

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2014



2013-2014

## City of Sachse, Texas

*As Prepared by  
The Finance Department*

*“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

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September 30, 2014

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## *INTRODUCTORY SECTION*





January 15, 2015

Honorable Mayor, City Council and Citizens of Sachse

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Sachse, Texas, for the fiscal year ended September 30, 2014. The CAFR is provided to give detailed information about the financial position and activities of the City to the Citizens, City Council, Staff and other readers.

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.

Brooks, Cardiel & Company, PLLC has issued an Unmodified ("clean") opinion on the City of Sachse's financial statements for the year ended September 30, 2014. 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 is 23,756, according to 2014 North Central Texas Council of Governments estimate.

The City Council is comprised of a 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, City Secretary 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 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 on 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.

Throughout the year, monthly reports are provided to the individual departments to review and compare actual versus budgeted amounts, and summary budget reports are presented to the City Council. The Finance Department also reviews operating revenues and expenditures, recommending adjustments, as needed. On a quarterly basis, the Finance Department submits more detailed 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, Capital Projects Fund, or Sachse Economic Development Corporation. However, the City does adopt an annual budget for those funds for managerial control.

## **LOCAL ECONOMY**

The City of Sachse continues to enjoy a stable economic environment, and local indicators point to continued stability as part of the Dallas/Fort Worth Metroplex area. The close proximity to major transportation networks in the North Dallas regional area enhances residential and commercial development in the City of Sachse. State Highway 78 connects Sachse to the President George 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 and many business, commercial, and industrial developments in Plano and Richardson. While Sachse is well-suited for residential development, it is anticipated that commercial development in the City will continue to increase with the eastern expansion of the George Bush Turnpike (Highway 190) to IH 30, which was completed in December 2011. In planning for this expansion, the City of Sachse 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 \$126,876,176 (9%) from the preceding year with \$41,432,452 in new property and an \$85,443,724 increase in the value of existing property. During the last five years, assessed taxable property value has increased 19% (from \$1,193,802,976 in 2009 to \$1,424,592,045 in 2014) and property taxes have accounted for 66% of the General Fund revenue. With a well-educated populace and average household income of \$82,219, 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 and 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 2013-2014 fiscal 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 opportunity, 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 are 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 basis 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.

## FISCAL YEAR 2014 HIGHLIGHTS

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 and the Salmon Park Improvement project have been completed. Major street improvements to 5<sup>th</sup> Street and Dewitt Road were completed in 2010. Bunker Hill Road construction began in November 2011 and was completed during FY2013. Widening of Merritt Road from the intersection with Pleasant Valley Road to the south city limits which was started in FY2013, continued through 2014, with anticipated completion in fall 2014. Hudson Drive was extended from Sewell Elementary School to Merritt Road utilizing Transportation bond funds in partnership with the developer of Heritage Park Subdivision.

Modifications to State Highway 78 at Woodbridge Parkway for a grade crossing of the Kansas City Southern Railroad were completed in 2013. The addition of this crossing was for the enhancement of mobility but also created a commercial development in the northwestern quadrant of the City. Walmart SuperCenter opened in July 2014, and additional commercial lots were platted during the year. Woodbridge Parkway was extended into Wylie through an inter-local agreement between Collin County, City of Wylie, and City of Sachse. That extension was opened in November 2014.

Construction was ongoing throughout the year on a 381unit apartment complex near the site of the Wal-Mart store. The City has partnered with the developer of the apartment complex and the Sachse Economic Development Corporation to fund the necessary improvements to the City's railroad crossings to qualify for Quiet Zone status.

Reconstruction of Brookhollow Drive and Haverhill Lane were completed in 2014. These projects were financed with special sales tax funds received from 380 Economic Development Agreements that expired in 2011. Preliminary engineering was completed for street lighting enhancements along Highway 78 and DeWitt Road, and installation of new lighting was completed in the Industrial Park. These lighting projects are to be primarily financed using the same special sales tax funds; much of the design work was done in-house by the City's engineering department, resulting in significant savings. Remaining funds available from the special sales tax were used to complete asphalt repairs on Sachse Road and to construct a new lift station in the Sachse Rd./Merritt Rd. area.

Asphalt repairs on Boone Street were accomplished utilizing funding from Dallas County through the Community Development Block Grant program.

Impact fees were updated in November 2012 following completion of the City's updated 10-year Capital Improvement Plan, which included the Master Thoroughfare Plan, Water Master Plan, and Sanitary Sewer Master Plan. Engineering was completed on widening of Ranch Road from Harlan Drive to Clearmeadow Lane. Construction is scheduled for FY2015, funded by Roadway impact fees, with additional funding from Collin County.

In May 2013, voters approved a ¼ cent sales tax designated for maintenance of existing streets. Asphalt paving repairs on Bonanza Court and Cartwright Drive were completed using street maintenance tax funds, which were available for the first time in FY2014.

Firefighter's Park (pictured on the front cover of this document) was substantially completed during FY2014, with a grand opening held early in October 2014. Funding for the new park was provided by park development fees, along with a donation from the Sachse Volunteer Fire Association.

**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, 2013. This was the fifteenth 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.

The City’s 2013-2014 Fiscal Year Budget received the GFOA Distinguished Budget Presentation Award. This was the second consecutive year the City’s Budget has been so recognized. The 2014-2015 Fiscal Year Budget has also been submitted for consideration.

**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 Brooks Cardiel & Company, PLLC 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 Mayor, City Council, the City Manager and City of Sachse staff for their assistance, interest and support in the preparation of this document as well as planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



William K. George  
City Manager



Teresa C. Savage, CGFO  
Finance Director



Berna Fitzpatrick-Walker, CGFO  
Finance Manager



Government Finance Officers Association

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

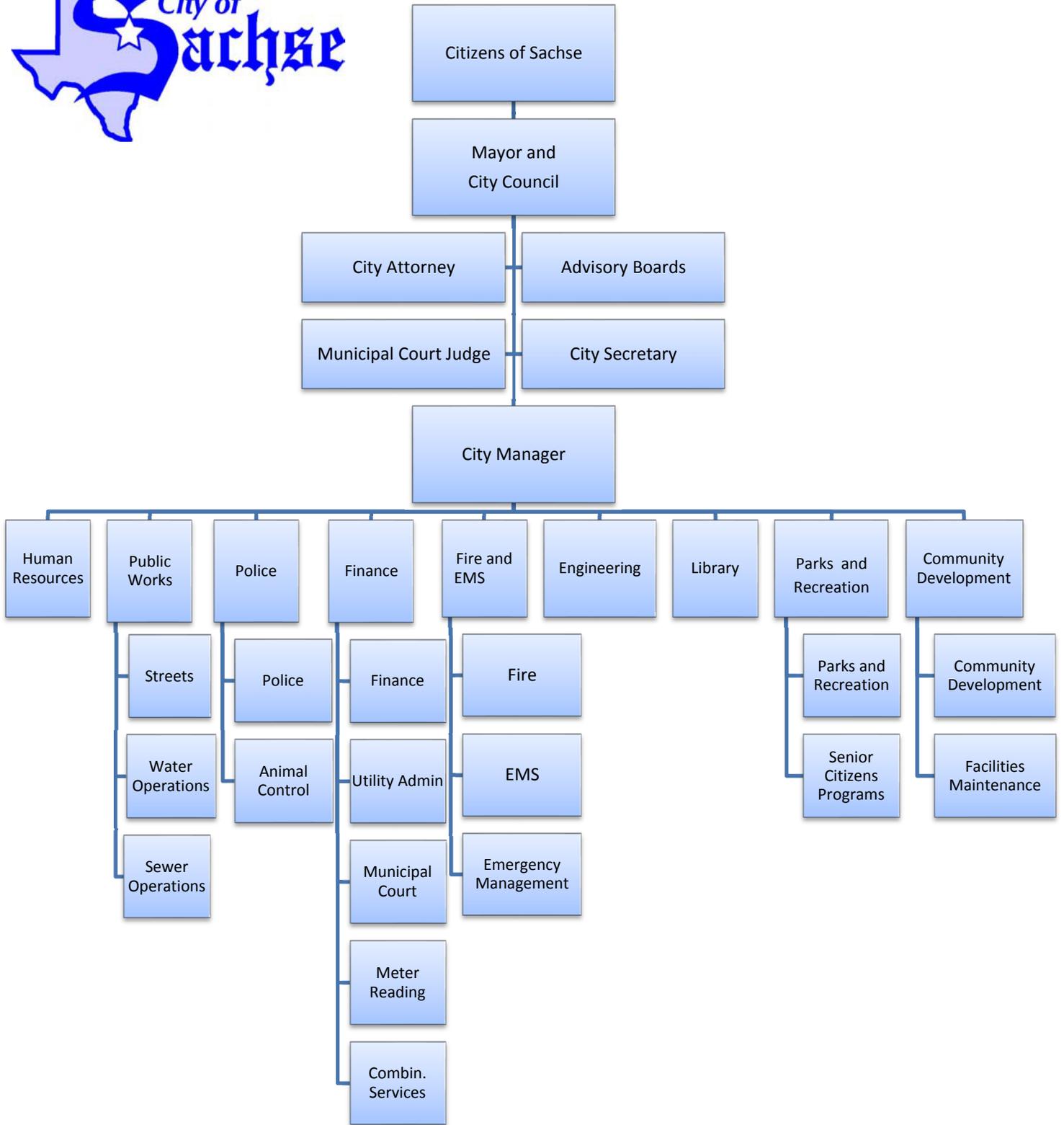
Presented to

**City of Sachse  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO



# CITY OF SACHSE, TEXAS

## CITY OFFICIALS



### Council Members

Mayor	Mike Felix
Mayor Pro Tem	Jeff Bickerstaff
Council Member	Bill Adams
Council Member	Charlie Ross
Council Member	Paul Watkins
Council Member	Cullen King
Council Member	Brett Franks

### Management Staff

City Manager	Billy George
City Secretary	Terry Smith
Finance Director	Teresa Savage
Community Development Director	Dan McGinn
City Engineer	Greg Peters
Economic Development Corporation Director	Leslyn Blake
Fire/EMS Chief	Rick Coleman
Human Resources Manager	Stacy Buckley
Library Manager	Mignon Morse
Parks/Senior Center Director	Lance Whitworth
Police Chief	Dennis Veach
Public Works Director	Joe Crase

***FINANCIAL SECTION***



## *INDEPENDENT AUDITOR'S REPORT*

To the Honorable Mayor and  
Members of the City Council  
City of Sachse, Texas:

### **Report on the Financial Statements**

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 (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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 as of September 30, 2014 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining balance sheet, statement of revenues, schedules of revenues, expenditures, and changes in fund balances – budget and actual for the debt service fund, special revenue fund, and Sachse Economic Development Corporation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information noted above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

A handwritten signature in cursive script that reads "Brooks Cardiel, PLLC".

BrooksCardiel, PLLC  
Certified Public Accountants  
The Woodlands, Texas  
January 15, 2015



*MANAGEMENT'S DISCUSSION  
AND ANALYSIS*



# City of Sachse, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### September 30, 2014

As management of the City of Sachse, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

#### **Financial Highlights**

- The assets of the City exceeded its liabilities (net position) at September 30, 2014 by \$80,662,070. Of this amount, \$3,353,034 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$7,076,432. The majority of the City's net position are invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$15,997,295 at September 30, 2014, a decrease of \$1,957,370 from the prior fiscal year; this includes an increase of \$15,717 in the debt service fund, a decrease of \$4,265,243 in the capital projects fund, increase of \$580,387 in the impact fee fund, an increase of \$63,420 in the street maintenance fund, and an increase of \$1,432,105 in the general fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$5,568,904 or 54% of total general fund expenditures.
- The City's outstanding bonds payable decreased by \$1,125,000 or 2.9% 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 \$37,045,000. Self-supporting debt of the proprietary fund was \$935,000.

#### **Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### **Government-Wide 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.

# City of Sachse, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2014

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Sachse Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The George Bush Turnpike Reinvestment Zone, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

### 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

#### Governmental Funds

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

# City of Sachse, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2014

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, the impact fee fund, and the street maintenance fund, which are considered to be major funds. The City's PGBT reinvestment zone tax increment fund and special revenue fund are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, impact fee fund, street maintenance, PGBT reinvestment zone tax increment fund and special revenue fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

### **Proprietary Funds**

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer 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. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for health insurance.

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.

### **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. The George Bush Turnpike Reinvestment Zone is reported as a blended component unit and is a nonmajor fund.

# City of Sachse, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2014

### Notes to Financial Statements

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

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Sachse, assets exceed liabilities by \$80,662,070 as of September 30, 2014 in the primary government.

The largest portion of the City's net position, \$67,588,016, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 assets themselves cannot be used to liquidate these liabilities.

**City of Sachse, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2014**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2014			2013		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and						
other assets	\$ 17,784,925	\$ 3,567,329	\$ 21,352,254	\$ 19,780,885	\$ 3,388,769	\$ 23,169,654
Capital assets, net	80,621,429	19,538,126	100,159,555	75,515,471	17,199,507	92,714,978
<b>Total Assets</b>	<b>98,406,354</b>	<b>23,105,455</b>	<b>121,511,809</b>	<b>95,296,356</b>	<b>20,588,276</b>	<b>115,884,632</b>
<b>Total Deferred</b>						
<b>Outflows</b>	14,574	-	14,574	15,341	-	15,341
Other liabilities	3,212,831	932,619	4,145,450	1,927,061	768,626	2,695,687
Long-term liabilities	35,881,181	837,682	36,718,863	38,568,589	1,050,059	39,618,648
<b>Total Liabilities</b>	<b>39,094,012</b>	<b>1,770,301</b>	<b>40,864,313</b>	<b>40,495,650</b>	<b>1,818,685</b>	<b>42,314,335</b>
Net Position:						
Net investment						
in capital assets	48,984,890	18,603,126	67,588,016	37,377,384	16,169,507	53,546,891
Restricted	9,721,020	-	9,721,020	14,002,442	-	14,002,442
Unrestricted	621,006	2,732,028	3,353,034	3,436,221	2,600,084	6,036,305
<b>Total Net Position</b>	<b>\$ 59,326,916</b>	<b>\$ 21,335,154</b>	<b>\$ 80,662,070</b>	<b>\$ 54,816,047</b>	<b>\$ 18,769,591</b>	<b>\$ 73,585,638</b>

**City of Sachse, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2014**

**Statement of Activities:**

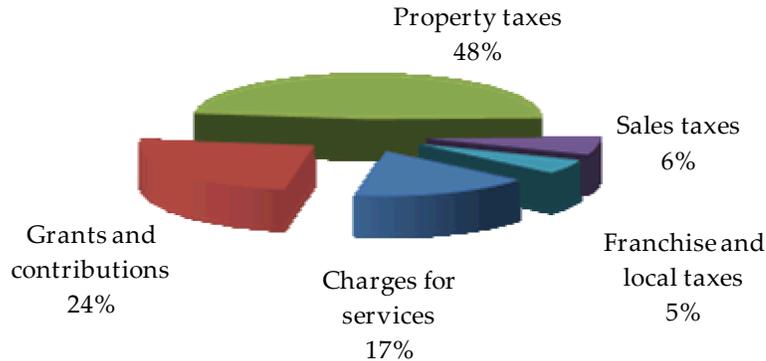
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2014			For the Year Ended September 30, 2013		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,474,282	\$ 6,872,513	\$ 10,346,795	\$ 2,508,707	\$ 7,418,900	\$ 9,927,607
Grants and contributions	5,062,102	2,019,038	7,081,140	1,691,265	666,054	2,357,319
General revenues:						
Property taxes	9,951,685	-	9,951,685	9,560,239	-	9,560,239
Sales taxes	1,296,199	-	1,296,199	858,261	-	858,261
Franchise and local taxes	1,094,025	-	1,094,025	1,015,561	-	1,015,561
Investment income	30,724	837	31,561	30,518	3,934	34,452
Other revenues	280,569	-	280,569	80,843	-	80,843
<b>Total Revenues</b>	<b>21,189,586</b>	<b>8,892,388</b>	<b>30,081,974</b>	<b>15,745,394</b>	<b>8,088,888</b>	<b>23,834,282</b>
<b>Expenses</b>						
General government	2,332,316	-	2,332,316	2,837,444	-	2,837,444
Public safety	6,176,967	-	6,176,967	5,858,865	-	5,858,865
Public works	4,059,258	-	4,059,258	3,654,946	-	3,654,946
Culture and recreation	1,427,948	-	1,427,948	1,359,697	-	1,359,697
Community development	616,439	-	616,439	591,605	-	591,605
Interest and fiscal charges	1,802,117	41,060	1,843,177	1,829,322	44,664	1,873,986
Water & Sewer	-	6,549,437	6,549,437	-	6,196,484	6,196,484
<b>Total Expenses</b>	<b>16,415,045</b>	<b>6,590,497</b>	<b>23,005,542</b>	<b>16,131,879</b>	<b>6,241,148</b>	<b>22,373,027</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	4,774,541	2,301,891	7,076,432	(386,485)	1,847,740	1,461,255
Transfers	(263,672)	263,672	-	1,252,689	(1,252,689)	-
<b>Total</b>	<b>(263,672)</b>	<b>263,672</b>	<b>-</b>	<b>1,252,689</b>	<b>(1,252,689)</b>	<b>-</b>
<b>Change in Net Position</b>	4,510,869	2,565,563	7,076,432	866,204	595,051	1,461,255
Beginning Net Position	54,816,047	18,769,591	73,585,638	53,949,843	18,174,540	72,124,383
<b>Ending Net Position</b>	<b>\$ 59,326,916</b>	<b>\$ 21,335,154</b>	<b>\$ 80,662,070</b>	<b>\$ 54,816,047</b>	<b>\$ 18,769,591</b>	<b>\$ 73,585,638</b>

**City of Sachse, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2014**

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

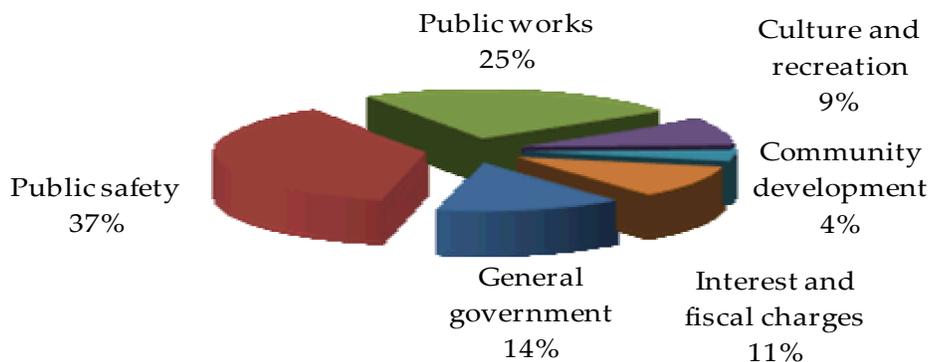
**Governmental Activities - Revenues**



For the year ended September 30, 2014, revenues from governmental activities totaled \$21,189,586. Property tax, charges for services and contributions are the City's largest general revenue sources. Overall revenue increased \$5,444,192 or 35% due to large amounts of contributed capital that occurred during the year. Grants and contributions increased by \$3,370,837 related to said contributed capital. Property tax revenue increased \$391,446 due to increase property values and a growing tax base. Sales tax increased by \$437,938 or 51% due to an the City's addition of the Street Maintenance tax. Charges for services increased by \$965,575, primarily from development and permit fees. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**



For the year ended September 30, 2014, expenses for governmental activities totaled \$16,415,045. This represents an increase of \$283,166 or 2% from the prior year. The City's largest functional expense is public safety of \$6,176,967. All expenditures remained relatively consistent with the previous year.

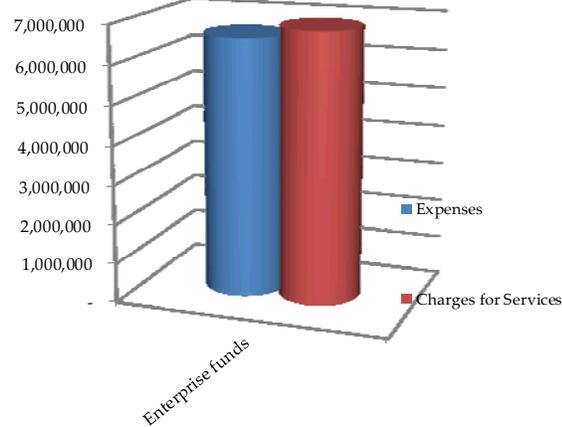
# City of Sachse, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2014

Business-type activities are shown comparing operating costs to revenues generated by related services.

### Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2014, charges for services by business-type activities totaled \$6,872,513. This is a decrease of \$546,387, or 7%, from the previous year. This decrease directly relates to water usage within the City.

Total expenses increased \$349,349 to a total of \$6,590,497, due primarily to an increase in the North Texas Municipal Water District contract, the City's source of water.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

At September 30, 2014, the City's governmental funds reported combined fund balances of \$15,997,295, a decrease of \$1,957,370 in comparison with the prior year. Approximately 36% of this amount (\$5,690,180) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *assigned*, or *restricted* to indicate that it is 1) not in spendable form (\$72,675) or 2) restricted for particular purposes (\$9,721,020).

As of the end of the year the general fund reflected a total fund balance of \$6,091,579. Of this, \$72,675 is considered nonspendable and \$5,568,904 is unassigned. This increase in fund balance is attributable to increased sales taxes and development fees.

# City of Sachse, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2014

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of General Fund is 59% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$5,568,904 is 54% of total general fund expenditures. \$450,000 was transferred to assigned fund balance for the anticipated upgrade of the public safety radio system in fiscal year 2016.

The debt service fund had an ending fund balance of \$290,913 at September 30, 2014 compared to the previous year's balance of \$275,196.

The capital projects fund ending fund balance is \$5,902,418. During the year, the City expended \$3,602,662 on various projects, utilizing funds from the 2006 bond package, impact fees and sales taxes.

The impact fee fund is considered a major fund and is used to ensure impact fees assessed for specific capital improvements are properly accounted for. During the year the fund transferred \$332,506 to the capital projects fund in relation to capital projects related to impact fees assessed.

The street maintenance fund is a major fund and is used to track sales tax collected for street maintenance. During the year the fund spent \$191,820 on street maintenance. The fund saw a total increase in fund balance of \$63,420. This fund was created during the current year and had a beginning balance of zero.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the water and sewer fund totaled \$21,329,282. Unrestricted net position of the enterprise fund at the close of the fiscal year amounted to \$2,726,156. Total net position demonstrated an increase of \$2,559,691. The fund had a net investment in capital assets of \$18,603,126. The City operates and maintains a water and sewer distribution system with force mains and lift stations. The City has six water storage facilities with a total capacity of approximately 6.9 million gallons. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of \$2,019,038 consisting of water and sewer infrastructure.
- Operational expenses excluding depreciation and amortization were \$5,176,689.
- Cash and cash equivalents in the water and sewer fund were \$1,543,836 at fiscal year end.

An internal service fund was established in 2014 for the purpose of tracking and allocating expenses for employee insurance. Revenue consists of budgeted allocations transferred from the General and Utility Funds, and expenses consist of premiums paid for health, dental, and life insurance, as well as contributions to health savings accounts and deductible reimbursements. The fund had an ending fund balance of \$66,488 to be retained for future risk.

# City of Sachse, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2014

### GENERAL FUND BUDGETARY HIGHLIGHTS

There were six budget amendments approved during the fiscal year, and increases totaling \$21,000. There was a positive variance of \$1,220,490 over budgeted general fund revenues. The following are additional comments regarding appropriations:

- There was a total positive variance of \$547,129 in budgeted appropriations.
- \$974,334 is the surplus of revenues over expenditures before transfers.
- There was a net positive change in fund balance of \$1,432,105.

### CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$80,621,429 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$19,538,126 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets decreased by \$7,444,577, net of depreciation.

Major capital asset events during the current year include the following:

- Contribution of assets by a developer.
- Acquisition of new library books.
- Acquisition of a fire command vehicle.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

### LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt obligations of \$37,980,000. Of this amount, \$935,000 is self-supporting through revenues collected from the rates of the City's 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.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

# City of Sachse, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2014

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved a tax rate for the 2014-2015 budget which was unchanged from the 2014 rate of \$.770819 per \$100 of assessed value. There was an increase in taxable values of \$126.8 million (9.03%) from the previous year, resulting in an overall increase in budgeted ad valorem taxes of \$891,708 to be allocated across the General, Debt Service, and PGBT Tax Increment Financing Funds. Overall, budgeted revenue for the General Fund increased by \$1,129,515 over the original 2013-14 budget. The approved budget increased \$1,074,428 to a total of \$12,719,179 and included funding for equipment replacement, a comprehensive wage and benefits study, the addition of two police patrol officers and a combination building inspector, wage and salary adjustments for public safety personnel, and merit increases for other personnel.

In August 2014, the City Council approved a 5 year schedule of utility rate adjustments designed to cover increasing raw costs for wholesale water and wastewater treatment, as well as projects included in the ten-year Capital Improvement Plan and maintenance and rehabilitation of existing system infrastructure. The approved budget included overall revenue increases of \$697,568 and increased expenditures of \$401,807, mostly from the continuing rise, 9.8% this year, of the cost of water from the North Texas Municipal Water District.

The City's capital budget includes \$4,687,514 in new funding for various projects city-wide. Unlike the operating budget, funding for budgeted capital projects does not expire at the end of the fiscal year but continues until the project is complete. By funding source, the amount budgeted includes \$300,000 from the General Fund, \$640,000 from Water and Sewer Impact Fees, \$100,000 from RCC special sales tax funds, \$282,000 in Street Maintenance Taxes, \$245,000 from Roadway Impact Fees, \$57,304 in Community Development Block Grant funds, \$220,000 from general unobligated capital projects funds, \$343,210 in developer contributions, and \$2,500,000 from a combined EDC/TIF grant/loan program.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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 3815-B Sachse Rd., Sachse Texas 75048 or call (972) 495-1212.



## ***FINANCIAL STATEMENTS***



**City of Sachse, Texas**  
**STATEMENT OF NET POSITION**  
**September 30, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sachse EDC
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 16,594,702	\$ 1,549,708	\$ 18,144,410	\$ 2,982,252
Restricted cash	-	176,159	176,159	-
Investments	1,001,689	-	1,001,689	1,208,337
Receivables, net	730,160	1,220,051	1,950,211	107,464
Internal balances	(614,301)	614,301	-	-
Inventory	-	7,110	7,110	-
Prepays	72,675	-	72,675	-
Assets held for sale	-	-	-	225,999
<b>Total Current Assets</b>	<b>17,784,925</b>	<b>3,567,329</b>	<b>21,352,254</b>	<b>4,524,052</b>
Capital assets:				
Non-depreciable	10,040,829	795,884	10,836,713	-
Net depreciable capital assets	70,580,600	18,742,242	89,322,842	-
	<b>80,621,429</b>	<b>19,538,126</b>	<b>100,159,555</b>	<b>-</b>
<b>Total Assets</b>	<b>98,406,354</b>	<b>23,105,455</b>	<b>121,511,809</b>	<b>4,524,052</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	14,574	-	14,574	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,369,849	626,048	1,995,897	15,284
Accrued interest payable	227,689	6,234	233,923	-
Customer deposits	500	176,196	176,696	-
Long term debt due within one year	1,614,793	124,141	1,738,934	408
	<b>3,212,831</b>	<b>932,619</b>	<b>4,145,450</b>	<b>15,692</b>
Noncurrent liabilities:				
Due in more than one year	35,881,181	837,682	36,718,863	45
<b>Total Liabilities</b>	<b>39,094,012</b>	<b>1,770,301</b>	<b>40,864,313</b>	<b>15,737</b>
<b>Net Position</b>				
Net investment in capital assets	48,984,890	18,603,126	67,588,016	-
Restricted for:				
Debt service	290,913	-	290,913	-
Capital improvements	9,187,648	-	9,187,648	-
Municipal court	242,459	-	242,459	-
Economic development	-	-	-	4,508,315
Unrestricted	621,006	2,732,028	3,353,034	-
<b>Total Net Position</b>	<b>\$ 59,326,916</b>	<b>\$ 21,335,154</b>	<b>\$ 80,662,070</b>	<b>\$ 4,508,315</b>

See Notes to Financial Statements.

# City of Sachse, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,332,316	\$ 7,830	\$ -	\$ -
Public safety	6,176,967	952,056	-	-
Public works	4,059,258	1,458,819	-	5,054,515
Culture and recreation	1,427,948	-	7,587	-
Community development	616,439	1,055,577	-	-
Interest and fiscal charges	1,802,117	-	-	-
<b>Total Governmental Activities</b>	<b>16,415,045</b>	<b>3,474,282</b>	<b>7,587</b>	<b>5,054,515</b>
<b>Business-Type Activities</b>				
Water	4,073,190	3,971,382	-	1,244,712
Sewer	2,517,307	2,901,131	-	774,326
<b>Total Business-Type Activities</b>	<b>6,590,497</b>	<b>6,872,513</b>	<b>-</b>	<b>2,019,038</b>
<b>Total Primary Government</b>	<b>\$ 23,005,542</b>	<b>\$ 10,346,795</b>	<b>\$ 7,587</b>	<b>7,073,553</b>
<b>Component Unit</b>				
Sachse Economic				
Development Corporation	\$ 309,096	\$ -	\$ -	\$ 10,000

**General Revenues:**

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Other revenues

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Sachse EDC</b>
\$ (2,324,486)	\$ -	\$ (2,324,486)	\$ -
(5,224,911)	-	(5,224,911)	-
2,454,076	-	2,454,076	-
(1,420,361)	-	(1,420,361)	-
439,138	-	439,138	-
(1,802,117)	-	(1,802,117)	-
<u>(7,878,661)</u>	<u>-</u>	<u>(7,878,661)</u>	<u>-</u>
-	1,142,904	1,142,904	-
-	1,158,150	1,158,150	-
-	2,301,054	2,301,054	-
<u>(7,878,661)</u>	<u>2,301,054</u>	<u>(5,577,607)</u>	<u>-</u>
			<u>(299,096)</u>
9,951,685	-	9,951,685	-
1,296,199	-	1,296,199	510,108
1,094,025	-	1,094,025	-
30,724	837	31,561	9,345
280,569	-	280,569	-
(263,672)	263,672	-	-
<u>12,389,530</u>	<u>264,509</u>	<u>12,654,039</u>	<u>519,453</u>
4,510,869	2,565,563	7,076,432	220,357
54,816,047	18,769,591	73,585,638	4,287,958
<u>\$ 59,326,916</u>	<u>\$ 21,335,154</u>	<u>\$ 80,662,070</u>	<u>\$ 4,508,315</u>

# City of Sachse, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Impact Fee</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 6,180,900	\$ 290,913	\$ 5,545,485	\$ 3,598,508
Investments	-	-	1,001,689	-
Receivables, net	643,677	22,630	-	6,830
Prepays	72,675	-	-	-
<b>Total Assets</b>	<b>\$ 6,897,252</b>	<b>\$ 313,543</b>	<b>\$ 6,547,174</b>	<b>\$ 3,605,338</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 693,588	\$ -	\$ 422,306	\$ 26,955
Customer deposits	500	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>694,088</b>	<b>-</b>	<b>422,306</b>	<b>26,955</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue -				
Property taxes	55,183	22,630	-	-
Fines receivable, net	9,261	-	-	-
Ambulance	47,141	-	-	-
Railroad Quiet Zone	-	-	222,450	-
<b>Total Deferred Inflows</b>	<b>111,585</b>	<b>22,630</b>	<b>222,450</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable for:				
Prepays	72,675	-	-	-
Restricted for:				
Debt service	-	290,913	-	-
Capital improvements	-	-	5,166,841	3,578,383
Municipal court	-	-	-	-
Street maintenance	-	-	-	-
Assigned	450,000	-	-	-
Unassigned	5,568,904	-	735,577	-
<b>Total Fund Balances</b>	<b>6,091,579</b>	<b>290,913</b>	<b>5,902,418</b>	<b>3,578,383</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,897,252</b>	<b>\$ 313,543</b>	<b>\$ 6,547,174</b>	<b>\$ 3,605,338</b>

See Notes to Financial Statements.

<u>Street Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 201,490	\$ 716,790	\$ 16,534,086
-	-	1,001,689
53,751	3,272	730,160
-	-	72,675
<u>\$ 255,241</u>	<u>\$ 720,062</u>	<u>\$ 18,338,610</u>
\$ 191,821	\$ 35,179	\$ 1,369,849
-	-	500
-	614,301	614,301
<u>191,821</u>	<u>649,480</u>	<u>1,984,650</u>
-	-	77,813
-	-	9,261
-	-	47,141
-	-	222,450
<u>-</u>	<u>-</u>	<u>356,665</u>
-	-	72,675
-	-	290,913
-	442,424	9,187,648
-	242,459	242,459
63,420	-	63,420
-	-	450,000
-	(614,301)	5,690,180
<u>63,420</u>	<u>70,582</u>	<u>15,997,295</u>
<u>\$ 255,241</u>	<u>\$ 720,062</u>	<u>\$ 18,338,610</u>



# City of Sachse, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2014

<b>Fund Balances - Total Governmental Funds</b>	\$ 15,997,295
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	10,040,829
Capital assets - net depreciable	70,580,600
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	77,813
Fines receivable	9,261
EMS receivable	47,141
Railroad Quiet Zone	222,450
Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/expenditure) until then.	
Deferred charge on refunding	14,574
Internal service funds are used by management to charge the cost of insurance to individual departments and funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	
Cash and cash equivalents	60,616
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(227,689)
Non-current liabilities due in one year	(1,614,793)
Non-current liabilities due in more than one year	(35,881,181)
<b>Net Position of Governmental Activities</b>	<b>\$ 59,326,916</b>

See Notes to Financial Statements.

# City of Sachse, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Impact Fee</u>
<b>Revenues</b>				
Property tax	\$ 6,912,646	\$ 2,939,112	\$ -	\$ -
Sales tax	1,041,056	-	-	-
Franchise and local taxes	1,094,025	-	-	-
License, permits and fees	1,817,667	-	-	-
Intergovernmental	176,193	-	-	-
Grants and donations	1,000	-	-	-
Fines and forfeitures	227,073	-	-	-
Impact and development fees	-	-	-	907,450
Investment income	5,993	1,051	17,658	5,443
Other revenue	30,799	-	249,770	-
<b>Total Revenues</b>	<b>11,306,452</b>	<b>2,940,163</b>	<b>267,428</b>	<b>912,893</b>
<b>Expenditures</b>				
Current:				
General government	1,308,341	-	-	-
Public safety	5,260,132	-	-	-
Public works	1,152,188	-	-	-
Culture and recreation	1,065,634	-	-	-
Community development	569,864	-	-	-
Nondepartmental	437,015	-	-	-
Debt Service:				
Principal	-	1,125,000	-	-
Interest and fiscal charges	-	1,799,446	-	-
Capital outlay	538,944	-	3,602,662	-
<b>Total Expenditures</b>	<b>10,332,118</b>	<b>2,924,446</b>	<b>3,602,662</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>974,334</b>	<b>15,717</b>	<b>(3,335,234)</b>	<b>912,893</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,221,271	-	487,506	-
Transfers (out)	(763,500)	-	(1,417,515)	(332,506)
<b>Total Other Financing Sources (Uses)</b>	<b>457,771</b>	<b>-</b>	<b>(930,009)</b>	<b>(332,506)</b>
<b>Net Change in Fund Balances</b>	<b>1,432,105</b>	<b>15,717</b>	<b>(4,265,243)</b>	<b>580,387</b>
Beginning fund balances	4,659,474	275,196	10,167,661	2,997,996
<b>Ending Fund Balances</b>	<b>\$ 6,091,579</b>	<b>\$ 290,913</b>	<b>\$ 5,902,418</b>	<b>\$ 3,578,383</b>

See Notes to Financial Statements.

<b>Street Maintenance</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 92,950	\$ 9,944,708
255,143	-	1,296,199
-	-	1,094,025
-	12,792	1,830,459
-	-	176,193
-	6,587	7,587
-	329,306	556,379
-	2,616	910,066
97	427	30,669
-	-	280,569
<u>255,240</u>	<u>444,678</u>	<u>16,126,854</u>
-	5,652	1,313,993
-	18,594	5,278,726
191,820	-	1,344,008
-	49,188	1,114,822
-	-	569,864
-	-	437,015
-	-	1,125,000
-	-	1,799,446
-	-	4,141,606
<u>191,820</u>	<u>73,434</u>	<u>17,124,480</u>
63,420	371,244	(997,626)
-	-	1,708,777
-	(155,000)	(2,668,521)
-	(155,000)	(959,744)
<u>63,420</u>	<u>216,244</u>	<u>(1,957,370)</u>
-	(145,662)	17,954,665
<u>\$ 63,420</u>	<u>\$ 70,582</u>	<u>\$ 15,997,295</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, 2014**

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

Net changes in fund balances - total governmental funds	\$ (1,957,370)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	4,141,606
Depreciation expense	(3,867,713)

The effect of capital assets contributed to the City during the current year.	4,832,065
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	230,612
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(51,276)
Accrued interest	(795)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of deferred charges on refunding	(767)
Amortization of debt discount	(1,109)
Principal payments	1,125,000

Internal service funds are used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	60,616
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 4,510,869</b>
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See Notes to Financial Statements.

**City of Sachse, Texas**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2014

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water &amp; Sewer</b>	<b>Internal Service Fund</b>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 1,543,836	\$ 66,488
Restricted cash - customer deposits	176,159	-
Receivables, net	1,220,051	-
Advances to other funds	614,301	-
Inventory	7,110	-
<b>Total Current Assets</b>	<b>3,561,457</b>	<b>66,488</b>
<b><u>Noncurrent Assets</u></b>		
Capital assets:		
Non-depreciable	795,884	-
Net depreciable capital assets	18,742,242	-
<b>Total Noncurrent Assets</b>	<b>19,538,126</b>	<b>-</b>
<b>Total Assets</b>	<b>23,099,583</b>	<b>66,488</b>
<b><u>Liabilities</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable and accrued liabilities	626,048	-
Accrued interest	6,234	-
Customer deposits	176,196	-
Compensated absences - current	24,141	-
Bonds payable - current	100,000	-
<b>Total Current Liabilities</b>	<b>932,619</b>	<b>-</b>
<b><u>Noncurrent Liabilities</u></b>		
Compensated absences	2,682	-
Bonds payable	835,000	-
<b>Total Liabilities</b>	<b>1,770,301</b>	<b>-</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	18,603,126	-
Unrestricted	2,726,156	66,488
<b>Total Net Position</b>	<b>21,329,282</b>	<b>\$ 66,488</b>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time	5,872	
<b>Net position of business-type activities</b>	<b>\$ 21,335,154</b>	

See Notes to Financial Statements.

# City of Sachse, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2014

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
<b><u>Operating Revenues</u></b>		
Water revenue	\$ 3,553,611	\$ -
Sewer revenue	3,055,974	-
Connection and tap charges	121,340	-
Other revenue	141,588	-
<b>Total Operating Revenues</b>	<b>6,872,513</b>	<b>-</b>
<b><u>Operating Expenses</u></b>		
Administration	199,682	-
Personnel	463,104	697,072
Cost of water	2,772,250	-
Cost of sewer	1,749,392	-
Depreciation	1,303,448	-
<b>Total Operating Expenses</b>	<b>6,487,876</b>	<b>697,072</b>
<b>Operating Income</b>	<b>384,637</b>	<b>(697,072)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment income	832	60
Interest expense	(41,060)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(40,228)</b>	<b>60</b>
<b>Income Before Capital Contributions and Transfers</b>	<b>344,409</b>	<b>(697,012)</b>
Contributed capital	2,019,038	-
Transfers in	1,417,515	763,500
Transfers (out)	(1,221,271)	-
<b>Change in Net Position</b>	<b>2,559,691</b>	<b>66,488</b>
Beginning net position	18,769,591	-
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.	5,872	-
<b>Ending Net Position</b>	<b>\$ 21,335,154</b>	<b>\$ 66,488</b>

See Notes to Financial Statements.

**City of Sachse, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2014**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water &amp; Sewer</b>	<b>Internal Service Fund</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from customers	\$ 7,059,893	\$ -
Payments to suppliers	(4,389,564)	(697,072)
Payments to employees	(656,022)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,014,307</b>	<b>(697,072)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Transfers in	1,417,515	763,500
Transfers (out)	(1,221,271)	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>196,244</b>	<b>763,500</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Capital purchases	(1,623,030)	-
Principal paid on debt	(95,000)	-
Interest paid on debt	(41,060)	-
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<b>(1,759,090)</b>	<b>-</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest on investments	832	60
<b>Net Cash Provided by Investing Activities</b>	<b>832</b>	<b>60</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>452,293</b>	<b>66,488</b>
Beginning cash and cash equivalents	1,267,702	-
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 1,719,995</b>	<b>\$ 66,488</b>
<b><u>Schedule of Non-cash Capital and Related Financing Activities:</u></b>		
Contributions of capital assets	\$ 2,019,038	\$ -

See Notes to Financial Statements.

**City of Sachse, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2014**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water &amp; Sewer</b>	<b>Internal Service Fund</b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>		
<b><u>to Net Cash Provided (Used) by Operating Activities</u></b>		
Operating Income	\$ 384,637	\$ (697,072)
Adjustments to reconcile operating income to net cash provided:		
Depreciation	1,303,448	-
<b>Changes in Operating Assets and Liabilities:</b>		
<b>(Increase) Decrease in:</b>		
Accounts receivable	187,380	-
Inventory	(724)	-
Advances	92,950	-
<b>Increase (Decrease) in:</b>		
Accounts payable and accrued liabilities	20,563	-
Compensated absences	6,764	-
Customer deposits	19,289	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,014,307</b>	<b>\$ (697,072)</b>

See Notes to Financial Statements.



**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Sachse, Texas (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 City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Sachse Economic Development Corporation (the "SEDC") and the PGBT Reinvestment Zone Tax Increment Fund (the "TIF"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Blended Component Unit**

President George Bush Turnpike (PGBT) Reinvestment Zone Tax Increment Fund

The City created the PGBT Reinvestment Zone Tax Increment Fund (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

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

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

The Sachse Economic Development Corporation (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 SEDC seven member board to carry out the Board's administrative and policy initiatives. The 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.

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 3815 Sachse Road, Sachse, Texas 75048.

**B. Basis of Presentation - Government-Wide and Fund Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following governmental funds:

### **General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, community development, and nondepartmental. This fund is considered to be a major fund.

### **Debt Service Fund**

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

### **Capital Projects Fund**

The capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds. This fund is considered to be a major fund.

### **Impact Fee Fund**

The impact fee fund accounts for impact fees collected for specific projects related to development within the City. This fund is considered to be a major fund.

### **Street Maintenance Fund**

The street maintenance fund is used to account for a sales tax restricted for street maintenance. The fund is considered to be a major fund.

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

### **Special Revenue Fund**

The special revenue fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources for this fund include donations, fines and fees, and grants. This fund is considered nonmajor for reporting purposes.

### **PGBT Reinvestment Zone Tax Increment Fund**

The PGBT Reinvestment Zone Tax Increment Fund was created to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. This fund is considered nonmajor for reporting purposes.

The government reports the following major enterprise fund:

### **Water & Sewer Fund**

This fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

The government reports the following internal service fund:

### **Health Insurance Fund**

This fund is used to account for health insurance benefits provided to City employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**C. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

### **D. Assets, Liabilities, and Fund Equity or Net Position**

#### **1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

#### **2. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions

**City of Sachse, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2014

are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

**3. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	5 to 30 years
Buildings and improvements	25 years

### 5. Net Position Flow Assumption

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

### 6. Fund Balance Flow Assumptions

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

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

### 7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The debt service fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

### 8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**9. Estimates**

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

**E. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

### **3. 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 unused 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 are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

### **4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

### **B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, SEDC, special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Three supplemental budget appropriations were made during the year.

#### **A. Expenditures Over Appropriations**

For the year ended, expenditures exceeded appropriations at the legal level of control and as follows:

##### General Fund:

Animal control	\$613
Seniors	\$1,090
Library services	\$649

##### Special Revenue Fund:

Library services	\$229
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The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available or an approved budget amendment has been

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

**B. Deficit Fund Equity**

At September 30, 2014, the PGBT Reinvestment Zone TIF, a nonmajor fund, has a deficit fund balance of \$614,301. The deficit will be eliminated in the future with development of the zone and issuance of new debt.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2014, the primary government had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 1,001,689	1.75

As of September 30, 2014, the Sachse EDC had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 1,208,337	0.18

*Interest rate risk* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2014, the City's investment in TexPool was rated AAAM by Standard & Poor's.

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2014, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

### **TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. 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 advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

**B. Receivables**

The following comprise receivable balances of the primary government at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Impact Fee</u>	<u>Street Maintenance</u>	<u>Special Revenue</u>	<u>Water &amp; Sewer</u>	<u>Total</u>
Property taxes	\$ 55,183	\$ 22,630	\$ -	\$ -	\$ -	\$ -	\$ 77,813
Sales tax	219,791	-	-	53,751	-	-	273,542
Franchise taxes	243,684	-	-	-	-	-	243,684
Fines	183,058	-	-	-	-	-	183,058
EMS	184,123	-	-	-	-	-	184,123
Accounts	-	-	-	-	-	1,260,776	1,260,776
Other	33,195	-	6,830	-	3,272	1,066	44,363
Allowance	(275,357)	-	-	-	-	(41,791)	(317,148)
	<u>\$ 643,677</u>	<u>\$ 22,630</u>	<u>\$ 6,830</u>	<u>\$ 53,751</u>	<u>\$ 3,272</u>	<u>\$ 1,220,051</u>	<u>\$ 1,950,211</u>

**C. Capital Assets**

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 8,754,454	\$ -	\$ -	\$ 8,754,454
Construction in progress	2,391,315	3,242,529	(4,347,469)	1,286,375
Total capital assets not being depreciated	<u>11,145,769</u>	<u>3,242,529</u>	<u>(4,347,469)</u>	<u>10,040,829</u>
Capital assets, being depreciated:				
Buildings and improvements	19,998,428	18,450	75,625	20,092,503
Vehicles and equipment	7,194,045	194,966	43,564	7,432,575
Infrastructure	102,939,661	5,517,725	4,271,844	112,729,230
Total capital assets being depreciated	<u>130,132,134</u>	<u>5,731,141</u>	<u>4,391,033</u>	<u>140,254,308</u>
Less accumulated depreciation				
Buildings and improvements	3,986,126	814,426	-	4,800,552
Vehicles and equipment	4,584,087	443,560	43,564	5,071,211
Infrastructure	57,192,218	2,609,727	-	59,801,945
Total accumulated depreciation	<u>65,762,431</u>	<u>3,867,713</u>	<u>43,564</u>	<u>69,673,708</u>
Net capital assets being depreciated	<u>64,369,703</u>	<u>1,863,428</u>	<u>4,347,469</u>	<u>70,580,600</u>
<b>Total Capital Assets</b>	<u>\$ 75,515,472</u>	<u>\$ 5,105,957</u>	<u>\$ -</u>	<u>\$ 80,621,429</u>

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

Depreciation was charged to governmental functions as follows:

General government	\$ 459,896
Public safety	539,141
Public works	2,624,037
Culture and recreation	244,639
<b>Total Governmental Activities Depreciation Expense</b>	<b><u><u>\$ 3,867,713</u></u></b>

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 346,821	\$ -	\$ -	\$ 346,821
Construction in progress	525,871	1,526,920	(1,603,728)	449,063
Total capital assets not being depreciated	<u>872,692</u>	<u>1,526,920</u>	<u>(1,603,728)</u>	<u>795,884</u>
Capital assets, being depreciated:				
Buildings and improvements	313,503	-	-	313,503
Vehicles and equipment	1,063,014	-	(43,564)	1,019,450
Infrastructure	39,021,480	2,115,148	1,603,728	42,740,356
Total capital assets being depreciated	<u>40,397,997</u>	<u>2,115,148</u>	<u>1,560,164</u>	<u>44,073,309</u>
Less accumulated depreciation				
Buildings and improvements	236,452	11,677	-	248,129
Vehicles and equipment	915,102	24,095	(43,564)	895,633
Infrastructure	22,919,629	1,267,676	-	24,187,305
Total accumulated depreciation	<u>24,071,183</u>	<u>1,303,448</u>	<u>(43,564)</u>	<u>25,331,067</u>
Net capital assets being depreciated	<u>16,326,814</u>	<u>811,700</u>	<u>1,603,728</u>	<u>18,742,242</u>
<b>Total Capital Assets</b>	<b><u><u>\$ 17,199,506</u></u></b>	<b><u><u>\$ 2,338,620</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 19,538,126</u></u></b>

Depreciation was charged to business-type activities as follows:

Water	\$ 816,726
Sewer	486,722
<b>Total Business-Type Activities Depreciation Expense</b>	<b><u><u>\$ 1,303,448</u></u></b>

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

**D. Long-term Debt**

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 37,595,000	\$ -	\$ (1,020,000)	\$ 36,575,000	\$ 1,085,000
Discount	(16,572)	-	1,109	(15,463)	-
Certificates of Obligation	575,000	-	(105,000)	470,000	110,000
Other liabilities:					
Compensated absences	415,161	81,885	(30,609)	466,437	419,793
<b>Total Governmental Activities</b>	<u>\$ 38,568,589</u>	<u>\$ 81,885</u>	<u>\$ (1,154,500)</u>	<u>\$ 37,495,974</u>	<u>\$ 1,614,793</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 35,881,181</u>	
<b>Business-Type Activities:</b>					
Bonds, notes and other payables:					
Certificates of Obligation	\$ 1,030,000	\$ -	\$ (95,000)	\$ 935,000	\$ 100,000
Other liabilities:					
Compensated absences	20,059	11,326	(4,562)	26,823	24,141
<b>Total Business-Type Activities</b>	<u>\$ 1,050,059</u>	<u>\$ 11,326</u>	<u>\$ (99,562)</u>	<u>\$ 961,823</u>	<u>\$ 124,141</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 837,682</u>	
<b>Component Unit</b>					
Other liabilities:					
Compensated absences	\$ 7,356	\$ 453	\$ (7,356)	\$ 453	\$ 408
<b>Total Component Unit</b>	<u>\$ 7,356</u>	<u>\$ 453</u>	<u>\$ (7,356)</u>	<u>\$ 453</u>	<u>\$ 408</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 45</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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type long-term debt will be repaid, plus accrued interest, from operating revenues of the water and sewer fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
<b>Governmental Activities:</b>			
2007 General obligation improvement bonds	4.0-4.15%	\$ 6,130,000	\$ 4,795,000
2009 General obligation refunding and improvement bonds	2.20-5.88%	34,560,000	31,780,000
<b>Total General Obligation Bonds</b>		<u>40,690,000</u>	<u>36,575,000</u>
2003 Certificates of obligation	2.70-4.20%	2,000,000	470,000
<b>Total Governmental Activities</b>		<u>\$ 42,690,000</u>	<u>\$ 37,045,000</u>
<b>Business-type Activities:</b>			
2007 Certificates of obligation	3.72 - 4.5%	\$ 1,530,000	\$ 935,000
<b>Total Business-Type Activities</b>		<u>\$ 1,530,000</u>	<u>\$ 935,000</u>

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

<b>Governmental Activities</b>				
<b>Year ending September 30,</b>	<b>General Obligation Bonds</b>		<b>Certificates of Obligation</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2015	\$ 1,085,000	\$ 1,745,276	\$ 110,000	\$ 16,915
2016	1,150,000	1,708,001	115,000	12,470
2017	1,225,000	1,666,754	120,000	7,710
2018	1,280,000	1,622,070	125,000	2,625
2019	1,495,000	1,571,576	-	-
2020	1,560,000	1,513,020	-	-
2021	1,625,000	1,447,701	-	-
2022	1,700,000	1,372,808	-	-
2023	1,785,000	1,289,208	-	-
2024	1,875,000	1,201,383	-	-
2025	1,965,000	1,109,208	-	-
2026	2,060,000	1,012,558	-	-
2027	2,160,000	909,833	-	-
2028	2,275,000	800,431	-	-
2029	1,930,000	694,099	-	-
2030	2,035,000	590,500	-	-
2031	2,145,000	480,775	-	-
2032	2,270,000	357,788	-	-
2033	2,405,000	220,459	-	-
2034	2,550,000	74,906	-	-
<b>Total</b>	<b>\$ 36,575,000</b>	<b>\$ 21,388,352</b>	<b>\$ 470,000</b>	<b>\$ 39,720</b>

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

<b>Business-Type Activities</b>		
<b>Year ending September 30,</b>	<b>Certificates of Obligation</b>	
	<b>Principal</b>	<b>Interest</b>
2015	\$ 100,000	\$ 37,238
2016	105,000	33,194
2017	110,000	28,915
2018	115,000	24,358
2019	115,000	19,585
2020	125,000	14,483
2021	130,000	8,935
2022	135,000	3,038
<b>Total</b>	<b>\$ 935,000</b>	<b>\$ 169,745</b>

**E. Deferred Charges on Refunding**

Deferred charges resulting from the issuance of series 2010 refunding general obligation refunding and improvement bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled \$14,574. Current year amortization expense for governmental activities totaled \$767.

**F. Interfund Transactions**

Transfers between the primary government funds during the 2014 year were as follows:

<b>Transfer Out</b>	<b>Transfer In</b>	<b>Amount</b>
General	Health Insurance	\$ 763,500
Water & Sewer	General	1,221,271
Capital Projects	Water & Sewer	1,417,515
Special Revenue	Capital Projects	155,000
Impact Fee	Capital Projects	332,506
	<b>Total</b>	<b>\$ 3,889,792</b>

Transfers from the water and sewer fund were made for operations support costs borne by the general fund. Transfers from the capital projects to the water and sewer fund were

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

made for construction projects. Transfers from the special revenue fund and the impact fee fund to the capital projects fund were made for capital expenditures.

The compositions of interfund balances as of year end were as follows:

Funds	Advances to Other Funds	Advances from Other Funds
PGBT Reinvestment Zone		
Water & Sewer	\$ -	\$ 614,301
Water & Sewer		
PGBT Reinvestment Zone	614,301	-
	\$ 614,301	\$ 614,301

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled with issuance of new debt.

**G. Restricted Net Position**

The City records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the City:

	Governmental Activities	Sachse EDC
<b>Restricted for:</b>		
Debt service	\$ 290,913	\$ -
Capital improvements	9,923,225	-
* Municipal court	242,459	-
Economic development	-	4,508,315
<b>Total</b>	\$ 10,456,597	\$ 4,508,315

\* Restricted by enabling legislation

**V. OTHER INFORMATION**

**A. 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; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

**C. Construction Commitments**

The government has active construction projects as of September 30, 2014. The projects include street construction and improvements and the construction of additional water lines and repairs. At year end the government's commitments with contractors are as follows:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
<b>Government Activities:</b>		
Merritt Road Resurfacing	\$ 2,525,722	\$ 259,278
Cartwright Drive Asphalt Repairs	95,473	6,552
Ponderosa Trail Asphalt Repairs	107,599	8,524
Bonanza Court Asphalt Repairs	84,221	6,598
<b>Total</b>	<b>\$ 2,813,015</b>	<b>\$ 280,952</b>

**D. Pension Plans**

**1. Texas Municipal Retirement Systems**

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, 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.

# City of Sachse, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2014

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, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.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:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city 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 cost 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 repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as 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:

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

Three-Year Contribution Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Pension Cost (APC)	\$ 762,304	\$ 713,656	\$ 696,455
Actual Contributions Made	\$ 762,304	\$ 713,656	\$ 696,455
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation/Asset	-	-	-
<b>NPO at the End of Period</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Valuation Date	Projected Unit	Projected Unit	Entry Age Normal
Actuarial Cost Method	Credit	Credit	
Amortization Method	Level Percent of	Level Percent of	Level Percent of
	Payroll	Payroll	Payroll
GASB 25 Equivalent Single	26.3 years; closed	25.2 years; closed	30 years; closed
Amortization Period	period	period	period
Amortization Period for new	30 years	30 years	30 years
Gains/Losses			
Asset Valuation Method	10-year Smoothed	10-year Smoothed	10-year Smoothed
	Market	Market	Market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and	Varies by age and	Varies by age and
	service	service	service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	\$ 16,325,717
Actuarial Accrued Liability	\$ 20,149,655
Percentage Funded	81.0%
Annual Covered Payroll	\$ 6,176,295
Unfunded Actuarial Accrued Liability	\$ (3,823,938)
(UAAL) % of Covered Payroll	(61.9)%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. 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.

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

The City offers supplemental death to:	Plan Year 2013	Plan Year 2014
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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

The City’s contributions to the TMRS SDBF for the years ended 2014, 2013 and 2012 were \$1,936, \$1,334 and \$656, respectively, which equaled the required contributions each year.

**City of Sachse, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2014**

Schedule of Contribution Rates  
 (RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2012	0.01%	0.01%	100.0%
2013	0.02%	0.02%	100.0%
2014	0.02%	0.02%	100.0%

**E. Restatement**

The City has restated beginning fund balance/net position within governmental and business type activities due to the creation of a new fund and to correct accumulated depreciation on capital assets. The restatement of beginning net position/fund balance is as follows:

	<u>Impact Fee Fund</u>	<u>Special Revenue Fund</u>	<u>Governmental Activities</u>	<u>Water &amp; Sewer</u>
Prior year ending net position fund balance as reported	\$ -	\$ 2,067,981	\$ 52,909,395	\$ 20,261,195
Creation of Impact Fee Fund	2,997,996	(1,506,392)	1,491,604	(1,491,604)
Change in reporting of accumulated depreciation	-	-	415,048	-
Restated beginning net position/fund balance	<u>\$ 2,997,996</u>	<u>\$ 561,589</u>	<u>\$ 54,816,047</u>	<u>\$ 18,769,591</u>

**F. Subsequent Events**

There were no material subsequent events through January 15, 2015, the date the financial statements were issued.

***REQUIRED SUPPLEMENTARY INFORMATION***

# City of Sachse, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2014

	Original Budget	Final Budget	2014 Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property tax	\$ 6,866,469	\$ 6,866,469	\$ 6,912,646	\$ 46,177
Sales tax	875,193	875,193	1,041,056	165,863
Franchise and local taxes	1,075,452	1,075,452	1,094,025	18,573
License, permits and fees	1,060,123	1,060,123	1,817,667	757,544
Intergovernmental	179,950	(179,950)	176,193	356,143
Grants and donations	-	-	1,000	1,000
Fines and forfeitures	365,000	365,000	227,073	(137,927)
Investment income	5,000	5,000	5,993	993
Other revenue	18,675	18,675	30,799	12,124
<b>Total Revenues</b>	10,445,862	10,085,962	11,306,452	1,220,490
<b>Expenditures</b>				
Current:				
General government				
City manager	316,601	313,446	292,997	20,449
City secretary	161,036	161,036	159,739	1,297
Human resources	238,777	238,777	222,690	16,087
Finance	488,373	488,373	467,839	20,534
Municipal court	171,190	171,190	165,076	6,114
Public safety				
Police	3,165,608	3,165,608	2,980,823	184,785
Animal control	154,025	154,026	154,639	(613) *
Fire and ambulance	2,210,835	2,231,431	2,124,670	106,761
Public works				
Streets	676,167	676,169	580,138	96,031
Facility maintenance	319,638	331,638	323,563	8,075
City engineer	263,883	263,883	248,487	15,396
Culture and recreation				
Parks and recreation	778,069	781,224	752,547	28,677
Seniors	106,526	106,526	107,616	(1,090) *
Library services	204,822	204,822	205,471	(649) *
Community development	612,651	600,651	569,864	30,787
Nondepartmental	451,503	451,503	437,015	14,488
Capital outlay	538,944	538,944	538,944	-
<b>Total Expenditures</b>	10,858,648	10,879,247	10,332,118	547,129
<b>Revenues Over (Under)</b>	(412,786)	(793,285)	974,334	1,767,619

# City of Sachse, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2014

	Original Budget	Final Budget	2014 Actual	Variance with Final Budget Positive (Negative)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,247,148	1,247,148	1,221,271	(25,877)
Transfers (out)	(765,503)	(765,503)	(763,500)	2,003
<b>Total Other Financing Sources (Uses)</b>	481,645	481,645	457,771	(23,874)
<b>Net Change in Fund Balance</b>	<b>\$ 68,859</b>	<b>\$ (311,640)</b>	1,432,105	<b>\$ 1,743,745</b>
Beginning fund balance			4,659,474	
<b>Ending Fund Balance</b>			<b>\$ 6,091,579</b>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).



**City of Sachse, Texas**  
**SCHEDULE OF FUNDING PROGRESS-**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Actuarial Valuation Date	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
Actuarial Value of Assets	\$ 16,325,717	\$ 14,493,069	\$ 12,720,837
Actuarial Accrued Liability	\$ 20,149,655	\$ 18,190,637	\$ 16,564,613
Percentage Funded	81.0%	79.7%	76.8%
Unfunded Actuarial			
Accrued Liability	\$ 3,823,938	\$ 3,697,568	\$ 3,843,776
Annual Covered Payroll	\$ 6,176,295	\$ 6,372,268	\$ 6,273,743
Unfunded Actuarial Accrued Liability			
(UAAL) % of Covered Payroll	61.9%	58.0%	61.3%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	\$ 762,304	\$ 713,656	\$ 696,455
Contributions Made	<u>\$ 762,304</u>	<u>\$ 713,656</u>	<u>\$ 696,455</u>
<b>NPO at the End of Period</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



***OTHER SUPPLEMENTARY INFORMATION***

**City of Sachse, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2014**

	Special Revenue	PGBT Reinvestment Zone	Total Nonmajor Governmental
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 716,790	\$ -	\$ 716,790
Receivables, net	3,272	-	3,272
<b>Total Assets</b>	<b>720,062</b>	<b>-</b>	<b>720,062</b>
<b><u>Liabilities</u></b>			
Liabilities			
Accounts payable	35,179	-	35,179
Advances from other funds	-	614,301	614,301
<b>Total Liabilities</b>	<b>35,179</b>	<b>614,301</b>	<b>649,480</b>
<b><u>Fund Balances</u></b>			
Restricted	684,883	-	684,883
Unassigned	-	(614,301)	(614,301)
<b>Total Fund Balances</b>	<b>684,883</b>	<b>(614,301)</b>	<b>70,582</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 720,062</b>	<b>\$ -</b>	<b>\$ 720,062</b>

Notes to Required Supplementary Information

# City of Sachse, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2014

	Special Revenue	PGBT Reinvestment Zone	Total Nonmajor Governmental
<b><u>Revenues</u></b>			
Property tax	\$ -	\$ 92,950	\$ 92,950
License, permits and fees	12,792	-	12,792
Grants and donations	6,587	-	6,587
Fines and forfeitures	329,306	-	329,306
Impact and development fees	2,616	-	2,616
Investment income	427	-	427
<b>Total Revenues</b>	351,728	92,950	444,678
<b><u>Expenditures</u></b>			
Current:			
General government	5,652	-	5,652
Public safety	18,594	-	18,594
Public works	-	-	-
Culture and recreation	49,188	-	49,188
Community development	-	-	-
Nondepartmental	-	-	-
Water	-	-	-
Sewer	-	-	-
<b>Total Expenditures</b>	73,434	-	73,434
<b>Excess (Deficiency) of Revenues over Expenditures</b>	278,294	92,950	371,244
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers	-	-	-
Transfers (out)	(155,000)	-	(155,000)
<b>Total Other Financing Sources (Uses)</b>	(155,000)	-	(155,000)
<b>Net Change in Fund Balances</b>	123,294	92,950	216,244
Beginning fund balances	561,589	(707,251)	(145,662)
<b>Ending Fund Balances</b>	\$ 684,883	\$ (614,301)	\$ 70,582

See Notes to Financial Statements.

# City of Sachse, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended September 30, 2014

	Original & Final Budget	2014 Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property tax	\$ 2,915,826	\$ 2,939,112	\$ 23,286
Investment income	1,500	1,051	(449)
<b>Total Revenues</b>	2,917,326	2,940,163	22,837
<b><u>Expenditures</u></b>			
Debt service:			
Principal	1,125,000	1,125,000	-
Interest	1,799,531	1,799,446	85
<b>Total Expenditures</b>	2,924,531	2,924,446	85
<b>Net Change in Fund Balance</b>	\$ (7,205)	15,717	\$ 22,922
Beginning fund balance		275,196	
<b>Ending Fund Balance</b>		\$ 290,913	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

# City of Sachse, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL IMPACT FEE FUND

For the Year Ended September 30, 2014

	Original & Final Budget	2014 Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Impact and development fees	\$ 238,000	\$ 907,450	\$ 669,450
Investment income	4,000	5,443	1,443
<b>Total Revenues</b>	242,000	912,893	670,893
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	(350,000)	(332,506)	17,494
<b>Total Other Financing Sources (Uses)</b>	(350,000)	(332,506)	17,494
<b>Net Change in Fund Balance</b>	\$ (108,000)	580,387	\$ 688,387
Beginning fund balance		2,997,996	
<b>Ending Fund Balance</b>		\$ 3,578,383	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

# City of Sachse, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STREET MAINTENANCE FUND For the Year Ended September 30, 2014

	<u>Original &amp; Final Budget</u>	<u>2014 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Sales tax	\$ 214,900	\$ 255,143	\$ 40,243
Investment income	500	97	(403)
<b>Total Revenues</b>	<u>215,400</u>	<u>255,240</u>	<u>39,840</u>
<b><u>Expenditures</u></b>			
Public works			
Streets	210,000	191,820	18,180
<b>Total Expenditures</b>	<u>210,000</u>	<u>191,820</u>	<u>18,180</u>
<b>Net Change in Fund Balance</b>	<u>\$ 5,400</u>	<u>63,420</u>	<u>\$ 58,020</u>
Beginning fund balance		-	
<b>Ending Fund Balance</b>		<u>\$ 63,420</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles

# City of Sachse, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUND

For the Year Ended September 30, 2014

	Original Budget	Final Budget	2014 Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
License, permits and fees	\$ 8,000	\$ 8,000	\$ 12,792	\$ 4,792
Grants and donations	-	-	6,587	6,587
Fines and forfeitures	24,000	292,200	329,306	37,106
Impact and development fees	-	-	2,616	2,616
Investment income	865	865	427	(438)
<b>Total Revenues</b>	32,865	301,065	351,728	50,663
<b>Expenditures</b>				
General government				
City manager	52,000	52,000	-	52,000
Municipal court	45,000	45,000	5,653	39,347
Public safety				
Police	5,000	5,000	-	5,000
Animal control	15,000	15,000	1,500	13,500
Fire and ambulance	18,000	18,000	17,094	906
Culture and recreation				
Library services	26,999	26,999	27,228	(229)
Park improvements	18,000	44,500	21,959	22,541
<b>Total Expenditures</b>	179,999	206,499	73,434	133,065
<b>Other Financing Sources (Uses)</b>				
Transfers (Out)	-	(155,000)	(155,000)	-
<b>Total Other Financing Sources (Uses)</b>	-	(155,000)	(155,000)	-
<b>Net Change in Fund Balance</b>	\$ (147,134)	\$ (60,434)	123,294	\$ 183,728
Beginning fund balance			561,589	
<b>Ending Fund Balance</b>			\$ 684,883	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**City of Sachse, Texas**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - BUDGET AND ACTUAL**  
**SACHSE ECONOMIC DEVELOPMENT CORPORATION**  
**For the Year Ended September 30, 2014**

	<b>Original &amp; Final Budget</b>	<b>2014 Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Sales tax	\$ 429,796	\$ 510,108	\$ 80,312
Grants and donations	-	10,000	10,000
Investment income	7,500	9,345	1,845
<b>Total Revenues</b>	437,296	529,453	92,157
<b><u>Expenses</u></b>			
Community development	507,757	309,096	198,661
<b>Total Expenses</b>	507,757	309,096	198,661
<b>Change in Net Position</b>	\$ (70,461)	220,357	\$ 290,818
Beginning net position		4,287,958	
<b>Ending Net Position</b>		\$ 4,508,315	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**City of Sachse, Texas**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**September 30, 2014**

		<u>Health Insurance</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$	66,488
Receivables, net		-
<b>Total Assets</b>		<u>66,488</u>
 <b><u>Net Position</u></b>		
Unrestricted		66,488
<b>Total Net Position</b>	\$	<u>66,488</u>

Notes to Financial Statements.

**City of Sachse, Texas**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUND**  
**For the Year Ended September 30, 2014**

	<b>Health Insurance</b>
<b><u>Operating Revenues</u></b>	
Charges for services	\$ -
<b>Total Operating Revenues</b>	<b>-</b>
 <b><u>Operating Expenses</u></b>	
Health insurance:	
General government	66,893
Public safety	328,728
Public works	85,799
Culture and recreation	64,265
Community development	41,953
Nondepartmental	47,873
Water	36,799
Sewer	24,762
<b>Total Operating Expenses</b>	<b>697,072</b>
<b>Operating Income</b>	<b>(697,072)</b>
 <b><u>Nonoperating Revenues (Expenses)</u></b>	
Investment income	60
<b>Total Nonoperating Revenues (Expenses)</b>	<b>60</b>
<b>Income Before Transfers</b>	<b>(697,012)</b>
Transfers	763,500
<b>Net Change in Net Position</b>	<b>66,488</b>
Beginning net position	-
<b>Ending Net Position</b>	<b>\$ 66,488</b>

See Notes to Financial Statements.

**City of Sachse, Texas**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**For the Year Ended September 30, 2014**

	<b>Health Insurance</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from customers	\$ -
Payments to suppliers	(697,072)
<b>Net Cash (Used for) Operating Activities</b>	<b>(697,072)</b>
 <b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers in (out)	763,500
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>763,500</b>
 <b><u>Cash Flows from Investing Activities</u></b>	
Interest on investments	60
<b>Net Cash Provided by Investing Activities</b>	<b>60</b>
<b>Net increase in Cash and Cash Equivalents</b>	66,488
Beginning cash and cash equivalents	-
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 66,488</b>

See Notes to Financial Statements.



## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
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Financial Trends	92
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*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity	103
------------------	-----

*These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.*

Debt Capacity	110
---------------	-----

*These schedules 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.*

Demographic and Economic Information	115
--------------------------------------	-----

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

Operating Information	117
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*These schedules 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 and the activities it performs.*

**City of Sachse, Texas**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 43,168,696	\$ 44,754,561	\$ 45,783,623	\$ 46,034,267
Restricted	125,191	139,988	1,079,709	5,803,620
Unrestricted	3,731,444	4,066,074	4,751,835	916,963
<b>Total Governmental Activities Net Position</b>	<b>\$ 47,025,331</b>	<b>\$ 48,960,623</b>	<b>\$ 51,615,167</b>	<b>\$ 52,754,850</b>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 15,412,819	\$ 15,844,099	\$ 17,526,144	\$ 17,732,575
Unrestricted	3,654,065	4,448,263	4,258,302	4,516,759
<b>Total Business-type Activities Net Position</b>	<b>\$ 19,066,884</b>	<b>\$ 20,292,362</b>	<b>\$ 21,784,446</b>	<b>\$ 22,249,334</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 58,581,515	\$ 60,598,660	\$ 63,309,767	\$ 63,766,842
Restricted	125,191	139,988	1,079,709	5,803,620
Unrestricted	7,385,509	8,514,337	9,010,137	5,433,722
<b>Total Primary Government Net Position</b>	<b>\$ 66,092,215</b>	<b>\$ 69,252,985</b>	<b>\$ 73,399,613</b>	<b>\$ 75,004,184</b>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 39,684,306	\$ 39,406,692	\$ 36,887,507	\$ 36,691,052	\$ 37,377,384	\$ 48,984,890
6,450,181	4,351,532	5,622,243	12,723,690	14,002,442	9,721,020
3,466,887	3,306,201	3,560,788	2,628,448	3,436,221	621,006
<u>\$ 49,601,374</u>	<u>\$ 47,064,425</u>	<u>\$ 46,070,538</u>	<u>\$ 52,043,190</u>	<u>\$ 54,816,047</u>	<u>\$ 59,326,916</u>
\$ 18,430,141	\$ 17,765,521	\$ 16,769,366	\$ 16,223,230	\$ 16,169,507	\$ 18,603,126
4,071,282	3,602,007	3,051,716	3,442,913	2,600,084	2,732,028
<u>\$ 22,501,423</u>	<u>\$ 21,367,528</u>	<u>\$ 19,821,082</u>	<u>\$ 19,666,143</u>	<u>\$ 18,769,591</u>	<u>\$ 21,335,154</u>
\$ 58,114,447	\$ 57,172,213	\$ 53,656,873	\$ 52,914,282	\$ 53,546,891	\$ 67,588,016
6,450,181	4,351,532	5,622,243	12,723,690	14,002,442	9,721,020
7,538,169	6,908,208	6,612,504	6,071,361	6,036,305	3,353,034
<u>\$ 72,102,797</u>	<u>\$ 68,431,953</u>	<u>\$ 65,891,620</u>	<u>\$ 71,709,333</u>	<u>\$ 73,585,638</u>	<u>\$ 80,662,070</u>

# City of Sachse, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,746,332	\$ 2,046,546	\$ 1,165,132	\$ 2,061,008
Public safety	3,517,912	3,904,491	4,735,242	5,122,627
Public works	2,870,899	3,652,686	3,334,704	3,467,466
Culture and recreation	815,792	811,641	1,033,235	1,162,603
Community development	612,772	658,666	1,231,869	8,819,061
Interest and fiscal charges	260,137	235,890	217,332	207,484
Total governmental activities	<u>9,823,844</u>	<u>11,309,920</u>	<u>11,717,514</u>	<u>20,840,249</u>
Business-type activities:				
Water and sewer	4,645,710	4,616,233	4,640,582	5,003,566
Total business-type activities	<u>4,645,710</u>	<u>4,616,233</u>	<u>4,640,582</u>	<u>5,003,566</u>
Total primary government	<u>\$ 14,469,554</u>	<u>\$ 15,926,153</u>	<u>\$ 16,358,096</u>	<u>\$ 25,843,815</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 461,562	\$ 679,877	\$ 472,491	\$ 441,333
Public safety	412,446	793,118	883,435	713,814
Public works	215,455	185,928	129,384	111,109
Culture and recreation	38,205	49,412	47,779	109,031
Community development	456,953	498,279	288,518	176,360
Operating grants and contributions	14,951	27,540	149,774	401,576
Capital grants and contributions	4,708,563	4,141,707	2,478,539	1,373,884
Total governmental activities	<u>6,308,135</u>	<u>6,375,861</u>	<u>4,449,920</u>	<u>3,327,107</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,099,360	4,429,192	5,218,473	4,384,868
Operating grants and contributions	122,239	55,299	-	-
Capital grants and contributions	8,927	1,514,799	741,816	1,900,735
Total business-type activities	<u>4,230,526</u>	<u>5,999,290</u>	<u>5,960,289</u>	<u>6,285,603</u>
Total primary government	<u>\$ 10,538,661</u>	<u>\$ 12,375,151</u>	<u>\$ 10,410,209</u>	<u>\$ 9,612,710</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (3,515,709)	\$ (4,934,059)	\$ (7,267,594)	\$ (17,513,142)
Business-type activities	(415,184)	1,383,057	1,319,707	1,282,037
Total primary government	<u>\$ (3,930,893)</u>	<u>\$ (3,551,002)</u>	<u>\$ (5,947,887)</u>	<u>\$ (16,231,105)</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	2,306,206	\$ 2,234,555	\$ 2,650,864	\$ 2,914,720	\$ 2,837,444	\$ 2,332,316
	5,196,405	5,529,604	5,990,913	5,609,669	5,858,865	6,176,967
	5,322,948	5,182,386	3,489,615	3,413,399	3,654,946	4,059,258
	1,365,603	1,234,883	1,343,744	1,354,401	1,359,697	1,427,948
	617,616	630,764	627,009	522,175	591,605	616,439
	1,463,452	1,932,003	1,910,952	1,877,579	1,829,322	1,802,117
	<u>16,272,230</u>	<u>16,744,195</u>	<u>16,013,097</u>	<u>15,691,943</u>	<u>16,131,879</u>	<u>16,415,045</u>
	<u>5,487,160</u>	<u>5,952,236</u>	<u>6,645,238</u>	<u>6,474,428</u>	<u>6,241,148</u>	<u>6,590,497</u>
	<u>5,487,160</u>	<u>5,952,236</u>	<u>6,645,238</u>	<u>6,474,428</u>	<u>6,241,148</u>	<u>6,590,497</u>
\$	<u>21,759,390</u>	<u>\$ 22,696,431</u>	<u>\$ 22,658,335</u>	<u>\$ 22,166,371</u>	<u>\$ 22,373,027</u>	<u>\$ 23,005,542</u>
\$	334,331	\$ 63,958	\$ 88,284	\$ 99,268	\$ 24,005	\$ 7,830
	500,042	508,356	475,200	569,403	791,140	952,056
	83,002	91,740	2,997	-	975,880	1,458,819
	71,839	70,160	70,676	-	-	-
	136,128	361,538	376,788	672,699	717,682	1,055,577
	124,155	128,218	146,815	7,414,865	763,815	7,587
	78,763	272,333	293,001	733,599	927,450	5,054,515
	<u>1,328,260</u>	<u>1,496,303</u>	<u>1,453,761</u>	<u>9,489,834</u>	<u>4,199,972</u>	<u>8,536,384</u>
	4,866,712	4,863,884	5,273,953	7,029,639	7,418,900	6,872,513
	-	-	-	-	-	-
	909,613	1,127,986	385,859	477,579	666,054	2,019,038
	<u>5,776,325</u>	<u>5,991,870</u>	<u>5,659,812</u>	<u>7,507,218</u>	<u>8,084,954</u>	<u>8,891,551</u>
\$	<u>7,104,585</u>	<u>\$ 7,488,173</u>	<u>\$ 7,113,573</u>	<u>\$ 16,997,052</u>	<u>\$ 12,284,926</u>	<u>\$ 17,427,935</u>
\$	(14,943,970)	\$ (15,247,892)	\$ (14,559,336)	\$ (6,202,109)	\$ (11,931,907)	\$ (7,878,661)
	289,165	39,634	(985,426)	1,032,790	1,843,806	2,301,054
\$	<u>(14,654,805)</u>	<u>\$ (15,208,258)</u>	<u>\$ (15,544,762)</u>	<u>\$ (5,169,319)</u>	<u>\$ (10,088,101)</u>	<u>\$ (5,577,607)</u>

**City of Sachse, Texas**  
**CHANGES IN NET POSITION (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Revenues</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 4,887,026	\$ 5,204,772	\$ 5,790,305	\$ 6,345,254
Sales and other taxes	1,992,412	1,735,286	3,310,322	11,375,482
Investment earnings	213,359	388,712	367,476	390,571
Other income	85,503	179,142	86,890	89,725
Transfers, net	210,932	263,260	367,145	451,792
Total governmental activities	<u>7,389,232</u>	<u>7,771,172</u>	<u>9,922,138</u>	<u>18,652,824</u>
Business-type activities:				
Investment earnings	77,650	144,682	204,514	143,922
Other Income	-	-	9,694	-
Transfers, net	(210,932)	(263,260)	(367,145)	(451,792)
Total business-type activities	<u>(133,282)</u>	<u>(118,578)</u>	<u>(152,937)</u>	<u>(307,870)</u>
Total primary government	<u><u>\$ 7,255,950</u></u>	<u><u>\$ 7,652,594</u></u>	<u><u>\$ 9,769,201</u></u>	<u><u>\$ 18,344,954</u></u>
<b>Change in Net Position</b>				
Governmental activities	\$ 3,873,523	\$ 2,837,113	\$ 2,654,544	\$ 1,139,682
Business-type activities	(548,466)	1,264,479	1,166,770	974,167
Total primary government	<u><u>\$ 3,325,057</u></u>	<u><u>\$ 4,101,592</u></u>	<u><u>\$ 3,821,314</u></u>	<u><u>\$ 2,113,849</u></u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	7,304,775	\$ 8,526,042	\$ 8,614,447	\$ 9,476,356	\$ 9,560,239	\$ 9,951,685
	3,537,454	2,965,927	3,735,391	1,786,926	1,873,822	2,390,224
	420,591	279,896	50,297	35,398	30,518	30,724
	113,067	75,326	5,473	30,161	80,843	280,569
	414,607	863,752	1,159,841	1,177,341	1,252,689	(263,672)
	<u>11,790,494</u>	<u>12,710,943</u>	<u>13,565,449</u>	<u>12,506,182</u>	<u>12,798,111</u>	<u>12,389,530</u>
	64,398	22,281	3,010	2,985	3,934	837
	-	-	3,069	-	-	-
	(414,607)	(863,752)	(1,159,841)	(1,177,341)	(1,252,689)	263,672
	<u>(350,209)</u>	<u>(841,471)</u>	<u>(1,153,762)</u>	<u>(1,174,356)</u>	<u>(1,248,755)</u>	<u>264,509</u>
\$	<u><u>11,440,285</u></u>	<u><u>11,869,472</u></u>	<u><u>12,411,687</u></u>	<u><u>11,331,826</u></u>	<u><u>11,549,356</u></u>	<u><u>12,654,039</u></u>
\$	(3,153,476)	\$ (2,536,949)	\$ (993,887)	\$ 6,304,073	\$ 866,204	\$ 4,510,869
	(61,044)	(801,837)	(2,139,188)	(141,566)	595,051	2,565,563
\$	<u><u>(3,214,520)</u></u>	<u><u>(3,338,786)</u></u>	<u><u>(3,133,075)</u></u>	<u><u>6,162,507</u></u>	<u><u>1,461,255</u></u>	<u><u>7,076,432</u></u>

**City of Sachse, Texas**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Years**  
**(modified accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund:				
Reserved	\$ 8,424	\$ 29,384	\$ 6,407	\$ 17,752
Unreserved	2,382,441	2,625,205	3,356,380	3,222,355
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 2,390,865</u>	<u>\$ 2,654,589</u>	<u>\$ 3,362,787</u>	<u>\$ 3,240,107</u>
All other governmental funds:				
Reserved for:				
Debt service	\$ 142,760	\$ 153,727	\$ 210,945	\$ 262,835
Unreserved, reported in:				
Special revenue funds	1,256,030	1,221,237	1,397,433	1,262,603
Debt service	-	-	-	-
Capital projects funds	2,427,372	1,524,830	861,417	5,603,353
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 3,826,162</u>	<u>\$ 2,899,794</u>	<u>\$ 2,469,795</u>	<u>\$ 7,128,791</u>

Note: The City implemented GASB Statement 54 in fiscal year 2011.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,694	\$ 49,815	\$ -	\$ -	\$ -	\$ -
3,344,798	3,051,597	-	-	-	-
-	-	14,716	324,106	28,231	72,675
-	-	-	-	-	450,000
-	-	3,194,885	3,490,845	4,631,243	5,568,904
<u>\$ 3,346,492</u>	<u>\$ 3,101,412</u>	<u>\$ 3,209,601</u>	<u>\$ 3,814,951</u>	<u>\$ 4,659,474</u>	<u>\$ 6,091,579</u>
\$ -	\$ 574,621	\$ -	\$ -	\$ -	\$ -
379,137	235,652	-	-	-	-
(690,180)	-	-	-	-	-
32,400,420	14,410,810	-	-	-	735,577
-	-	14,330,073	12,723,690	14,002,442	9,784,440
-	-	578,537	-	-	-
-	-	(1,129,437)	(711,923)	(707,251)	(614,301)
<u>\$ 32,089,377</u>	<u>\$ 15,221,083</u>	<u>\$ 13,779,173</u>	<u>\$ 12,011,767</u>	<u>\$ 13,295,191</u>	<u>\$ 9,905,716</u>

# City of Sachse, Texas

## CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	2005	2006	2007	2008
<b>Revenues</b>				
Property taxes	\$ 4,881,110	\$ 5,304,854	\$ 5,829,802	\$ 6,334,180
Sales and other taxes	1,988,273	1,735,286	3,350,242	3,212,532
Licenses, permits, & fees	974,478	1,246,398	1,273,438	931,515
Grants and contributions	11,868	59,117	215,827	480,554
Fines and forfeitures	430,466	574,093	491,411	470,339
Impact and development fees	105,588	129,360	249,037	198,673
Investment income	213,359	388,712	367,476	390,571
Other revenue	178,983	175,846	116,422	109,058
<b>Total Revenues</b>	8,784,125	9,613,666	11,893,655	12,127,422
<b>Expenditures</b>				
General government	1,134,368	1,181,981	1,146,484	1,136,248
Public safety	3,417,148	3,823,814	4,395,529	4,859,573
Public works	1,308,812	1,344,793	1,300,255	1,207,999
Culture and recreation	710,041	853,422	916,667	1,569,532
Community development	624,020	636,328	1,219,360	640,446
Nondepartmental	620,116	843,533	-	905,125
Debt service				
Principal	478,794	495,840	387,456	400,468
Interest	264,442	239,050	217,332	201,334
Bond issuance costs	-	-	-	104,308
Capital outlay	181,899	1,396,203	2,405,561	3,029,163
<b>Total Expenditures</b>	8,739,640	10,814,964	11,988,644	14,054,196
<b>Revenues Over (Under) Expenditures</b>	44,485	(1,201,298)	(94,989)	(1,926,774)
<b>Other Financing Sources (Uses)</b>				
Transfers in	293,187	378,448	537,435	456,521
Transfers (out)	(82,255)	(115,188)	(170,290)	(4,729)
Debt issued	89,280	150,000	-	6,130,000
Premium on bonds issued	-	-	-	51,518
Discount on bonds issued	-	-	-	(70,219)
Payment to refunded bond escrow agent	-	-	-	-
Sale of capital assets	-	164,950	6,043	-
<b>Total Other Financing Sources</b>	300,212	578,210	373,188	6,563,091
<b>Net Change in Fund Balances</b>	\$ 344,697	\$ (623,088)	\$ 278,199	\$ 4,636,317
Ratio of total debt service expenditures to noncapital expenditures	10%	8%	7%	7%

	2009	2010	2011	2012	2013	2014
\$	7,305,974	\$ 8,528,384	\$ 8,600,635	\$ 9,477,053	\$ 9,568,319	\$ 9,944,708
	3,537,454	2,965,927	4,031,480	1,786,926	1,873,822	2,390,224
	782,354	775,583	690,092	967,914	1,338,304	1,830,459
	130,534	314,184	387,770	7,414,865	941,473	183,780
	342,592	302,285	315,807	368,027	430,191	556,379
	72,578	86,367	52,046	54,069	569,111	910,066
	420,591	279,896	50,297	35,398	30,518	30,669
	130,928	89,991	28,301	30,161	80,843	280,569
	<u>12,723,005</u>	<u>13,342,617</u>	<u>14,156,428</u>	<u>20,134,413</u>	<u>14,832,581</u>	<u>16,126,854</u>
	1,295,664	1,185,963	1,274,628	1,289,341	1,260,611	1,313,993
	4,912,048	5,143,852	5,374,003	5,011,291	5,470,231	5,278,726
	1,263,757	1,360,400	1,309,120	1,300,324	1,470,995	1,344,008
	4,567,958	1,078,422	1,098,286	1,109,565	1,140,846	1,114,822
	611,220	625,773	623,017	518,934	588,698	569,864
	989,802	1,025,096	1,063,452	1,094,219	1,112,937	437,015
	599,591	730,000	865,000	945,000	1,035,000	1,125,000
	1,202,984	1,918,372	1,891,787	1,862,385	1,831,270	1,799,446
	301,417	573	573	-	-	-
	4,118,191	18,492,611	3,187,154	9,342,751	1,538,289	4,141,606
	<u>19,862,632</u>	<u>31,561,062</u>	<u>16,687,020</u>	<u>22,473,810</u>	<u>15,448,877</u>	<u>17,124,480</u>
	(7,139,627)	(18,218,445)	(2,530,592)	(2,339,397)	(616,296)	(997,626)
	589,661	2,233,667	1,642,521	2,739,122	1,431,689	1,708,777
	(175,054)	(1,369,915)	(778,769)	(1,561,781)	(179,000)	(2,668,521)
	34,560,000	-	-	-	-	-
	411,052	-	-	-	-	-
	(415,403)	-	-	-	-	-
	(2,624,122)	-	-	-	-	-
	1,783	-	-	-	-	-
	<u>32,347,917</u>	<u>863,752</u>	<u>863,752</u>	<u>1,177,341</u>	<u>1,252,689</u>	<u>(959,744)</u>
\$	<u>25,208,290</u>	<u>\$ (17,354,693)</u>	<u>\$ (1,666,840)</u>	<u>\$ (1,162,056)</u>	<u>\$ 636,393</u>	<u>\$ (1,957,370)</u>

15%

25%

26%

27%

26%

29%



# City of Sachse, Texas

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

### Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2010	1,269,254,588	28,781,053	104,232,665	1,193,802,976	0.70582
2011	1,296,895,777	29,326,411	92,056,890	1,234,165,298	0.70582
2012	1,305,838,280	29,242,328	96,519,435	1,238,561,173	0.77082
2013	1,320,191,067	30,495,096	101,886,747	1,248,799,416	0.77082
2014	1,373,728,433	31,359,625	104,461,382	1,300,626,676	0.77082

Note: Tax rates per \$100 of assessed valuation.

Source: City of Sachse Budget Document.

Dallas & Collin Central Appraisal Districts.

# City of Sachse, Texas

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Direct Rates:</b>				
City of Sachse - Operating	0.47330	0.48120	0.48116	0.49758
City of Sachse - Debt Service	0.08510	0.07716	0.07716	0.05582
<b>Total Direct Rate</b>	<u>0.55840</u>	<u>0.55836</u>	<u>0.55832</u>	<u>0.55341</u>
<b>Overlapping Rates:</b>				
Garland Independent School District	1.62140	1.67010	1.54490	1.25330
Dallas County	0.54366	0.55480	0.55393	0.56721
<b>Total Dallas County Entities</b>	<u>2.16506</u>	<u>2.22490</u>	<u>2.09883</u>	<u>1.82051</u>
Wylie Independent School District	1.80000	1.81700	1.70250	1.39000
Collin County	0.34065	0.33942	0.33270	0.33198
<b>Total Collin County Entities</b>	<u>2.14065</u>	<u>2.15642</u>	<u>2.03520</u>	<u>1.72198</u>

Tax rates per \$100 of assessed valuation.

Source: Dallas & Collin Central Appraisal Districts and City records.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
0.51389	0.51389	0.53389	0.59889	0.59889	0.55903
0.09611	0.19193	0.17193	0.17193	0.17193	0.21179
0.61000	0.70582	0.70582	0.77082	0.77082	0.77082
1.25330	1.25330	1.25330	1.25330	1.25330	1.25330
0.57643	0.60221	0.62333	0.62377	0.62377	0.65388
1.82973	1.85551	1.87663	1.87707	1.87707	1.90718
1.51000	1.59000	1.64000	1.64000	1.64000	1.64000
0.32899	0.32880	0.32630	0.32630	0.32630	0.31696
1.83899	1.91880	1.96630	1.96630	1.96630	1.95696



**City of Sachse, Texas**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

Property Tax Payer	2014			2005		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
LIPT Oak Grove LLC	\$ 16,283,590	1	1.25%	\$ -	-	-
Woodbridge Villas LLC	13,803,533	2	1.06%	12,739,838	1	-
Wal-mart Real Estate	6,794,112	3	0.52%	-	-	0.00%
Oncor Electric	5,610,120	4	0.43%	-	-	-
Western Rim Investors	4,890,568	5	0.38%	-	-	-
Woodbridge XVII LTD	4,571,631	6	0.35%	-	-	-
Kroger Limited Partnership II	3,896,440	7	0.30%	2,615,140	6	0.27%
D R Horton - Texas LTD	3,893,094	8	0.30%	-	-	-
Verizon	3,755,770	9	0.29%	-	-	-
Bank of America	3,054,010	10	0.23%	2,356,650	7	-
Sachse Commons SC	-	n/a	-	8,822,240	2	0.93%
Woodbridge Properties, LLC	-	n/a	-	7,104,039	3	0.75%
Texas Utilities Elec Co	-	na	-	5,166,440	4	0.54%
GTE Southwest Inc.	-	n/a	-	2,736,610	5	0.29%
TXU Electric Delivery Co	-	n/a	-	2,125,120	8	0.22%
Sachse Self Storage	-	n/a	-	1,791,550	9	0.19%
Comcast	-	n/a	-	1,770,060	10	0.19%
<b>Total</b>	<b>\$ 66,552,868</b>		<b>5.12%</b>	<b>\$ 47,227,687</b>		<b>4.96%</b>
<b>Total Assessed Valuation</b>	<b>\$ 1,300,626,676</b>		<b>100%</b>	<b>\$ 951,507,901</b>		<b>100%</b>

Source: Tax Office.

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

**City of Sachse, Texas**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Tax levy	\$ 4,884,876	\$ 5,281,560	\$ 5,723,724	\$ 6,266,916
Current tax collected	\$ 4,793,144	\$ 5,201,118	\$ 5,649,957	\$ 6,203,890
Percent of current tax collections	98.12%	98.48%	98.71%	98.99%
Delinquent tax collections	\$ 91,280	\$ 79,965	\$ 71,649	\$ 60,970
Total tax collections	\$ 4,884,424	\$ 5,281,083	\$ 5,721,606	\$ 6,264,860
Total collections as a percentage of levy	100%	100%	100%	100%

Source: Dallas and Collin County reports.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 7,227,992	\$ 8,471,702	\$ 8,603,645	\$ 9,444,654	\$ 9,599,026	\$ 9,864,675
\$ 7,217,309	\$ 8,446,396	\$ 8,510,978	\$ 9,389,230	\$ 9,443,766	\$ 9,762,321
99.85%	99.70%	98.92%	99.41%	98.4%	99.0%
\$ 2,993	\$ 17,094	\$ 72,492	\$ 41,669	\$ 119,881	\$ -
\$ 7,220,302	\$ 8,463,490	\$ 8,583,470	\$ 9,430,899	\$ 9,563,647	\$ 9,762,321
100%	100%	99.8%	99.9%	100%	99.0%

**City of Sachse, Texas**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities:</b>				
General Obligation Bonds	\$ 343,310	\$ 183,700	\$ 156,598	\$ 6,256,483
Discount				
Certificates of Obligation	\$ 5,199,990	\$ 4,863,760	\$ 4,503,407	\$ 4,133,054
<b>Business-type activities:</b>				
General Obligation Bonds	\$ 226,690	\$ 121,301	\$ 103,402	\$ 19,885
Certificates of Obligation	182,432	164,072	1,661,593	90,524
Total primary government	<u>\$ 5,952,422</u>	<u>5,332,833</u>	<u>6,425,000</u>	<u>10,499,946</u>
Percentage of personal income (1)	1.44%	1.21%	1.43%	2.28%
Per capita (1)	\$ 357	\$ 299	\$ 270	\$ 577

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

(1) Personal income and population data is disclosed on page 108.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 40,510,000	\$ 39,935,000	\$ 39,235,000	\$ 38,455,000	\$ 37,595,000	\$ 36,575,000
(21,008)	(19,899)	(18,790)	(17,681)	(16,572)	(15,463)
\$ 1,235,000	\$ 1,080,000	\$ 915,000	\$ 750,000	\$ 575,000	\$ 470,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,375,000	1,295,000	1,210,000	1,120,000	1,030,000	935,000
<u>43,098,992</u>	<u>42,290,101</u>	<u>41,341,210</u>	<u>40,307,319</u>	<u>39,183,428</u>	<u>37,964,537</u>
9.00%	8.15%	7.87%	6.24%	6.00%	5.09%
\$ 2,225	\$ 2,017	\$ 1,951	\$ 1,905	\$ 1,836	\$ 1,559

# City of Sachse, Texas

## RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	2005	2006	2007	2008
<b>NET TAXABLE ASSESSED VALUE</b>				
All property	\$ 951,507,901	\$ 1,026,719,308	\$ 1,132,560,840	\$ 1,203,932,358
<b>NET BONDED DEBT (1)</b>				
Gross bonded debt	5,769,990	5,168,761	4,763,407	10,409,422
Less debt service funds	-	-	-	-
<b>Net Bonded Debt</b>	<b>\$ 5,769,990</b>	<b>\$ 5,168,761</b>	<b>\$ 4,763,407</b>	<b>\$ 10,409,422</b>
<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	0.61%	0.50%	0.42%	0.86%
<b>POPULATION</b>	16,150	17,300	17,650	18,050
<b>NET BONDED DEBT PER CAPITA</b>	\$ 357	\$ 299	\$ 270	\$ 577

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

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,213,855,083	\$ 1,193,802,976	\$ 1,234,165,298	\$ 1,238,561,173	\$ 1,248,799,416	\$ 1,300,626,676
41,723,992	40,995,101	40,131,210	39,187,319	38,153,428	37,029,537
-	-	-	-	-	-
<u>\$ 41,723,992</u>	<u>\$ 40,995,101</u>	<u>\$ 40,131,210</u>	<u>\$ 39,187,319</u>	<u>\$ 38,153,428</u>	<u>\$ 37,029,537</u>
3.44%	3.43%	3.25%	3.16%	3.06%	2.85%
18,750	20,329	20,570	20,570	20,780	23,756
\$ 2,225	\$ 2,017	\$ 1,951	\$ 1,905	\$ 1,836	1,559

# City of Sachse, Texas

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2014

<u>Governmental Unit</u>	<u>Gross Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Wylie I.S.D	\$ 222,529,362	12.21%	\$ 27,170,835
Garland I.S.D	346,746,128	5.43%	18,828,315
Collin County	391,410,000	0.53%	2,074,473
Dallas County	111,350,000	0.41%	456,535
Dallas County Hospital District	736,235,000	0.41%	3,018,564
Dallas County Schools	67,265,000	0.41%	275,787
Collin County Community College District	34,595,000	0.53%	183,354
Dallas County Community College District	339,035,000	0.41%	1,390,044
Subtotal, overlapping debt			<u>53,397,905</u>
<b>City direct debt</b>			<u>37,045,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 90,442,905</u></u>

Sources: Taxing Entities and City, Dallas Central Appraisal District, and the Collin County Appraisal District.

**City of Sachse, Texas**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

Year	Estimated Population	Personal Income	Per Capita Personal Income	School Enrollment		Unemployment Rate	
				Garland ISD	Wylie ISD	Dallas County	Collin County
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%
2010	20,329	518,999,370	25,530	57,861	11,349	8.7%	7.3%
2011	20,570	525,152,100	25,530	57,833	12,548	8.4%	7.1%
2012	20,570	646,206,550	31,415	58,151	12,939	6.7%	5.7%
2013	20,780	652,803,700	31,415	58,059	13,305	6.9%	6.4%
2014	23,756	746,294,740	31,415	57,704	13,902	6.9%	6.4%

Sources: Estimated population provided by the City of Sachse.  
Per Capita Income provided by North Central Texas Council of Governments.  
Garland & Wylie Independent School Districts.  
Unemployment information provided by the Texas Workforce Commission.

# City of Sachse, Texas

## PRINCIPAL EMPLOYERS

Current Fiscal Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Garland ISD	452	1	4.10%	140	1	2.80%
Wal-Mart Supercenter	305	2	2.77%	-	n/a	-
City of Sachse	160	3	1.45%	101	2	2.02%
Kroger	150	4	1.36%	70	4	1.40%
Wylie ISD	128	5	1.16%	75	3	1.50%
Whataburger	52	6	0.47%	-	n/a	-
McDonalds	44	7	0.40%	-	n/a	-
Oxford Glen Memory Care	25	8	0.23%	-	n/a	-
Sachse Veterinary Clinic	25	8	0.23%	12	9	0.24%
Walgreens	22	10	0.20%	-	3	-
First Bank	-	n/a	-	20	5	0.40%
Metro Store	-	n/a	-	20	5	0.40%
Marshall Cabinets	-	n/a	-	15	7	0.30%
TPC Electric	-	n/a	-	15	7	0.30%
La Plaza Del Pueblo	-	n/a	-	10	10	0.20%
<b>Total</b>	<b>1,363</b>		<b>12.37%</b>	<b>478</b>		<b>9.56%</b>

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

# City of Sachse, Texas

## *FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM*

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government and adminstration	17	17	17	18	12	12	12	11	11	11
Public safety	56	60	65	71	67	66	69	79	79	80
Public works	13	14	12	12	12	12	12	11	11	11
Culture and recreation	12	12	13	14	14	14	15	16	16	16
Water and sewer	5	5	5	7	20	20	20	20	20	20
Community development	13	14	13	13	12	12	12	11	11	11
Economic development	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<u>117</u>	<u>122</u>	<u>126</u>	<u>136</u>	<u>138</u>	<u>137</u>	<u>141</u>	<u>149</u>	<u>149</u>	<u>150</u>

Sources: Various City departments.

# City of Sachse, Texas

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008
Public safety				
Police				
Number of employees	43	43	43	43
Number of violations (citations)	7,242	7,256	4,947	5,666
Fire				
Number of employees	13	17	22	24
Number of volunteers	5	4	3	4
Number of fire runs	313	283	410	491
Number of EMS runs	638	633	556	572
Public works				
Streets (miles)	105	112	120	122
Building permits issued	176	282	186	176
Cultural and recreational				
Parks and recreation				
Park maintain & operate per acre	86	86	93	93
Participants in parks programs	1,665	2,741	2,630	3,570
Participants in senior program	N/A	8,914	8,812	12,815
Library				
Volumes in collection	34,757	36,722	38,481	35,879
Water and sewer				
Number of water connections	5,999	6,275	6,504	6,651
Number of sewer connections	5,666	5,889	6,078	6,252
Average daily water consumption	2.467	2.889	2.032	2.545
Maximum storage capacity	4.9	4.9	4.9	4.9

Sources: Various City departments.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
43	50	48	48	44	50
2,844	2,068	2,160	2,568	1,260	2,246
24	36	44	44	34	49
0	0	0	0	0	0
741	333	340	197	456	272
424	683	732	811	766	802
122	122	125	125	130	135
135	138	89	135	135	246
110	114	114	139	149	149
3,952	4,446	4,660	5,010	5,109	5,186
13,027	15,142	15,392	15,700	18,455	19,500
31,757	36,484	38,161	38,761	40,169	43,935
6,804	6,949	7,121	7,285	7,239	7,370
6,427	6,590	6,743	6,874	6,999	7,113
2,484	2,560	3,146	2,464	2,509	2,776
6.9	6.9	6.9	6.9	6.9	6.9

# City of Sachse, Texas

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

Function/Program	2005	2006	2007	2008
Public safety				
Police stations	1	1	1	1
Police patrol units	17	17	17	17
Fire stations	2	2	2	2
Police motorcycle units	2	2	2	2
Public works				
Streets-paved (miles)	105	112	120	122
Cultural and recreational				
Parks (acres)	86	86	93	93
Playgrounds (1)	3	3	3	4
Library	1	1	1	1
Senior center	1	1	1	1
Water and sewer				
Fire hydrants	598	671	688	721
Ground storage facilities	2	2	2	2
Elevated storage facilities	2	2	2	2
Lift stations	4	4	4	4

Sources: Various City departments.

(1) Does not include HOA playgrounds.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1	1	1	1	1	1
17	17	22	25	25	25
2	2	2	2	2	2
2	2	2	2	2	2
122	122	125	125	130	135
110	114	114	139	149	154
5	5	5	5	5	5
1	1	1	1	1	1
1	1	1	1	1	1
753	753	770	786	865	933
2	2	2	2	2	4
2	2	2	2	2	2
4	4	4	4	4	4

