000	1,852,641	-	-	2,552,641
2012	780,000	1,828,191	-	-	2,608,191
2013	860,000	1,803,721	-	-	2,663,721
2014	1,020,000	1,777,476	-	-	2,797,476
2015 - 2019	6,235,000	8,313,677	-	-	14,548,677
2020 - 2024	8,545,000	6,824,117	-	-	15,369,117
2025 - 2029	10,390,000	4,526,126	-	-	14,916,126
2029 - 2034	11,405,000	1,724,428	-	-	13,129,428
	<u>\$ 40,510,000</u>	<u>\$ 30,524,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,034,318</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	
2010	155,000	44,430	80,000	54,646	334,076
2011	165,000	39,145	85,000	51,502	340,647
2012	165,000	33,370	90,000	48,142	336,512
2013	175,000	26,725	90,000	44,663	336,388
2014	105,000	21,055	95,000	41,060	262,115
2015 - 2019	470,000	60,775	545,000	143,290	1,219,065
2020 - 2022	-	-	390,000	26,455	416,455
	<u>\$ 1,235,000</u>	<u>\$ 225,500</u>	<u>\$ 1,375,000</u>	<u>\$ 409,758</u>	<u>\$ 3,245,258</u>

**Current Refunding of Debt**

During the year ended September 30, 2009, the City issued new Series 2009 General Obligation Refunding and Improvement Bonds (\$34,560,000), a portion of which, \$2,780,000, was used to refund certain existing debt. Total debt refunded was \$2,604,946. The current refunding reduced total debt service payments by \$257,394 and resulted in an economic gain of \$242,819.

**6. INTERFUND RECEIVABLES AND PAYABLES**

Due to/from other funds at September 30, 2009 consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 935,637	\$ 3,753,244
Capital Projects Fund	2,672,262	-
Nonmajor governmental funds	31,359	935,637
Water and Sewer Fund	1,219,206	169,583
	<u>\$ 4,858,464</u>	<u>\$ 4,858,464</u>

	Advance to Other Funds	Advance From Other Funds
Nonmajor governmental funds	\$ -	\$ 920,045
Water and Sewer Fund	920,045	-
	<u>\$ 920,045</u>	<u>\$ 920,045</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 2009 were as follows:

	Transfers To Other Funds	Transfers From Other Funds
General Fund	\$ 589,661	\$ -
Nonmajor governmental funds	-	175,054
Water and Sewer Fund	175,054	589,661
	<u>\$ 764,715</u>	<u>\$ 764,715</u>

Transfers from the Water and Sewer Fund were made for operations support costs borne by the General Fund. Transfers from the Debt Service Fund to the Water and Sewer Fund were made for debt refunding purposes. The refunding debt will be repaid entirely by the Debt Service from future ad valorem property tax revenue.

CITY OF SACHSE, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2009

**8. DISCRETE COMPONENT UNIT – SACHSE ECONOMIC DEVELOPMENT CORPORATION**

ASSETS:

Investments	\$ 1,856,018
Receivables (net of allowances for uncollectibles):	2,745,747
Due from primary government	1,376,331
Inventories	225,999
Total Assets	<u>\$ 6,204,095</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and accrued liabilities	\$ 836,458
Due to primary government	465,559
Total Liabilities	<u>1,302,017</u>

Fund Balances:

Reserved for inventory	225,999
Unreserved	4,676,079
Total Fund Balances	<u>4,902,078</u>
Total Liabilities and Fund Balances	<u>\$ 6,204,095</u>

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

SEDC Fund Balance	\$ 4,902,078
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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	(9,187)
SEDC Net Assets	<u>\$ 4,892,891</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Revenue:

Sales and other taxes	\$ 7,440,026
Interest and investment earnings	25,736
Miscellaneous	1,182
Total revenues	<u>7,466,944</u>

Expenditures:

Community development	4,866,108
Total Expenditures	<u>4,866,108</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,600,836</u>

Fund Balances - Beginning	<u>2,301,242</u>
---------------------------	------------------

Fund Balances - Ending	<u>\$ 4,902,078</u>
------------------------	---------------------

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

SEDC Change in Fund Balance \$ 2,600,836

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.	(9,188)
SEDC Net Assets	\$ 2,591,648

**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), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas, 78714-9153, or by calling 800-924-8677; in addition, the report is available on the TMRS website at [www.tmr.com](http://www.tmr.com).

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

	Plan Year 2008	Plan Year 2007
Employee deposit rate:	7%	7%
Matching ratio (employer to employee):	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100%, Repeating, Transfers	100%, Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually, the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeated benefits, such as Updated Service Credits and Annuity Increases.

CITY OF SACHSE, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2009

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and 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. The annual pension cost and net pension obligation (asset) are as follows:

Annual Required Contribution (ARC)	\$ 673,804
Interest on Net Pension Obligation	-
Adjustment to the ARC	-
Annual Pension Cost:	<u>673,804</u>
Contributions Made	<u>673,804</u>
Increase (Decrease) in Net Pension Obligation	-
Net Pension Obligation (Asset) , Beginning of Year	-
Net Pension Obligation (Asset) , End of Year	<u><u>\$ -</u></u>

**Three-Year Trend Information**

Fiscal Year Ending	Annual Pension Cost/(APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2007	\$ 503,928	\$ 503,928	100%	\$ -
2008	\$ 580,529	\$ 580,529	100%	\$ -
2009	\$ 673,804	\$ 673,804	100%	\$ -

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/2006	12/31/2007	12/831/08
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years; open period	30 years; open period	29 years; open period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions			
Investment Rate of Return	7.0%	7.0%	7.5%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Actuarial Assumptions:			
Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Assumptions	NA	2.1%	2.1%

CITY OF SACHSE, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2009

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded ALL (UALL)	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 6,911,943	\$ 10,281,964	67.2%	\$ 3,370,021	\$ 5,800,630	58.1%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**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. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS**

During fiscal year 2008, sales tax was reported incorrectly by the General Fund and the Capital Projects Fund. Accordingly, the FY2008 financial statements have been restated to reduce sales tax revenue and ending fund balance by \$70,062 for the General Fund and to increase sales tax revenue and ending fund balance by \$70,062 for the Capital Projects fund.



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.

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**CITY OF SACHSE, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue:</b>				
<i>Advalorem taxes, penalties and interest</i>	\$ 6,303,526	\$ 6,303,526	\$ 6,155,274	\$ (148,252)
<i>Sales taxes</i>	627,120	627,120	688,102	60,982
<i>Franchise taxes</i>	1,105,285	1,105,285	1,246,015	140,730
<i>Beverage taxes</i>	16,000	16,000	17,695	1,695
<i>Fines</i>	470,000	470,000	322,745	(147,255)
<i>Licenses, permits and fees</i>	752,602	752,602	767,613	15,011
<i>Gifts and contributions</i>	133,431	133,431	129,453	(3,978)
<i>Interest and investment earnings</i>	185,000	185,000	63,947	(121,053)
<i>Miscellaneous</i>	66,800	66,800	130,928	64,128
<b>Total revenues</b>	<u>9,659,764</u>	<u>9,659,764</u>	<u>9,521,772</u>	<u>(137,992)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
<i>City manager</i>	362,633	366,133	366,792	(659)
<i>City secretary</i>	200,631	200,631	209,370	(8,739)
<i>Human resources</i>	260,413	260,413	240,144	20,269
<i>Finance</i>	469,799	469,799	475,016	(5,217)
<i>Municipal court</i>	160,736	160,736	150,194	10,542
<b>Public safety:</b>				
<i>Police</i>	2,954,237	2,954,237	2,781,629	172,608
<i>Animal control</i>	133,320	133,320	122,939	10,381
<i>Fire and ambulance</i>	1,817,445	1,817,445	1,819,704	(2,259)
<b>Public works:</b>				
<i>Streets</i>	949,085	949,085	870,481	78,604
<i>Facility maintenance</i>	271,312	271,312	264,401	6,911
<i>City engineer</i>	122,125	122,125	119,875	2,250
<b>Cultural and recreation</b>				
<i>Parks and recreation</i>	664,572	664,572	693,901	(29,329)
<i>Seniors</i>	87,527	87,527	88,522	(995)
<i>Library services</i>	301,014	301,014	302,841	(1,827)
<i>Community development</i>	640,250	640,250	611,220	29,030
<i>Nondepartmental</i>	1,199,853	1,199,853	989,802	210,051
<b>Total Expenditures</b>	<u>10,594,952</u>	<u>10,598,452</u>	<u>10,106,831</u>	<u>491,621</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(935,188)</u>	<u>(938,688)</u>	<u>(585,059)</u>	<u>353,629</u>
<b>Other Financing Sources (Uses):</b>				
<i>Transfers in</i>	603,451	603,451	589,661	(13,790)
<i>Sale of capital assets</i>	2,000	2,000	1,783	(217)
<b>Total Other Financing Sources (Uses)</b>	<u>605,451</u>	<u>605,451</u>	<u>591,444</u>	<u>(14,007)</u>
<b>Net Change in Fund Balances</b>	<u>(329,737)</u>	<u>(333,237)</u>	<u>6,385</u>	<u>339,622</u>
<b>Fund Balances - Beginning</b>	<u>3,410,169</u>	<u>3,410,169</u>	<u>3,410,169</u>	<u>--</u>
<b>Prior Period Adjustment</b>	<u>--</u>	<u>--</u>	<u>(70,062)</u>	<u>(70,062)</u>
<b>Fund Balances - Ending</b>	<u>\$ 3,080,432</u>	<u>\$ 3,076,932</u>	<u>\$ 3,346,492</u>	<u>\$ 269,560</u>

CITY OF SACHSE, TEXAS  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED SEPTEMBER 30, 2009  
 (unaudited)

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	
City manager	\$ (659)
City secretary	(8,739)
Finance	(5,217)
Fire and ambulance	(2,259)
Parks and recreation	(29,329)
Seniors	(995)
Library services	(1,827)

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

Special Revenue Fund	
Police	(5,625)
Fire and ambulance	(10,957)
Streets	(9,000)
Parks and recreation	(18,151)
Library services	(2,898)

H. Fund Deficits

The following funds had fund deficits at September 30, 2009:

Debt Service Fund	(\$448,861)
PGBT Reinvestment Zone TIF	(\$920,054)

CITY OF SACHSE, TEXAS  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED SEPTEMBER 30, 2009  
 (unaudited)

I. Schedule of Funding Progress:

Texas Municipal Retirement System

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded ALL (UALL)	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2006	\$ 5,206,173	\$ 6,642,647	78.4%	\$ 1,436,474	\$ 4,313,719	33.3%
12/31/2007	\$ 5,876,105	\$ 9,065,572	64.8%	\$ 3,189,467	\$ 4,814,560	66.2%
12/31/2008	\$ 6,911,943	\$ 10,281,964	67.2%	\$ 3,370,021	\$ 5,800,630	58.1%



#### 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 SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2009**

	Special Revenue	PGBT Reinvestment Zone TIF	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
<b>ASSETS</b>			
<b>Assets:</b>			
<i>Investments</i>	\$ 1,280,953	\$ --	\$ 1,280,953
Receivables (net of allowances for uncollectibles):			
<i>Other</i>	770	--	770
<i>Due from Other Funds</i>	31,359	--	31,359
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b>\$ 1,313,082</b>	<b>\$ --</b>	<b>\$ 1,313,082</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
<i>Accounts payable and accrued liabilities</i>	\$ 4,304	\$ 9	\$ 4,313
<i>Advances from other funds</i>	--	920,045	920,045
<i>Deferred revenue</i>	9,587	--	9,587
<b>Total Liabilities</b>	<b>13,891</b>	<b>920,054</b>	<b>933,945</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balances (Deficits):</b>			
<i>Unreserved</i>	1,299,191	(920,054)	379,137
<b>Total Fund Balances (Deficits)</b>	<b>1,299,191</b>	<b>(920,054)</b>	<b>379,137</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,313,082</b>	<b>\$ --</b>	<b>\$ 1,313,082</b>
	<u>          </u>	<u>          </u>	<u>          </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, 2009

	Special Revenue	PGBT Reinvestment Zone TIF	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
<b>Revenue:</b>			
<i>Advalorem taxes, penalties and interest</i>	\$ --	\$ 2,271	\$ 2,271
<i>Fines</i>	19,847	--	19,847
<i>Licenses, permits and fees</i>	14,741	--	14,741
<i>Gifts and contributions</i>	1,081	--	1,081
<i>Impact and development fees</i>	72,578	--	72,578
<i>Interest and investment earnings</i>	22,971	68	23,039
<b>Total revenues</b>	<u>131,218</u>	<u>2,339</u>	<u>133,557</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<i>General Government</i>	4,342	--	4,342
<i>Public Safety</i>	37,582	--	37,582
<i>Public works</i>	9,000	--	9,000
<i>Cultural and recreation</i>	38,549	--	38,549
<b>Capital Outlay</b>	--	927,550	927,550
<b>Total Expenditures</b>	<u>89,473</u>	<u>927,550</u>	<u>1,017,023</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>41,745</u>	<u>(925,211)</u>	<u>(883,466)</u>
<b>Net Change in Fund Balances</b>	41,745	(925,211)	(883,466)
<b>Fund Balances - Beginning</b>	<u>1,257,446</u>	<u>5,157</u>	<u>1,262,603</u>
<b>Fund Balances (Deficits)- Ending</b>	<u>\$ 1,299,191</u>	<u>\$ (920,054)</u>	<u>\$ 379,137</u>

**CITY OF SACHSE, TEXAS**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

EXHIBIT C-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue:</b>				
<i>Fines</i>	\$ 39,800	\$ 39,800	\$ 19,847	\$ (19,953)
<i>Licenses, permits and fees</i>	9,400	9,400	14,741	5,341
<i>Gifts and contributions</i>	3,000	3,000	1,081	(1,919)
<i>Impact and development fees</i>	118,200	118,200	72,578	(45,622)
<i>Interest and investment earnings</i>	36,335	36,335	22,971	(13,364)
<b>Total revenues</b>	<u>206,735</u>	<u>206,735</u>	<u>131,218</u>	<u>(75,517)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
<i>Finance</i>	22,757	22,757	4,342	18,415
<b>Public safety:</b>				
<i>Police</i>	4,000	4,000	9,625	(5,625)
<i>Animal control</i>	675	675	--	675
<i>Fire and ambulance</i>	17,000	17,000	27,957	(10,957)
<b>Public works:</b>				
<i>Streets</i>	--	--	9,000	(9,000)
<b>Cultural and recreation</b>				
<i>Parks and recreation</i>	17,500	17,500	35,651	(18,151)
<i>Library services</i>	--	--	2,898	(2,898)
<b>Total Expenditures</b>	<u>61,932</u>	<u>61,932</u>	<u>89,473</u>	<u>(27,541)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>144,803</u>	<u>144,803</u>	<u>41,745</u>	<u>(103,058)</u>
<b>Other Financing Sources (Uses):</b>				
<i>Transfers out</i>	(5,790)	(5,790)	--	(5,790)
<b>Total Other Financing Sources (Uses)</b>	<u>(5,790)</u>	<u>(5,790)</u>	<u>--</u>	<u>(5,790)</u>
<b>Net Change in Fund Balances</b>	<u>139,013</u>	<u>139,013</u>	<u>41,745</u>	<u>(97,268)</u>
<b>Fund Balances - Beginning</b>	<u>1,257,446</u>	<u>1,257,446</u>	<u>1,257,446</u>	<u>--</u>
<b>Fund Balances - Ending</b>	<u>\$ 1,396,459</u>	<u>\$ 1,396,459</u>	<u>\$ 1,299,191</u>	<u>\$ (97,268)</u>

**CITY OF SACHSE, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT C-4**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue:</b>				
<i>Advalorem taxes, penalties and interest</i>	\$ 1,119,961	\$ 1,119,961	\$ 1,148,429	\$ 28,468
<i>Interest and investment earnings</i>	8,305	8,305	4,630	(3,675)
<b>Total revenues</b>	<u>1,128,266</u>	<u>1,128,266</u>	<u>1,153,059</u>	<u>24,793</u>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
<i>Principal</i>	599,591	599,591	599,591	--
<i>Interest and fiscal charges</i>	601,873	601,873	1,202,984	(601,111)
<i>Bond issuance costs</i>	--	--	301,417	(301,417)
<b>Total Expenditures</b>	<u>1,201,464</u>	<u>1,201,464</u>	<u>2,103,992</u>	<u>(902,528)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(73,198)</u>	<u>(73,198)</u>	<u>(950,933)</u>	<u>(877,735)</u>
<b>Other Financing Sources (Uses):</b>				
<i>Transfers out</i>	--	--	(175,054)	175,054
<i>General obligation bonds issued</i>	--	--	3,042,764	3,042,764
<i>Premiums on bonds issued</i>	--	--	411,052	411,052
<i>Payment to refunded bond escrow agent</i>	--	--	(2,624,122)	(2,624,122)
<i>Discount on bonds issued</i>	--	--	(415,403)	(415,403)
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>239,237</u>	<u>239,237</u>
<b>Net Change in Fund Balances</b>	<u>(73,198)</u>	<u>(73,198)</u>	<u>(711,696)</u>	<u>(638,498)</u>
<b>Fund Balances - Beginning</b>	<u>262,835</u>	<u>262,835</u>	<u>262,835</u>	<u>--</u>
<b>Fund Balances (Deficit) - Ending</b>	<u>\$ 189,637</u>	<u>\$ 189,637</u>	<u>\$ (448,861)</u>	<u>\$ (638,498)</u>

**CITY OF SACHSE, TEXAS**  
 ECONOMIC DEVELOPMENT FUND  
 DISCRETELY PRESENTED COMPONENT UNIT  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Sales taxes</i>	\$ 5,130,000	\$ 5,130,000	\$ 7,440,026	\$ 2,310,026
<i>Gifts and contributions</i>	1,200	1,200	1,000	(200)
<i>Interest and investment earnings</i>	56,500	56,500	25,736	(30,764)
<i>Miscellaneous</i>	--	--	182	182
Total revenues	<u>5,187,700</u>	<u>5,187,700</u>	<u>7,466,944</u>	<u>2,279,244</u>
Expenditures:				
Current:				
<i>Community development</i>	4,441,932	5,154,758	4,875,296	279,462
Total Expenditures	<u>4,441,932</u>	<u>5,154,758</u>	<u>4,875,296</u>	<u>279,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>745,768</u>	<u>32,942</u>	<u>2,591,648</u>	<u>2,558,706</u>
Net Change in Fund Balances	745,768	32,942	2,591,648	2,558,706
Fund Balances - Beginning	<u>2,301,243</u>	<u>2,301,243</u>	<u>2,301,243</u>	--
Fund Balances - Ending	<u>\$ 3,047,011</u>	<u>\$ 2,334,185</u>	<u>\$ 4,892,891</u>	<u>\$ 2,558,706</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>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>1, 2, 3, 4 &amp; 5</b>
<b>Revenue Capacity</b> These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	<b>6, 7, 8 &amp; 9</b>
<b>Debt Capacity</b>  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.	<b>10, 11 &amp; 12</b>
<b>Economic and Demographic Information</b> These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>13 &amp; 14</b>
<b>Operating Information</b> 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.	<b>15, 16 &amp; 17</b>

**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

NET ASSETS BY COMPONENT

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

	Fiscal Year					
	2004	2005	2006 <sup>b</sup>	2007	2008	2009
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 37,268,177	\$ 43,168,696	\$ 44,754,561	\$ 45,783,623	\$ 46,034,267	\$ 39,684,306
Restricted	145,267	125,191	139,988	1,079,709	5,803,620	6,691,500
Unrestricted	5,738,364	3,731,444	4,066,074	4,751,835	916,963	3,466,888
<b>Total governmental activities net assets<sup>a</sup></b>	<b>\$ 43,151,808</b>	<b>\$ 47,025,331</b>	<b>\$ 48,960,623</b>	<b>\$ 51,615,167</b>	<b>\$ 52,754,850</b>	<b>\$ 49,842,694</b>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 14,672,474	\$ 15,412,819	\$ 15,844,099	\$ 17,526,144	\$ 17,732,575	\$ 18,430,141
Restricted						
Unrestricted	3,174,112	3,654,065	4,448,263	4,258,302	4,516,759	3,973,694
<b>Total business-type activities net assets</b>	<b>\$ 17,846,586</b>	<b>\$ 19,066,884</b>	<b>\$ 20,292,362</b>	<b>\$ 21,784,446</b>	<b>\$ 22,249,334</b>	<b>\$ 22,403,835</b>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 51,940,651	\$ 58,581,515	\$ 60,598,660	\$ 63,309,767	\$ 63,766,842	\$ 58,114,447
Restricted	145,267	125,191	139,988	1,079,709	5,803,620	6,691,500
Unrestricted	8,912,476	7,385,509	8,514,337	9,010,137	5,433,722	7,440,582
<b>Total primary governmental net assets</b>	<b>\$ 60,998,394</b>	<b>\$ 66,092,215</b>	<b>\$ 69,252,985</b>	<b>\$ 73,399,613</b>	<b>\$ 75,004,184</b>	<b>\$ 72,246,529</b>

**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.

<sup>a</sup> The requirement for statistical data is ten years; only six years are available at this time.

<sup>b</sup> The 2006 net asset value in the governmental activities group was restated in 2007.

GOVERNMENT-WIDE EXPENSES BY FUNCTION <sup>a</sup>LAST SIX FISCAL YEARS <sup>b</sup>(accrual basis of accounting)  
(Unaudited)

	Fiscal Year					
	2004	2005	2006	2007 <sup>c</sup>	2008	2009
<b>Expenses</b>						
Governmental activities:						
General government	\$ 1,701,492	\$ 1,746,332	\$ 2,046,546	\$ 1,165,132	\$ 2,061,008	\$ 2,306,206
Public safety	2,901,151	3,517,912	3,904,491	4,735,242	5,122,627	5,196,405
Public works	2,350,788	2,870,899	3,652,686	3,334,704	3,467,466	5,322,948
Culture and recreation	745,527	815,792	811,641	1,033,235	1,162,603	1,365,603
Community development	562,637	612,772	658,666	1,231,869	8,819,061	617,616
Interest on long-term debt	307,543	260,137	235,890	217,332	207,484	1,222,132
Total governmental activities expenses	8,569,138	9,823,844	11,309,920	11,717,514	20,840,249	16,030,910
Business-type activities:						
Water and sewer	4,176,632	4,645,710	4,616,233	4,640,582	5,003,566	5,487,160
Total business-type activities expenses	4,176,632	4,645,710	4,616,233	4,640,582	5,003,566	5,487,160
Total primary government expenses	\$ 12,745,770	\$ 14,469,554	\$ 15,926,153	\$ 16,358,096	\$ 25,843,815	\$ 21,518,070

**Source:** Comprehensive Annual Financial Report**Note:** <sup>a</sup> Accrual-basis financial information for the city as a whole is only available back to 2004, the year GASB Statement 34 was implemented.<sup>b</sup> The requirement for statistical data is ten years; only six years are available at this time.<sup>c</sup> General Revenue classifications modified.

CITY OF SACHSE, TEXAS

GOVERNMENT-WIDE REVENUES <sup>a</sup>  
 LAST SIX FISCAL YEARS <sup>b</sup>  
 (accrual basis of accounting)  
 (Unaudited)

	Fiscal Year					
	2004	2005	2006	2007 <sup>c</sup>	2008	2009
<b>Program Revenues</b>						
Governmental activities:						
Charges for Services:						
General government	\$ 348,038	\$ 461,562	\$ 679,877	\$ 472,491	\$ 441,333	\$ 334,331
Public safety	297,488	412,446	793,118	883,435	713,814	500,042
Public works	487,667	215,455	185,928	129,384	111,109	83,002
Culture and recreation	38,173	38,205	49,412	47,779	109,031	71,839
Community development	582,880	456,953	498,279	288,518	176,360	136,128
Operating grants and contributions	17,976	14,951	27,540	149,774	401,576	124,155
Capital grants and contributions	299,115	4,708,563	4,141,707	2,478,539	1,373,884	78,763
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>	<u>3,327,107</u>	<u>1,328,260</u>
Business-type activities:						
Charges for services:						
Water and sewer	4,099,360	4,429,192	5,218,473	4,384,868	4,866,712	4,863,884
Operating grants and contributions	122,239	55,299	--	--	--	--
Capital grants and contributions	8,927	1,514,799	741,816	1,900,735	909,613	1,127,986
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>	<u>5,776,325</u>	<u>5,991,870</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>	<u>\$ 9,103,432</u>	<u>\$ 7,320,130</u>
<b>General Revenues</b>						
Governmental activities:						
Taxes:						
Property taxes	\$ 4,264,874	\$ 4,842,770	\$ 5,154,268	\$ 5,790,305	\$ 6,345,254	\$ 7,304,775
Sales and other taxes	1,894,749	1,992,412	1,735,286	3,310,322	11,375,482	3,537,454
Penalties and interest	41,031	44,256	50,504	--	--	--
Unrestricted investment earnings	158,285	213,359	388,712	367,476	390,571	420,591
Miscellaneous	76,437	85,503	179,142	86,890	89,725	113,067
Transfers	210,932	210,932	263,260	367,145	451,792	414,607
Total governmental activities	<u>6,646,308</u>	<u>7,389,232</u>	<u>7,771,172</u>	<u>9,922,138</u>	<u>18,652,824</u>	<u>11,790,494</u>
Business-type activities:						
Unrestricted investment earnings	64,129	77,650	144,682	204,514	143,922	64,398
Transfers	--	--	--	9,694	--	--
Total business-type activities	<u>(210,932)</u>	<u>(210,932)</u>	<u>(263,260)</u>	<u>(367,145)</u>	<u>(451,792)</u>	<u>(414,607)</u>
Total primary government	<u>\$ 6,499,505</u>	<u>\$ 7,255,950</u>	<u>\$ 7,652,594</u>	<u>\$ 9,769,201</u>	<u>\$ 18,344,954</u>	<u>\$ 11,440,285</u>

Source: Comprehensive Annual Financial Report

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

<sup>b</sup> The requirement for statistical data is ten years; only six years are available at this time.

<sup>c</sup> General Revenue classifications modified.

CITY OF SACHSE, TEXAS

TABLE D-4

FUND BALANCES (DEFICITS), GOVERNMENTAL FUNDS

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006 <sup>b</sup>	2007	2008 <sup>c</sup>	2009
General Fund										
Reserved <sup>a</sup>	\$ 83,297	\$ 25,307	\$ 13,421	\$ 15,841	\$ 22,230	\$ 8,424	\$ 29,384	\$ 6,407	\$ 17,752	\$ 1,694
Unreserved	1,657,666	2,036,441	2,305,891	2,497,174	2,468,950	2,382,441	2,625,205	3,356,380	3,322,355	3,344,798
Total general fund	\$ 1,740,963	\$ 2,061,748	\$ 2,319,312	\$ 2,513,015	\$ 2,491,180	\$ 2,390,865	\$ 2,654,589	\$ 3,362,787	\$ 3,340,107	\$ 3,346,492
All Other Governmental Funds										
Reserved for:										
Debt service	\$ 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	379,137
Debt service			-	-	-	-	-	-	-	(448,861)
Capital projects funds	79,138	499,948	592,237	1,711,396	1,859,545	2,427,372	1,524,830	861,417	5,603,353	32,400,420
Total all other governmental funds	\$ 184,488	\$ 618,375	\$ 2,578,074	\$ 3,285,889	\$ 3,381,150	\$ 3,826,162	\$ 2,899,794	\$ 2,469,795	\$ 7,128,791	\$ 32,330,696

Source: Comprehensive Annual Financial Report

Notes: <sup>a</sup> Includes prepaid items.

<sup>b</sup> Restated 2006 Fund balance per GAAP for 60 day allowance to Property Taxes and Ambulance Receivables.

<sup>c</sup> Restated 2008 Fund balance for allocation of sales taxes (General Fund decrease \$70,062, Capital Projects Fund increase \$70,062).

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>REVENUES</b>										
Ad valorem taxes	\$ 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	\$ 7,305,974
Sales and other taxes	618,567	817,780	982,262	2,329,504	1,887,878	1,988,273	1,735,286	3,350,242	3,212,532	3,537,454
Fines	235,001	289,769	301,240	284,461	316,993	430,466	574,093	491,411	470,339	342,592
Licenses, permits and fees	761,262	660,392	962,318	1,380,310	1,353,632	974,478	1,246,398	1,273,438	931,515	782,354
Gifts and contributions	--	--	--	--	1,000	11,868	59,117	215,827	480,554	130,534
Intergovernmental	112,898	104,319	--	--	--	--	--	--	--	--
Impact and development fees	--	--	201,259	42,333	34,570	105,588	129,360	249,037	198,673	72,578
Interest earned	103,001	183,677	188,783	165,300	158,285	213,359	388,712	367,476	390,571	420,591
Miscellaneous	345,046	260,156	182,899	287,651	178,934	178,983	175,848	116,422	109,058	130,928
Total revenues	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	12,723,005
<b>EXPENDITURES</b>										
General government	705,996	840,375	1,017,631	1,051,952	1,066,196	1,134,368	1,181,981	1,146,484	1,136,248	1,295,664
Public safety	1,527,842	1,774,115	2,402,478	2,961,119	3,067,091	3,417,148	3,823,814	4,395,529	4,859,573	4,912,048
Public works	1,160,632	1,348,147	1,017,959	1,619,053	1,054,131	1,308,812	1,344,793	1,300,255	1,207,999	1,263,757
Culture and recreation	--	--	429,614	620,476	669,126	710,041	853,422	916,667	1,569,532	4,567,958
Community development	196,449	312,003	472,728	511,183	570,970	624,020	636,328	1,219,360	640,446	611,220
Nondepartmental	--	--	--	--	672,075	620,116	843,533	--	905,125	989,802
Capital outlay	450,723	661,765	1,762,984	2,774,833	553,977	181,899	1,396,203	2,405,561	3,029,163	4,118,191
Debt service	--	--	--	--	--	--	--	--	--	--
Principal retirement	164,206	173,386	222,421	227,478	402,625	478,794	495,840	387,456	400,468	599,591
Interest and fiscal charges	133,936	151,958	153,042	272,155	319,723	264,442	239,050	217,332	201,334	1,202,984
Bond issuance costs	--	--	--	--	--	--	--	--	104,308	301,417
Total expenditures	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	19,862,632
Excess (deficiency) of revenues over (under) expenditures	38,923	(234,092)	(1,416,814)	(1,592,028)	(137,506)	44,485	(1,201,298)	(94,989)	(1,926,774)	(7,139,627)
<b>OTHER FINANCING SOURCES (USES)</b>										
Certificates of obligation	--	850,000	1,810,000	2,000,000	--	--	--	--	--	--
Sale of capital assets	--	--	--	--	--	--	164,950	6,043	--	1,783
Capital lease obligation	119,000	--	--	--	--	89,280	150,000	--	--	--
General obligation bonds	--	--	--	324,800	--	--	--	--	6,130,000	34,560,000
Premium bonds issued	--	--	--	--	--	--	--	--	51,518	411,052
Discount on bonds issued	--	--	--	--	--	--	--	--	(70,219)	(415,403)
Payment to Refunded Bond Escrow Agent	206,325	188,764	351,148	743,746	--	--	--	--	--	--
Operating transfer from component units	--	--	(188,893)	(575,000)	379,068	293,187	378,448	537,435	456,521	589,661
Operating transfer to component units	--	--	--	--	(168,136)	(82,255)	(115,188)	(170,290)	(4,729)	(175,054)
Transfers in	--	--	--	--	210,932	300,212	578,210	373,188	6,563,091	32,347,917
Transfers out	325,325	988,764	1,972,255	2,493,546	210,932	300,212	578,210	373,188	6,563,091	32,347,917
Total other financing sources (uses)	--	--	--	--	--	--	--	--	--	--
<b>NET CHANGE IN FUND BALANCES</b>	\$ 364,248	\$ 754,672	\$ 555,441	\$ 901,518	\$ 73,426	\$ 344,687	\$ (623,088)	\$ 278,199	\$ 4,636,317	\$ 25,208,290
Debt service as a percentage of noncapital expenditures	7.7%	7.1%	6.6%	6.9%	9.2%	8.7%	7.8%	6.3%	5.5%	9.1%

Source: Comprehensive Annual Financial Report

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				
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	
2009	1,247,325,789	31,837,705	65,308,411	1,213,855,083	0.61000	

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

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		Total Direct	Garland Independent		Total Dallas County Entities	Wylie Independent School District		Total Collin County Entities
		Debt	Service		School District	School District				
2000	\$ 0.57240	\$ 0.07430	\$ 0.07430	\$0.64670	\$ 1.40530	\$ 2.49970	\$ 0.44770	\$ 1.57000	\$ 0.36472	\$ 2.58142
2001	0.55920	0.06750	0.06750	0.62670	1.47170	2.60407	0.50567	1.57000	0.34405	2.54075
2002	0.52800	0.06090	0.06090	0.58890	1.45860	2.56303	0.51553	1.56090	0.34284	2.49264
2003	0.50840	0.06700	0.06700	0.57540	1.45860	2.54950	0.51550	1.61000	0.34195	2.52735
2004	0.46650	0.09350	0.09350	0.56000	1.55850	2.65966	0.54116	1.72000	0.34193	2.62193
2005	0.47330	0.08510	0.08510	0.55840	1.62140	2.72346	0.54366	1.80000	0.34065	2.69905
2006	0.48120	0.07716	0.07716	0.55836	1.67010	2.78326	0.55480	1.81700	0.33942	2.71478
2007	0.48116	0.07716	0.07716	0.55832	1.54490	2.65715	0.55393	1.70250	0.33270	2.59352
2008	0.49758	0.05582	0.05582	0.55341	1.25330	2.37392	0.56721	1.39000	0.33198	2.27539
2009	0.09611	0.51389	0.51389	0.61000	1.25330	2.43973	0.57643	1.51000	0.32899	2.44899

Source: Dallas & Collin Central Appraisal Districts and City records

CITY OF SACHSE, TEXAS

TABLE D-8

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

	2009		2000		
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	13,207,985	1.09%	Texas Utilities	\$ 4,648,830	1.07%
Jackson Meadows Partners	9,760,420	0.80%	Woodbridge Properties	1,519,230	0.35%
Realty Assoc Iowa Corp	6,526,218	0.54%	Continental Homes	1,514,207	0.35%
Oncor Electric/Texas Utilities	5,287,870	0.44%	General Telephone Co	1,175,140	0.27%
Woodbridge 1314 LTD	3,802,204	0.31%	William A Morrow	866,905	0.20%
Verizon	3,531,130	0.29%	Ensearch Corp - Lone Star Gas	816,140	0.19%
Walgreen Co	3,005,690	0.25%	Sachse Commons SCI	780,670	0.18%
The Philip Mohr & Joanne KM	3,000,000	0.25%	Quail Hollow LTD	733,270	0.17%
Sachse Self Storage Ltd	2,778,830	0.23%	Communications Services AT&T	697,750	0.16%
Woodbridge Shopping Center	2,654,078	0.22%	Ray Morris Homes	549,410	0.13%
<b>Total</b>	<b>\$ 53,554,425</b>	<b>4.41%</b>	<b>Total</b>	<b>\$ 13,301,552</b>	<b>3.07%</b>
<b>Total Assessed Valuation</b>	<b>\$ 1,213,855,083</b>	<b>100.00%</b>	<b>Total Assessed Valuation</b>	<b>\$ 433,275,053</b>	<b>100.00%</b>

Source: Tax Office

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

TABLE D-9

CITY OF SACHSE TEXAS

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
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%	6,505	3,880,668	100.0%
2004	4,272,432	4,226,180	98.9%	44,937	4,271,117	100.0%
2005	4,884,876	4,793,144	98.1%	88,500	4,881,644	99.9%
2006	5,281,560	5,201,118	98.5%	72,122	5,273,240	99.8%
2007	5,723,724	5,649,957	98.7%	59,046	5,709,003	99.7%
2008	6,266,916	6,203,890	99.0%	4,211	6,208,101	99.1%
2009	7,227,992	7,217,309	99.9%	—	7,217,309	99.9%

Source: Dallas and Collin County reports.

CITY OF SACHSE, TEXAS

RATIO OF OUTSTANDING BONDED DEBT BY TYPE

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities <sup>b</sup>		Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificates of Obligation	General Obligation Bonds	Certificates of Obligation			
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
2009	40,510,000	1,235,000	-	1,375,000	43,120,000	9.01%	2,300

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

<sup>a</sup>See Table D-13 for personal income and population data.

<sup>b</sup>Self 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 <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificates of Obligation	Total		
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	6,256,483	4,133,054	10,389,537	0.86%	576
2009	40,510,000	2,610,000	43,120,000	3.55%	2,300

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

<sup>a</sup>See Table D-7 for property value data.

<sup>b</sup>See Table D-13 for population data.

**CITY OF SACHSE, TEXAS**

**TABLE D-12**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of September 30, 2009  
(Unaudited)

Governmental Unit	Taxable Assessed Value	Gross Bonded Debt	Percentage of Debt Applicable to Area	Sachse Share of Overlapping Debt
<b>Debt repaid with property taxes</b>				
Wylie I.S.D	\$ 3,174,153,497	\$ 232,669,808	11.38%	\$ 26,477,824
Garland I.S.D	14,060,376,572	398,043,834	5.22%	20,777,888
Collin County	72,309,574,717	409,395,000	0.47%	1,924,157
Dallas County	166,098,437,573	108,531,552	0.40%	434,126
Dallas County Hospital District	166,251,471,774	705,000,000	0.40%	2,820,000
Collin County Community College District	74,463,441,130	48,345,000	0.47%	227,222
Dallas County Community College District	173,374,606,886	387,260,000	0.40%	1,549,040
Subtotal, overlapping debt				
				54,210,256
<b>City of Sachse Direct Debt ( includes self-supporting)</b>				
			100.00%	<u>43,120,000</u>
<b>Total direct and overlapping debt</b>				
				<u>\$ 97,330,256</u>

**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

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years  
(Unaudited)

Year	Estimated Population <sup>a</sup>	Personal Income	Per Capita Personal Income <sup>b</sup>	School Enrollment <sup>c</sup>		Unemployment Rate <sup>d</sup>	
				Garland ISD	Wylie ISD	Dallas County	Collin County
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%
2009	18,750	478,687,500	25,530	57,000	11,402	8.7%	7.8%

**Sources:** <sup>a</sup>Estimated population provided by the City of Sachse.

<sup>b</sup>Per Capita Income provided by North Central Texas Council of Governments.

<sup>c</sup>Garland & Wylie Independent School Districts.

<sup>d</sup>Texas Workforce Commission.

TABLE D-14

CITY OF SACHSE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Five Years Ago <sup>a</sup>  
(Unaudited)

Employer	2009		2004 *	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Garland ISD	165	1.07%	132	1.17%
City of Sachse	143	0.93%	120	1.06%
Wylie ISD	139	0.91%	20	0.18%
Kroger	75	0.49%	19	0.17%
Metro Store	20	0.13%	15	0.13%
Marshall Cabinets	15	0.10%	13	0.12%
TPC Electric	15	0.10%	12	0.11%
Sachse Veterinary Clinic	15	0.10%	9	0.08%
American National Bank	14	0.09%	8	0.07%
First Bank	10	0.07%	6	0.05%
Total	611	3.98%	354	3.14%

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

<sup>a</sup> 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-15

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government and Administration	12	12	12	14	18	17	17	17	18	19
Public Safety	30	36	38	45	50	56	60	65	71	72
Public Works	9	7	9	14	13	13	14	12	12	16
Culture and Recreation	4	8	9	11	12	12	12	13	14	15
Water and Sewer	10	12	12	8	5	5	5	5	7	7
Community Development	10	10	10	12	13	13	14	13	13	13
Economic Development	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>76</b>	<b>86</b>	<b>91</b>	<b>105</b>	<b>112</b>	<b>117</b>	<b>122</b>	<b>126</b>	<b>136</b>	<b>143</b>

CITY OF SACHSE, TEXAS

TABLE D-16

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years  
(Unaudited)

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Public Safety</b>										
Police										
Number of Employees	29	32	34	36	40	43	43	43	43	43
Number of Violations (Citations)	N/A	N/A	5,358	5,191	4,919	7,242	7,256	4,947	5,666	2,844
<b>Fire</b>										
Number of Employees <sup>a</sup>	1	4	4	9	10	13	17	22	24	24
Number of Volunteers	30	25	22	15	8	5	4	3	4	0
Number of Fire runs	163	175	195	248	244	313	283	410	491	741
Number of EMS runs	338	450	489	570	551	638	633	556	572	424
<b>Public Works</b>										
Streets (miles)	35	58	71	86	105	105	112	120	122	122
Building Permits Issued	585	422	335	515	446	176	282	186	176	135
<b>Cultural and Recreational</b>										
Parks and Recreation										
Park maintain & operate per acre	60	60	60	82	82	86	86	93	93	110
Participants in Parks Programs <sup>b</sup>	N/A	N/A	N/A	N/A	637	1,665	2,741	2,630	3,570	3,952
Participants in Senior Program	N/A	N/A	N/A	N/A	N/A	N/A	8,914	8,812	12,815	13,027
<b>Library</b>										
Volumes in Collection	N/A	N/A	N/A	N/A	N/A	34,757	36,722	38,481	35,879	31,757
<b>Water and Sewer</b>										
Number of Water Connections	4,138	4,608	4,829	5,254	5,749	5,999	6,275	6,504	6,651	6,804
Number of Sewer Connections	3,638	4,127	4,432	4,845	5,411	5,666	5,889	6,078	6,252	6,427
Average Daily Water Consumption <sup>c</sup>	1.574	1.986	1.647	2.145	2.270	2.467	2.889	2.032	2.545	2.484
Maximum Storage Capacity <sup>c</sup>	1.9	1.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	6.9

Source: City Departments

Notes: N/A - Data not available.

<sup>a</sup> Fire Department Administration and EMS Staff.

<sup>b</sup> Parks Programs organized in 2004.

<sup>c</sup> Millions of gallons.

CITY OF SACHSE, TEXAS

TABLE D-17

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	13	14	14	15	17	17	17	17	17	17
Fire Stations	1	1	1	2	2	2	2	2	2	2
Police Motorcycle Units	N/A	N/A	1	1	1	2	2	2	2	2
<b>Public Works</b>										
Streets-Paved	35	58	71	86	105	105	112	120	122	122
<b>Cultural and Recreational</b>										
Parks (acres)	60	60	60	82	82	86	86	93	93	110
Playgrounds <sup>a</sup>	2	2	2	3	3	3	3	3	4	5
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
<b>Water and Sewer</b>										
Fire Hydrants	389	418	400	475	543	598	671	688	721	753
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	4	4	4	4	4	4	4	4

Source: City Departments

Notes: <sup>a</sup> Does not include HOA playgrounds.