

CITY OF SAGINAW, TEXAS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2010**



PREPARED BY
THE CITY OF SAGINAW
FINANCE DEPARTMENT

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INTRODUCTORY SECTION



City of Saginaw

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January 7, 2011

Honorable Mayor Gary Brinkley,
Members of the City Council,
City of Saginaw, Texas

The Saginaw City staff is pleased to submit the Comprehensive Annual Financial Report of the City of Saginaw, Texas, for the fiscal year ended September 30, 2010. The purpose of the report is to provide the Council, management, staff, public and other interested parties with detailed information reflecting the City's financial condition.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of operations of the City. We also believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included. The financial statements included in the report were prepared by the General Administrative Office in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB).

Weaver and Tidwell, L.L.P., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

The Financial Section includes the Management's Discussion and Analysis (MD&A.) The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A.

The Reporting Entity

The City of Saginaw sits solidly in the heart of the Dallas-Fort Worth Metroplex. Saginaw remains an agribusiness center for much of Texas with some of the largest grain storage facilities in the United States.

The City of Saginaw is located in Tarrant County, nine miles north of downtown Fort Worth and 37 miles west of Dallas. The Fort Worth Federal Bureau of Printing and Engraving facility is located six-tenths of a mile from Saginaw. The Alliance Airport and Texas Motor Speedway are also located just north of Saginaw (within 14 miles). The City's corporate boundaries comprise a total of approximately 7.75 square miles. Saginaw's population from the 1990 Census was 8,551. The 2000 Census was 12,374 and the population estimate for the 2009-2010 fiscal year is 19,500.

The City was incorporated in 1949 and is operating under a Charter adopted on January 19, 1988. The City has a Council/ Manager form of government, with the City Council comprised of seven members including the Mayor. All seven Councilmembers are elected by place number and at large for three year staggered terms. The City Council is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies, and appointing the City Manager, City Attorney, City Secretary, and Judge of the Municipal Court, as well as members of boards and commissions. The City Manager is responsible to the Council, for appointing and supervising employees of the City (except for those appointed by the Council) and for preparing and administering the annual budget and capital improvements program.

Services Provided

The City provides a full range of municipal services including general government, police and fire protection, street maintenance, building inspection services, library services, recreation, parks operation and maintenance, and maintenance and operation of City-owned buildings. The City of Saginaw contracts with the City of Fort Worth for water purchase and wastewater treatment. A franchise has been granted to a privately-owned firm for solid waste collection, disposal, and recycling services. Commercial customers contract directly with the firm while residential customers contract through the City, with fees added to their municipal utility bills.

This report includes the financial statements of the funds required to account for those activities, organizations and functions which are related to the City and are controlled by or dependent upon the City's governing body, the City Council. The criteria used by the City for including activities in preparing its financial statements are set forth by the GASB. Based on these criteria, all municipal services listed are included in the City's 2009-2010 financial statements.

Basis of Accounting

The City's accounting records for general governmental operations are maintained on a modified accrual basis. Under this method of accounting, expenditures are recognized when the services or goods are received and the liability is incurred. Revenues are recognized when measurable and available. Accounting records for the City's Water and Wastewater Enterprise Fund are maintained on the accrual basis.

Budgetary Controls

The City Charter requires that the City Manager prepare and submit a proposed budget for the fiscal year beginning October 1st to the City Council at least 45 days prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them. A public hearing is held, and the budget is adopted at a regular or special meeting prior to the first day of the fiscal year.

Following adoption of the budget by the City Council, the City Manager and department heads monitor expenditures and revenues throughout the year to ensure that the integrity of the budget is maintained. The Charter requires City Council approval for a transfer of funds from one department to another. Any revisions that alter the total expenditures of any fund must be approved by ordinance of the City Council.

Internal Controls

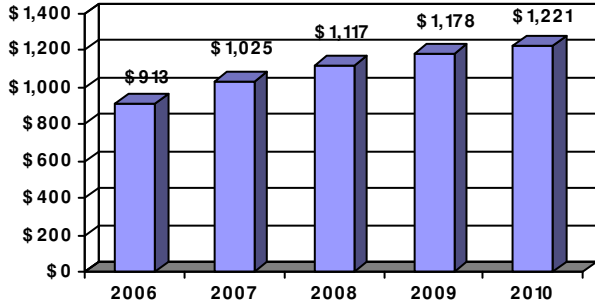
One of the objectives of the City's financial accounting system is to provide internal control designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe the City's internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

Summary of Local Economy

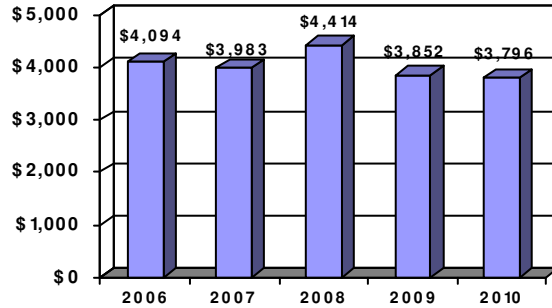
The local economy in Saginaw has suffered from the national economic downturn. However, some positive trends are beginning to emerge. Taxable values declined by 7.5% this year with only \$6.3 million in added value from new construction. We expect some growth in fiscal year 2010-2011 due to retail construction and commercial expansion projects that are nearing completion. CTI Foods is currently constructing a \$30 million expansion of their food processing facility. Ventura Foods is currently constructing a \$4.4 million expansion of their facility. Recently completed projects include a new Aldi's Grocery store, a new Goodwill Industries retail store, two daycare facilities, an Aarons Rental store and a Quizno's sandwich shop. Trinity Industries re-opened its Saginaw manufacturing facility bringing back 212 local jobs. New home starts increased in 2009-2010 to 55 from the 39 permits issued in 2008-2009. The average construction value of these new homes was \$123,540. Sales tax collections for the 2009-2010 fiscal year were down 1.5 % from the previous fiscal year but were trending upward at fiscal year end.

TAXABLE PROPERTY VALUES



(in millions)

SALES TAX COLLECTIONS



(in thousands)

Economic Prospects for the Future

No new residential subdivisions were completed during the last fiscal year, however, new home starts continue on existing lots. We are projecting at least 50 new home starts in 2010-2011. Saginaw remains an attractive place for new homes and businesses due to our location, land availability, easy freeway access, good schools, low tax rates, and the general quality of life. Commercial construction and expansion projects will continue to boost the City's tax base.

Long Term Financial Planning

The City Council has adopted reserve policies for both the general fund and enterprise fund. The General Fund Reserve Policy states "The City will maintain and Emergency Reserve Fund balance in the General Fund of between 15% and 20% of the operating budget." The enterprise fund Emergency Reserve need to be sufficient enough to operate the Water Department for three months. Both of these funds are to be used only in an emergency and only with Council approval. We are currently in compliance with both of these policies.

We have completed our current master plan and capital improvement plan and are currently working on the next five year planning document. Due to the slow down in growth the Council has directed staff to concentrate on repair and maintenance of existing infrastructure with emphasis on our arterial and collector grade streets. Completion of the Capital Improvements Plan will determine if additional debt will be required or if projects can be completed with funds on hand. No significant additional operating costs are projected to be incurred related to any capital expenditures.

OTHER INFORMATION

Independent Audit

Article XII, Section 12.06 of the City Charter requires an annual audit by independent certified public accountants. The annual audit must be available for public inspection no later than ninety days after the close of the City's fiscal year. The accounting firm of Weaver and Tidwell, L.L.P. was selected by the City Council. The independent auditors' report on the general purpose financial statements and supplemental statements and schedules is included in the financial section of this report

Certificate of Achievement

The City of Saginaw was awarded a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009 from the Government Finance Officers Association of the United States and Canada (GFOA). This certificate is awarded to governmental units who publish easily readable and efficiently organized annual reports which satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a one year period. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA. The City also received GFOA's Award for Distinguished Budget Presentation for its 2009-2010 annual budget document. In order to qualify for the Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. Together the Budget Award, along with the previously mentioned award are evidence of the Finance Department's dedication to producing documents that effectively communicate the City's financial condition to the elected officials, city management and the general public.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the General Administrative Office and our independent auditors. We would like to express our sincere appreciation to all of our employees who contributed to the preparation.

In closing, we would also like to thank the Mayor and City Council for their leadership and support in planning and conducting the financial operations of the City.

Respectfully submitted,



Nan Stanford
City Manager



Dolph Johnson
Assistant City Manager/Finance Director

**CITY OF SAGINAW, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2010**

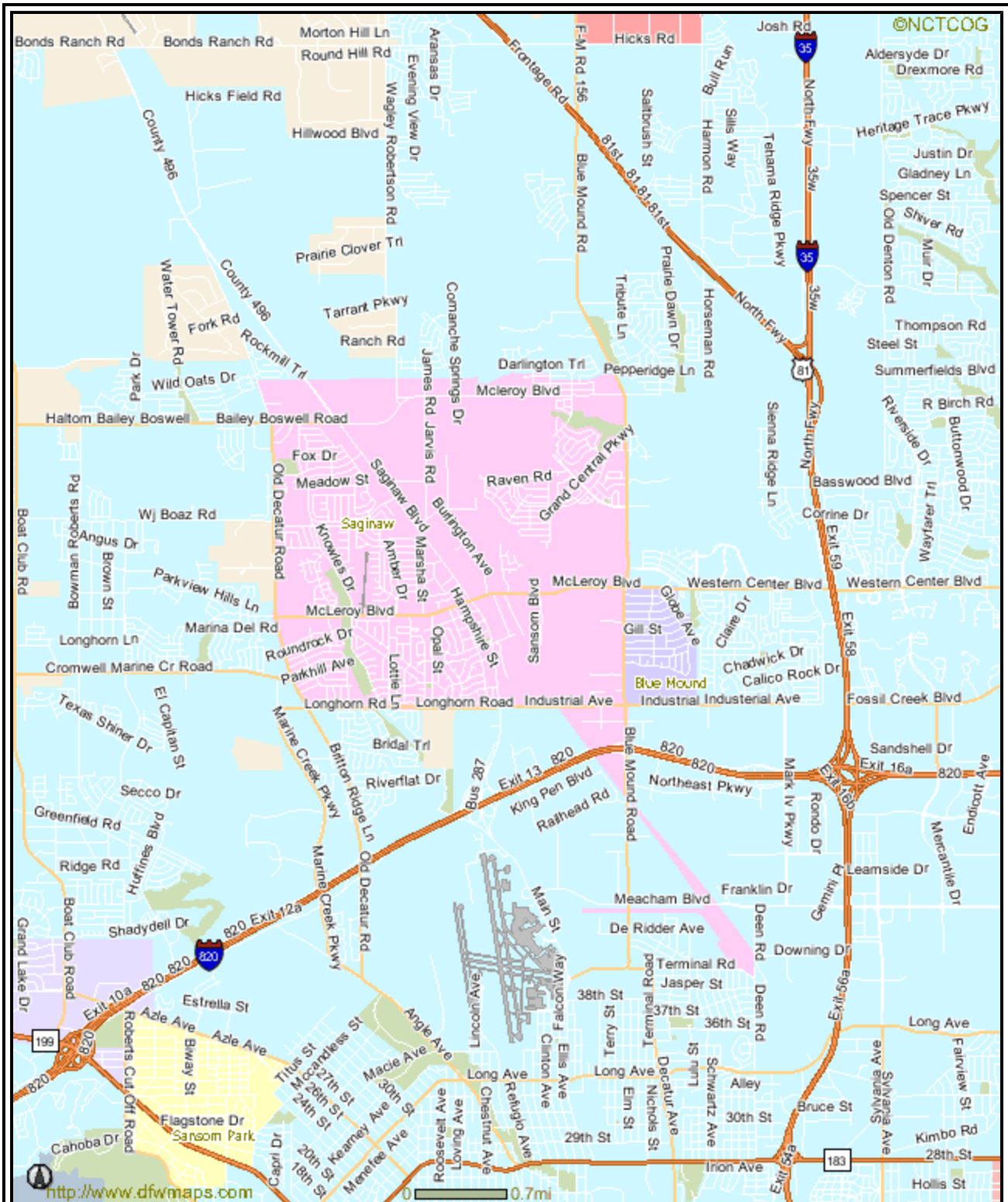
GOVERNING BODY

Gary Brinkley	Mayor
David Flory	Mayor Pro-Tem
Ed Larson	Councilmember, Place 2
Todd Flippo	Councilmember, Place 3
Delbert Sedberry	Councilmember, Place 4
Alex McCraw	Councilmember, Place 5
Jackie Nethery	Councilmember, Place 6

ADMINISTRATION

Nan Stanford	City Manager
Dolph Johnson	Assistant City Manager/ Finance Director
Karen Hollingsworth	Assistant Finance Director/ Budget Analyst
Janice England	City Secretary
Donna Mahaffey	Municipal Court Judge
Roger Macon	Police Chief
Doug Spears	Fire Chief
Mark White	Director of Public Works
Bryn Meredith	City Attorney
Jeff James	City Engineer

CITY OF SAGINAW



NCTCOG Maps
www.dfwmaps.com

DISCLAIMER
 This data has been compiled for NCTCOG. Various official and unofficial sources were used to gather this information. Every effort was made to ensure the accuracy of this data, however, no guarantee is given or implied as to the accuracy of said data.



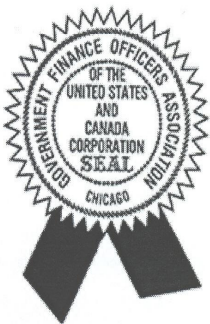
Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Saginaw
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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



President

Executive Director

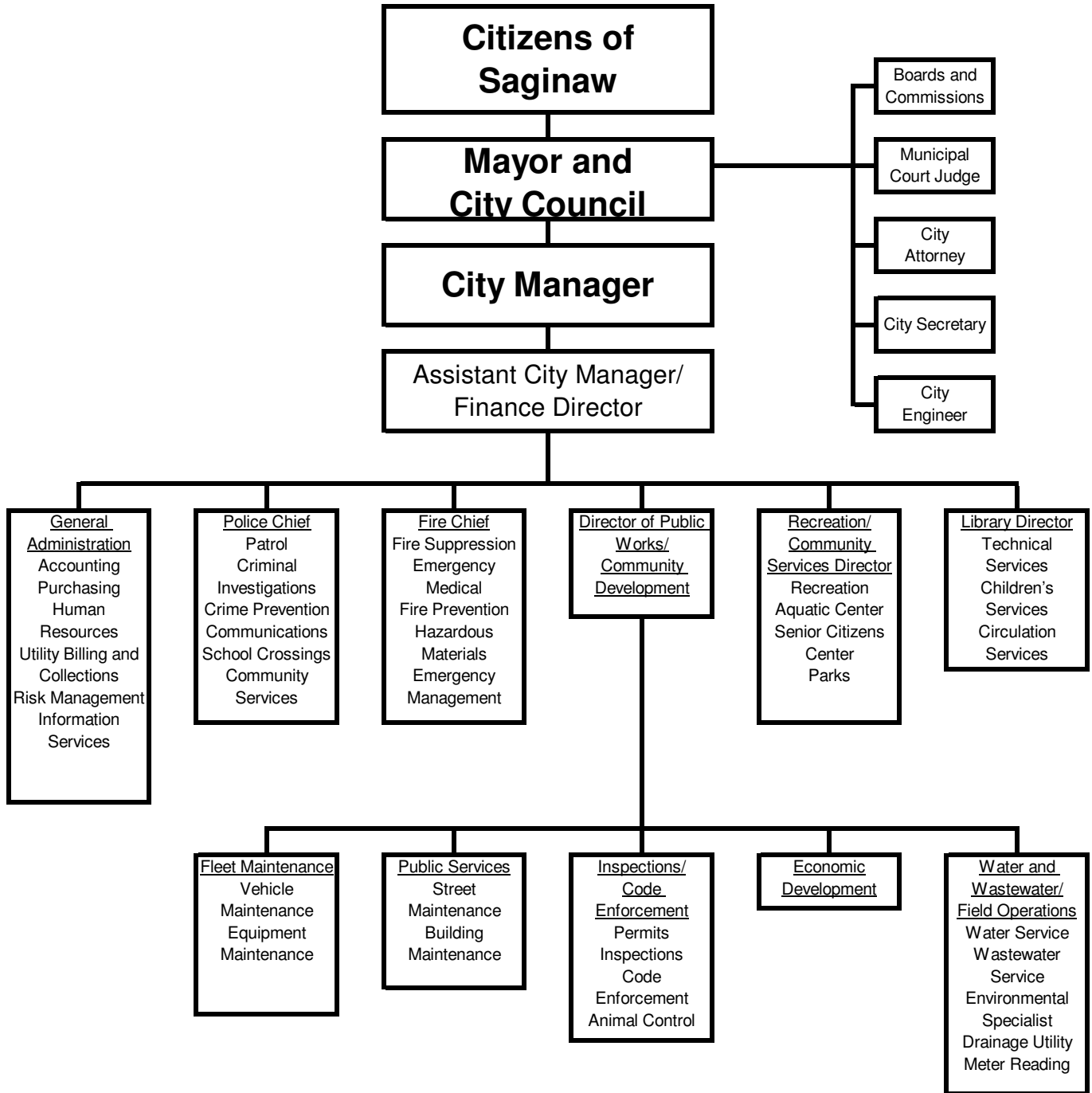
**CITY OF SAGINAW, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED
SEPTEMBER 30, 2009**

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Saginaw, Texas for our Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports 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 our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

CITY OF SAGINAW ORGANIZATIONAL CHART



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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor Gary Brinkley
and Members of the City Council
City of Saginaw, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Saginaw, Texas (the City) as of and for the year ended September 30, 2010, 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Saginaw, Texas as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, the schedule of funding progress and budgetary comparison schedule on pages 3 through 11 and 48 through 51, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

To the Honorable Mayor Gary Brinkley
and the Members of the City Council
City of Saginaw, Texas

Page 2

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, TX
January 7, 2011

**CITY OF SAGINAW, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2010
(UNAUDITED)**

As management of the City of Saginaw, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010. 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 i - v of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Saginaw exceeded its liabilities at the close of the most recent fiscal year by \$79,871,340 (net assets). Of this amount, \$20,049,230 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total capital assets increased by \$2,334,092.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$18,683,114. Over 58% of this total amount, or \$10,886,568, is unreserved and available for use with the City's fund designation and policies.
- At the end of the current year, unreserved fund balance for the general fund was \$10,886,568 or 99% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, municipal court, fire, police, public services, library, recreation, fleet maintenance, inspections and economic and community development. The business-type activities of the City include water and wastewater services. The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories – governmental funds and proprietary funds.

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

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 funds balance sheet and the governmental funds 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 eight governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, five Special Revenue, Debt Service, and Capital Projects funds. The basic governmental funds financial statements can be found on pages 15-18.

Proprietary Funds – The City maintains one type of proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and wastewater operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 19-22 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because those funds are not available to support the City’s programs. The City is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All the City’s fiduciary activities are reported in separate statements and can be found on pages 23-24 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-47.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. As of September 30, 2010, the City of Saginaw’s assets exceeded liabilities by \$79,871,340.

The largest portion of the City’s net assets (73%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. 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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Saginaw's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$20,858,040	\$18,913,459	\$8,117,083	\$9,061,910	\$28,975,123	\$27,975,369
Capital assets	61,408,962	59,594,267	21,905,321	21,385,924	83,314,283	80,980,191
Total assets	\$82,267,002	\$78,507,726	\$30,022,404	\$30,447,834	\$112,289,406	\$108,955,560
Long term liabilities	\$22,884,514	\$20,921,925	\$5,591,340	\$6,177,173	\$28,475,854	\$27,099,098
Other liabilities	1,961,527	2,626,767	1,980,685	1,588,199	3,942,212	4,214,966
Total liabilities	\$24,846,041	\$23,548,692	\$7,572,025	\$7,765,372	\$32,418,066	\$31,314,064
Net Assets						
Invested in capital assets*	\$42,319,951	\$41,370,363	\$15,624,168	\$16,275,619	\$57,944,119	\$57,645,982
Restricted	1,300,786	852,265	577,205	518,066	1,877,991	1,370,331
Unrestricted	13,800,224	12,736,406	6,249,006	5,888,777	20,049,230	18,625,183
Total net assets	\$57,420,961	\$54,959,034	\$22,450,379	\$22,682,462	\$79,871,340	\$77,641,496

*Net of related debt

An additional portion of the City's net assets (2%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$20,049,230 may be used to meet the City's ongoing obligation to citizens and creditors.

As of September 30, 2010, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended September 30, 2010. Overall the City had an increase in net assets of \$2,229,844. Governmental activities increased net assets by \$2,461,927. Capital projects started during the year and reimbursed by Tarrant County, as well as a decrease in depreciation expense this year contributed to this increase. Business-type activities decreased the City's net assets by \$232,083. Current economic conditions caused a decrease in interest income. In addition more rainfall this year contributed to a decrease in revenues (water sales) and an increase in expenditures (increased wastewater flows and treatment).

City of Saginaw's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Fees, fines and charges						
for services	\$1,953,990	\$1,975,032	\$6,802,875	\$6,550,174	\$8,756,865	\$8,525,206
Operating grants and						
contributions	391,235	627,977	-	-	391,235	627,977
Capital grants and						
contributions	160,258	-	564,691	94,633	724,949	94,633
General revenues:						
Ad valorem taxes	5,456,995	5,060,742	-	-	5,456,995	5,060,742
Sales taxes	5,002,655	4,829,521	-	-	5,002,655	4,829,521
Franchise taxes	1,256,027	1,295,929	-	-	1,256,027	1,295,929
Other taxes	13,773	13,580	-	-	13,773	13,580
Penalties and interest	12,622	16,990	-	-	12,622	16,990
Interest income	39,895	145,855	15,898	69,807	55,793	215,662
Gain on sale of assets	29,731	13,030	31,087	-	60,818	13,030
Miscellaneous	2,796,494	211,380	104,015	44,796	2,900,509	256,176
Total revenues	\$17,113,675	\$14,190,036	\$7,518,566	\$6,759,410	\$24,632,241	\$20,949,446
Expenditures:						
General admin. Offices	2,262,203	1,913,944	-	-	2,262,203	1,913,944
Municipal court	225,191	220,745	-	-	225,191	220,745
Fire	2,672,742	2,735,528	-	-	2,672,742	2,735,528
Police	3,667,446	3,519,529	-	-	3,667,446	3,519,529
Public works	3,058,371	3,440,255	-	-	3,058,371	3,440,255
Recreation	1,086,742	1,269,148	-	-	1,086,742	1,269,148
Library	569,505	563,843	-	-	569,505	563,843
Inspections	579,670	542,983	-	-	579,670	542,983
Fleet Maintenance	440,832	426,987	-	-	440,832	426,987
Economic development	12,439	30,808	-	-	12,439	30,808
Interest on long term debt	1,042,557	1,049,129	-	-	1,042,557	1,049,129
Water and wastewater	-	-	6,784,699	6,265,358	6,784,699	6,265,358
Total expenditures	\$15,617,698	\$15,712,899	\$6,784,699	\$6,265,358	\$22,402,397	\$21,978,257
Increases in net assets						
before transfers	\$1,495,977	(\$1,522,863)	\$733,867	\$494,052	\$2,229,844	-\$1,028,811
Transfers	965,950	620,016	(965,950)	(620,016)	-	-
Change in net assets	\$2,461,927	(\$902,847)	(\$232,083)	(\$125,964)	\$2,229,844	-\$1,028,811
Net assets - October 1	54,959,034	55,861,881	22,682,462	22,808,426	77,641,496	78,670,307
Net assets - September 30	\$57,420,961	\$54,959,034	\$22,450,379	\$22,682,462	\$79,871,340	\$77,641,496

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City of Saginaw's governmental funds reported combined ending fund balances of \$18,683,114. Approximately 58% of this total (\$10,886,568) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other purposes.

Proprietary Fund – The City's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Enterprise Fund are \$6,249,006. Due to current economic conditions, total net assets in the Enterprise Fund decreased by \$232,083 from fiscal year 2009 to fiscal year 2010.

General Fund Budgetary Highlights – The City made revisions to the original appropriations approved by the City Council. Overall these changes increased budgeted expenditures from the original budget by 2% or \$255,185. The majority of the increase was due to grant-funded expenditures and repairs to the Fire Department's ladder truck.

The General Fund's budgeted revenues increased 6% or \$550,185 which was the result of increased revenues in sales tax and grant revenues.

Debt Service Fund – The Debt Service Fund fund balance increased from \$900,810 to \$1,121,903 from fiscal year 2009 to fiscal year 2010. This increase is due to increased property tax collections.

Capital Projects Fund – Total fund balance in the Capital Projects Fund increased by \$37,251 due to the issuance of Certificate of Obligation bonds which helped to offset increased capital expenditures during the year.

CAPITAL ASSETS

The City of Saginaw's investment in capital assets for its governmental and business-type activities as of September 30, 2010 amounts to \$83,314,283 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress.

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

- Completed construction of the new Fleet Maintenance Facility (\$902,500).
- Street Rehabilitation totaling \$720,730.
- Completed construction of the 16" water line on Longhorn Road (\$155,843).
- Began construction of Longhorn Road expansion (\$3,039,095).
- Completed design of the 15" sewer line across the National Guard property (\$22,620) with construction scheduled for 2011.
- Financed and began the residential water meter change out program (\$1,043,490).
- Finance and purchased a vactor truck (\$287,937).

Capital Assets at Year End Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$10,126,653	\$10,140,449	\$5,003	\$4,813	\$10,131,656	\$10,145,262
Improvements	1,478,603	1,454,315	-	-	1,478,603	1,454,315
Buildings	16,753,681	15,765,842	154,587	163,869	16,908,268	15,929,711
Equipment	6,634,562	6,873,832	1,323,676	1,245,943	7,958,238	8,119,775
Infrastructure	69,716,804	68,623,657	26,886,545	26,537,901	96,603,349	95,161,558
Construction in progress	4,645,664	1,977,203	1,434,171	977,942	6,079,835	2,955,145
Accumulated depreciation	(47,947,005)	(45,241,031)	(7,898,661)	(7,544,544)	(55,845,666)	(52,785,575)
Total	\$61,408,962	\$59,594,267	\$21,905,321	\$21,385,924	\$83,314,283	\$80,980,191

Additional information on the City of Saginaw's capital assets can be found in note 5 on pages 36-38.

DEBT ADMINISTRATION

At the end of the fiscal year, the City had a total bonded debt of \$27,937,873. Of this amount, \$22,558,160 comprises bonded debt backed by the full faith and credit of the government and \$5,379,713 represents bonds secured solely by water and wastewater revenues.

Outstanding Bond Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligations	\$11,870,000	\$12,745,000	\$ -	\$ -	\$11,870,000	\$12,745,000
Certificates of obligation	10,865,000	9,565,000	-	-	10,865,000	9,565,000
Revenue bonds payable	-	-	5,510,000	5,945,000	5,510,000	5,945,000
Deferred loss on refunding bonds	(176,840)	(195,857)	(130,287)	(2,044)	(307,127)	(197,901)
Total	<u>\$22,558,160</u>	<u>\$22,114,143</u>	<u>\$5,379,713</u>	<u>\$5,942,956</u>	<u>\$27,937,873</u>	<u>\$28,057,099</u>

During the fiscal year, the City's total debt bonded decreased by \$119,226 or 0.4%. The City's General Obligation Bonds, Certificates of Obligation, and Revenue Bonds have a Standard and Poor's Ratings Services rating of AA-/Stable and a Moody's Investor Service underlying rating of Aa3. By insuring these bonds they all hold a Moody's rating of Aaa.

Additional information on the City of Saginaw's long-term debt can be found in note 6 on pages 38-42 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2010-2011 budget, General Fund revenues and transfers in are budgeted to increase by 2.3% from the 2009-2010 budget year with property tax making up 28.2% and sales tax making up 33.5% of budgeted revenues. We have budgeted for an 8.6% increase in sales tax revenues from last year's budgeted amount. Certified assessed valuations decreased 7.5% from the preceding year. General Fund expenditures increased by \$135,465 or 1.2%. The increase is mainly due to a 3% salary increase for employees. Three positions remain unfilled and we will continue the hiring freeze. The General Fund budget is balanced with the use of \$153,000 from the beginning fund balance for one time capital purchases.

The 2010-2011 budget includes a 7% increase in the water rate and no change in the wastewater rates. The Enterprise Fund is budgeted to break even with the use of \$257,300 of the beginning fund balance for one time capital purchases.

REQUEST FOR INFORMATION

This 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 Assistant City Manager/Finance Director at P.O. Box 79070, Saginaw, Texas 76179, or call (817) 232-4640.

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BASIC FINANCIAL STATEMENTS

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**CITY OF SAGINAW, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

	Primary Government			Component Unit - Saginaw Industrial Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Deposits and investments	\$ 13,990,617	\$ 6,095,429	\$ 20,086,046	\$ -
Receivables				
Taxes, net of allowance	911,097	-	911,097	-
Accounts, net of allowance	82,467	911,073	993,540	-
Other	1,701,678	-	1,701,678	-
Due from primary government	-	-	-	24,309
Restricted assets				
Deposits and investments	3,930,838	1,047,768	4,978,606	-
Deferred charges	241,343	62,813	304,156	-
Capital assets				
Land	10,126,653	5,003	10,131,656	-
Improvements	1,478,603	-	1,478,603	-
Buildings	16,753,681	154,587	16,908,268	-
Equipment	6,634,562	1,323,676	7,958,238	-
Infrastructure	69,716,804	26,886,545	96,603,349	-
Construction in progress	4,645,664	1,434,171	6,079,835	-
Accumulated depreciation	(47,947,005)	(7,898,661)	(55,845,666)	-
Total assets	82,267,002	30,022,404	112,289,406	24,309
LIABILITIES				
Accounts payable and accrued liabilities	870,161	741,464	1,611,625	-
Accrued interest payable	81,772	43,398	125,170	-
Due to component unit	24,309	-	24,309	-
Payable from restricted assets				
Contracts payable	985,285	-	985,285	-
Current portion of revenue bonds payable	-	506,751	506,751	-
Current portion of capital leases payable	-	218,509	218,509	-
Customer deposits	-	470,563	470,563	-
Noncurrent liabilities				
Debt due within one year	1,506,154	-	1,506,154	-
Debt due in more than one year	21,378,360	5,591,340	26,969,700	-
Total liabilities	24,846,041	7,572,025	32,418,066	-
NET ASSETS				
Invested in capital assets, net of related debt	42,319,951	15,624,168	57,944,119	-
Restricted for				
Debt service	1,300,786	577,205	1,877,991	-
Unrestricted	13,800,224	6,249,006	20,049,230	24,309
Total net assets	\$ 57,420,961	\$ 22,450,379	\$ 79,871,340	\$ 24,309

The Notes to Basic Financial Statements
are an integral part of this statement.

**CITY OF SAGINAW, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010**

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General administrative offices	\$ 2,262,203	\$ -	\$ -	\$ -
Municipal court	225,191	436,988	-	-
Fire	2,672,742	75,250	310,411	-
Police	3,667,446	4,359	80,824	-
Public works	3,058,371	421,802	-	160,258
Recreation	1,086,742	640,832	-	-
Library	569,505	28,357	-	-
Inspection	579,670	346,402	-	-
Fleet Maintenance	440,832	-	-	-
Economic development	12,439	-	-	-
Interest on long term debt	1,042,557	-	-	-
Total governmental activities	<u>15,617,698</u>	<u>1,953,990</u>	<u>391,235</u>	<u>160,258</u>
Business-type activities				
Water and wastewater	<u>6,784,699</u>	<u>6,802,875</u>	<u>-</u>	<u>564,691</u>
Total business-type activities	<u>6,784,699</u>	<u>6,802,875</u>	<u>-</u>	<u>564,691</u>
Total government	<u>\$ 22,402,397</u>	<u>\$ 8,756,865</u>	<u>\$ 391,235</u>	<u>\$ 724,949</u>

General revenues

Taxes
 Ad valorem
 Sales
 Franchise taxes
 Other taxes
 Penalties and interest
 Interest income
 Gain on sale of assets
 Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

Net (Expenses) Revenue and Changes in Net Assets			Component Unit - Saginaw Industrial Development Authority
Governmental Activities	Business- type Activities	Total	
\$ (2,262,203)	\$ -	\$ (2,262,203)	\$ -
211,797	-	211,797	-
(2,287,081)	-	(2,287,081)	-
(3,582,263)	-	(3,582,263)	-
(2,476,311)	-	(2,476,311)	-
(445,910)	-	(445,910)	-
(541,148)	-	(541,148)	-
(233,268)	-	(233,268)	-
(440,832)	-	(440,832)	-
(12,439)	-	(12,439)	-
(1,042,557)	-	(1,042,557)	-
<u>(13,112,215)</u>	<u>-</u>	<u>(13,112,215)</u>	<u>-</u>
<u>-</u>	<u>582,867</u>	<u>582,867</u>	<u>-</u>
<u>-</u>	<u>582,867</u>	<u>582,867</u>	<u>-</u>
<u>\$ (13,112,215)</u>	<u>\$ 582,867</u>	<u>\$ (12,529,348)</u>	<u>\$ -</u>
\$ 5,456,995	\$ -	\$ 5,456,995	\$ -
5,002,655	-	5,002,655	-
1,256,027	-	1,256,027	-
13,773	-	13,773	-
12,622	-	12,622	-
39,895	15,898	55,793	48
29,731	31,087	60,818	-
2,796,494	104,015	2,900,509	-
965,950	(965,950)	-	-
<u>15,574,142</u>	<u>(814,950)</u>	<u>14,759,192</u>	<u>48</u>
2,461,927	(232,083)	2,229,844	48
<u>54,959,034</u>	<u>22,682,462</u>	<u>77,641,496</u>	<u>24,261</u>
<u>\$ 57,420,961</u>	<u>\$ 22,450,379</u>	<u>\$ 79,871,340</u>	<u>\$ 24,309</u>

**CITY OF SAGINAW, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 10,779,819	\$ 1,121,903	\$ -	\$ 2,088,895	\$ 13,990,617
Receivables					
Taxes, net of allowance	691,433	28,276	-	191,388	911,097
Accounts	82,467	-	-	-	82,467
Other	239,753	-	1,331,447	130,478	1,701,678
Restricted assets					
Deposits and investments	-	-	3,930,838	-	3,930,838
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 11,793,472</u>	<u>\$ 1,150,179</u>	<u>\$ 5,262,285</u>	<u>\$ 2,410,761</u>	<u>\$ 20,616,697</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 881,352	\$ -	\$ -	\$ 13,118	\$ 894,470
Payable from restricted assets					
Contracts payable	-	-	985,285	-	985,285
Deferred revenue	25,552	28,276	-	-	53,828
Total liabilities	<u>906,904</u>	<u>28,276</u>	<u>985,285</u>	<u>13,118</u>	<u>1,933,583</u>
Fund balances					
Reserved for construction	-	-	4,277,000	-	4,277,000
Reserved for debt service	-	1,121,903	-	-	1,121,903
Reserved for police department	-	-	-	7,916	7,916
Reserved for Saginaw CCPD	-	-	-	989,063	989,063
Reserved for drainage projects	-	-	-	718,018	718,018
Reserved for street maintenance projects	-	-	-	403,583	403,583
Reserved for animal control	-	-	-	4,322	4,322
Reserved for parks	-	-	-	24,508	24,508
Reserved for library	-	-	-	141,204	141,204
Reserved for beautification	-	-	-	105,389	105,389
Reserved for senior center	-	-	-	670	670
Reserved for fire department	-	-	-	2,970	2,970
Unreserved	<u>10,886,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,886,568</u>
Total fund balances	<u>10,886,568</u>	<u>1,121,903</u>	<u>4,277,000</u>	<u>2,397,643</u>	<u>18,683,114</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,793,472</u>	<u>\$ 1,150,179</u>	<u>\$ 5,262,285</u>	<u>\$ 2,410,761</u>	<u>\$ 20,616,697</u>

**CITY OF SAGINAW, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

Total fund balances - governmental funds	\$ 18,683,114
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	61,408,962
Costs associated with the issuance of governmental long term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	241,343
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(81,772)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	53,828
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(22,884,514)</u>
Net assets of governmental activities	<u><u>\$ 57,420,961</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 8,350,134	\$ 2,262,329	\$ -	\$ 1,146,704	\$ 11,759,167
Licenses and permits	303,744	-	-	-	303,744
Charges for services	75,250	-	-	421,802	497,052
Fines and fees	508,003	-	-	-	508,003
Interest income	20,762	7,012	7,713	4,408	39,895
Recreation income	487,707	-	-	-	487,707
Miscellaneous revenues	611,476	-	2,611,021	154,522	3,377,019
Total revenues	10,357,076	2,269,341	2,618,734	1,727,436	16,972,587
Expenditures					
Current					
General administrative office	1,672,724	-	-	529,665	2,202,389
Municipal court	219,898	-	-	-	219,898
Fire	2,540,632	-	-	-	2,540,632
Police	3,330,045	-	-	39,980	3,370,025
Public works	890,697	-	-	-	890,697
Recreation	841,511	-	-	-	841,511
Library	512,830	-	-	-	512,830
Inspection	555,629	-	-	-	555,629
City garage	435,274	-	-	-	435,274
Economic development	12,439	-	-	-	12,439
Capital outlay	-	-	4,333,866	142,447	4,476,313
Debt service					
Principal retirement	-	1,452,094	-	-	1,452,094
Interest charges	-	993,891	-	-	993,891
Fiscal agent's fees and debt issuance costs	-	4,524	37,617	-	42,141
Total expenditures	11,011,679	2,450,509	4,371,483	712,092	18,545,763
Excess (deficiency) of revenues over expenditures	(654,603)	(181,168)	(1,752,749)	1,015,344	(1,573,176)
Other financing sources (uses)					
Issuance of debt	-	-	1,790,000	-	1,790,000
Transfers in	1,611,025	402,261	-	-	2,013,286
Transfers out	(59,568)	-	-	(987,768)	(1,047,336)
Total other financing sources (uses)	1,551,457	402,261	1,790,000	(987,768)	2,755,950
Net change in fund balances	896,854	221,093	37,251	27,576	1,182,774
Fund Balances - beginning of year	9,989,714	900,810	4,239,749	2,370,067	17,500,340
Fund Balances - end of year	<u>\$ 10,886,568</u>	<u>\$ 1,121,903</u>	<u>\$ 4,277,000</u>	<u>\$ 2,397,643</u>	<u>\$ 18,683,114</u>

**CITY OF SAGINAW, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010**

Net change in fund balances - total governmental funds	\$ 1,182,774
Amounts reported for governmental activities in the statement of activities are different because:	
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. This is the amount of capital assets recorded in the current period.	5,037,362
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense	160,258
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(3,380,850)
Governmental funds recognize all amounts received on the sale of fixed assets as a gain. However, in the statement of activities, the gain or loss is offset by the remaining net book value of the asset.	(2,075)
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. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount consists of proceeds of \$1,790,000 less repayments of \$1,453,522 and debt issuance costs of \$37,617 plus amortization of \$47,670, which is the net effect of these differences in the treatment of long-term debt and related items, plus \$174,016 in long-term pension obligations.	(520,547)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	2,100
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(17,095)
Change in net assets of governmental activities	<u>\$ 2,461,927</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
SEPTEMBER 30, 2010**

	Enterprise Fund
ASSETS	
Current assets	
Deposits and investments	\$ 6,095,429
Deposits and investments-restricted	577,205
Receivables	
Accounts receivable, net of allowance of \$47,810	529,450
Unbilled accounts	381,623
Total current assets	<u>7,583,707</u>
Noncurrent assets	
Capital assets, at cost	
Land and land improvements	5,003
Buildings and improvements	154,587
Waterworks and sewer system	26,886,545
Machinery and equipment	1,323,676
Construction in progress	1,434,171
Accumulated depreciation	<u>(7,898,661)</u>
Total capital assets, net of accumulated depreciation	21,905,321
Deferred charges	62,813
Deposits and investments-restricted	<u>470,563</u>
Total noncurrent assets	<u>22,438,697</u>
TOTAL ASSETS	30,022,404
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	741,464
Accrued interest	43,398
Revenue bonds payable	506,751
Capital lease payable	<u>218,509</u>
Total current liabilities	1,510,122
Noncurrent liabilities	
Revenue bonds payable	4,872,962
Capital lease payable	682,931
Pension obligation payable	35,447
Customer deposits	<u>470,563</u>
Total liabilities	<u>7,572,025</u>
NET ASSETS	
Invested in capital assets, net of related debt	15,624,168
Restricted for	
Revenue bond retirement	577,205
Unrestricted	<u>6,249,006</u>
Total net assets	<u><u>\$ 22,450,379</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2010**

	<u>Enterprise Fund</u>
Operating revenues	
Water and sewer sales	\$ 6,293,191
Penalties	126,550
Surcharges	383,134
Miscellaneous	<u>104,015</u>
Total operating revenue	6,906,890
Operating expenses	
Cost of sales and services	4,331,587
Administrative	1,434,493
Depreciation	<u>774,185</u>
Total operating expenses	<u>6,540,265</u>
Operating income (loss)	366,625
Nonoperating revenues (expenses)	
Impact and tap fees	133,909
Investment income	15,898
Gain on sale of machinery and equipment	31,087
Interest expense and agent fees	<u>(244,434)</u>
Total nonoperating revenues (expenses)	<u>(63,540)</u>
Income (loss) before contributions and transfers	303,085
Capital contributions	430,782
Transfers out	(1,010,765)
Transfers in	<u>44,815</u>
Change in net assets	(232,083)
Net assets, beginning of year	<u>22,682,462</u>
Net assets, end of year	<u><u>\$ 22,450,379</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2010**

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 6,658,690
Cash paid to employees	(697,224)
Cash paid to suppliers	<u>(4,778,341)</u>
Net cash provided by operating activities	<u>1,183,125</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out to other funds	(1,010,765)
Transfers from other funds	<u>44,815</u>
Net cash used in noncapital financing activities	<u>(965,950)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of machinery and equipment	31,087
Impact and tap fees	133,909
Principal paid on revenue bonds	(2,940,000)
Proceeds on debt issue	2,505,000
Payments on capital lease obligations	(235,194)
Capital expenditures	(574,863)
Interest and fees paid on debt issuance	(299,376)
Fiscal agent fees	<u>(4,149)</u>
Net cash used in capital and related financing activities	<u>(1,383,586)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>15,898</u>
Net cash provided by investing activities	<u>15,898</u>
Net decrease in cash	(1,150,513)
Cash and cash equivalents at the beginning of the year	<u>8,293,710</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 7,143,197</u></u>

CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2010

	Current Assets	Enterprise Fund Restricted Assets		Statement of Cash Flows Totals
	<u>Assets</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Totals</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET ASSETS				
Cash and cash equivalents - beginning	\$ 6,756,590	\$ 1,073,001	\$ 464,119	\$ 8,293,710
Net increase (decrease)	<u>(661,161)</u>	<u>(495,796)</u>	<u>6,444</u>	<u>(1,150,513)</u>
Cash and cash equivalents - ending	<u>\$ 6,095,429</u>	<u>\$ 577,205</u>	<u>\$ 470,563</u>	<u>\$ 7,143,197</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income (loss)	\$ 366,625
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	774,185
Increase in accounts receivable	(254,644)
Increase in accounts payable and accrued expenses	290,515
Increase in customer deposits	<u>6,444</u>
Net cash provided by operating activities	<u>\$ 1,183,125</u>

SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES

Equipment financed under capital lease obligations	\$ 287,937
Capital asset contributions from developers	430,782

**CITY OF SAGINAW, TEXAS
 STATEMENT OF FIDUCIARY FUND NET ASSETS
 FIDUCIARY FUND
 SEPTEMBER 30, 2010**

	<u>Private Purpose Trust Fund</u>
ASSETS	
Deposits and investments	<u>\$ 4,816</u>
TOTAL ASSETS	<u><u>\$ 4,816</u></u>
NET ASSETS	
Restricted for scholarships	<u>\$ 4,816</u>
TOTAL NET ASSETS	<u><u>\$ 4,816</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUND
YEAR ENDED SEPTEMBER 30, 2010**

	<u>Private Purpose Trust Fund</u>
Additions	
Interest income	<u>\$ 10</u>
Total additions	<u> 10</u>
Deductions	
Scholarship expense	<u> -</u>
Total deductions	<u> -</u>
Change in net assets	10
Net assets, beginning of year	<u> 4,806</u>
Net assets, end of year	<u><u> \$ 4,816</u></u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Saginaw (the "City") was incorporated in 1949. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, police and fire protection, street maintenance, building inspection services, library services, recreation, parks operation and maintenance, and maintenance and operation of City-owned buildings. The City contracts with the City of Fort Worth for water purchases and wastewater service but owns the waterworks and wastewater systems within the City.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

As required by accounting principals generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other 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.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Continued

exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. Complete financial statements for the individual component units may be obtained at the City's office.

The following entities were found to be component units of the City and are included in the combined financial statements:

Blended Component Unit – The Saginaw Crime Control and Prevention District (CCPD) serves all the citizens of the City and is used to account for the accumulation and use of resources to add law enforcement officers and purchase additional equipment for law enforcement purposes. The governing body of the Saginaw CCPD Fund is the same as that of the primary government. The Saginaw CCPD is reported as a governmental activity in the government-wide financial statements and as a Special Revenue Fund in the governmental financial statements.

Discrete Component Unit – The City created the Saginaw Industrial Development Authority for the special purpose of promoting and developing commercial, industrial and manufacturing enterprise and encouraging employment within the boundaries of the City. The members of the Authority are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval of the City Council. The Authority has been included in the basic financial statements as a discrete presentation and does not issue separate financial statements.

C. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the City, except for fiduciary funds. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation – Continued

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation – Continued

Capital Projects Fund

The Capital Projects Fund is used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets and drainage improvements in the City and construction, renovation, expansion and major improvement of various City facilities, acquisition of land and other large nonrecurring projects.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary fund:

Enterprise Fund

The Enterprise Fund is used to account for the provision of water and wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and wastewater system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses)

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus and Basis of Accounting – Continued

in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and wastewater services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Budgetary Control

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the City administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council amended the budget during the year.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Budgetary Control – Continued

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Saginaw CCPD Fund, Enterprise Fund and Debt Service Fund. A budget is legally adopted for the General Fund, Saginaw CCPD Fund and Debt Service Fund.

Budgets for the Saginaw CCPD Fund and Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The General Fund Budgetary Comparison Schedule presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of expenditures classified as non-departmental and revenues and expenditures designated for special purposes that are recorded through escrow accounts for budgetary purposes.

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

F. Cash and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered "cash equivalents".

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and contain other obligations, repurchase agreements, money market mutual funds and certificates of deposits within established criterion.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

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

Buildings	40 Years
Water and Wastewater System	50 Years
Infrastructure	10-50 Years
Equipment	5-25 Years
Improvements	20 Years

I. Accumulated Vacation, Compensatory Time and Sick Leave

City employees earn vacation leave and compensatory time off for holidays worked. All annual vacation leave must be taken within one year after it is earned unless an exception has been granted by the City Manager. All earned vacation leave not taken within one year of its accumulation will be forfeited. Employees are not compensated for unused sick leave.

J. Nature and Purpose of Reservations and Designations of Fund Equity

The City classifies fund balances as follows:

1. Reserves - used to denote that portion of fund equity, which is not appropriable for expenditures or is legally segregated for specific future use.
 - a. Reserved for debt service represents that portion of fund equity legally restricted to retirement of General Obligation bond principal and interest.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Nature and Purpose of Reservations and Designations of Fund Equity – Continued

- b. Reserved for revenue bond retirement represents that portion of retained earnings legally restricted to retirement of revenue bond principal and interest.
 - c. Reserved for construction represents amounts that are either legally restricted because of the revenue source (general fund) or are restricted because of certain bond indentures.
 - d. Reserved for police department represents amounts restricted for use by the police department.
 - e. Reserved for the Saginaw CCPD represents amounts restricted for purposes authorized by the Crime Control and Prevention District.
 - f. Reserved for drainage projects represents amounts restricted for use in maintenance and construction of drainage projects.
 - g. Reserved for street maintenance projects represents amounts restricted for use in maintenance and repair of streets throughout the City.
 - h. Reserved for animal control represents amounts received through donations and restricted for purposes authorized by the Animal Shelter Advisory Committee.
 - i. Reserved for parks represents amounts received through donations and restricted for purposes authorized by the Advisory Recreation and Parks Board.
 - j. Reserved for library represents amounts received through donations and restricted for purposes authorized by the Library Board.
 - k. Reserved for beautification represents amounts received through donations and restricted for purposes authorized by the Beautification Committee.
 - l. Reserved for senior center represents amounts received through donations and restricted for purposes authorized by the Senior Citizens Advisory Board.
 - m. Reserved for fire department represents amounts received through donations and restricted for use by the fire department.
2. Designations - used to denote that portion of fund equity, which is council established for future use.

**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Nature and Purpose of Reservations and Designations of Fund Equity – Continued

Designated for emergency use represents amounts restricted by council for use in extreme emergencies. Expenditures must be council approved.

Designated for equipment replacement represents amounts restricted by the council for use in funding future equipment replacement.

Designated – Other represents amounts designated by council and management for other various purposes.

3. Unreserved, undesignated - used to denote that portion of fund equity which is available for appropriation.

K. Net Assets

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

NOTE 2. CAPITAL LEASE OBLIGATIONS

The City has entered into capital lease agreements. The leased property under capital leases is classified as equipment with a total capitalized cost of approximately \$1,224,678 and an amortized value of approximately \$1,193,989 at September 30, 2010. Amortization expense has been included in depreciation expense for the year ended September 30, 2010.

The following is a schedule of future minimum payments under the capital leases together with the present value of the net minimum lease payments as of September 30, 2010:

<u>Year Ending September 30</u>	
2011	\$ 268,874
2012	244,514
2013	244,514
2014	<u>244,514</u>
	1,002,416
Less amount representing interest	<u>81,753</u>
Present value of net minimum lease payments	<u><u>\$ 920,663</u></u>

**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of September 30, 2010 consist of the following:

Deposits with financial institutions	\$ 303,815
Investments	<u>24,765,653</u>
	<u>\$25,069,468</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2010, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
TexPool	\$ 24,765,653	30 days

As of September 30, 2010 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of September 30, 2010
Texpool	\$ 24,765,653	AAA	AAAm

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS – CONTINUED

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2010, other than external investment pools, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2010, the carrying amount of the City's cash on hand and deposits were \$303,814 and the bank balance was \$1,441,950. Of the bank balance, \$250,000 was covered by federal depository insurance while the remaining \$1,191,950 was secured with securities held by the pledging financial institution's trust department or agent in the City's name.

Investment in State Investment Pools

The City is a voluntary participant in the TexPool external investment pool.

The State Comptroller of Public Accounts exercises 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. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. RESTRICTED ASSETS

Restricted assets in the Enterprise Fund are held for the following purposes in accordance with bond ordinances or other legal restrictions:

Debt Service - Interest and Sinking Fund	
Cash and investments	\$ 577,205
Refundable water and wastewater deposits	<u>470,563</u>
	<u>\$ 1,047,768</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010, was as follows:

	Balance October 1, 2009	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2010
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 10,140,449	\$ -	\$ (13,796)	\$ 10,126,653
Construction in progress	<u>1,977,203</u>	<u>4,803,362</u>	<u>(2,134,901)</u>	<u>4,645,664</u>
Total capital assets not being depreciated	<u>12,117,652</u>	<u>4,803,362</u>	<u>(2,148,697)</u>	<u>14,772,317</u>
Capital assets being depreciated				
Buildings	15,765,842	995,245	(7,406)	16,753,681
Improvements	1,454,315	28,224	(3,936)	1,478,603
Infrastructure	68,623,657	1,093,147	-	69,716,804
Equipment	<u>6,873,832</u>	<u>426,339</u>	<u>(665,609)</u>	<u>6,634,562</u>
Total capital assets being depreciated	<u>92,717,646</u>	<u>2,542,955</u>	<u>(676,951)</u>	<u>94,583,650</u>
Less accumulated depreciation				
Buildings	2,708,033	447,410	(7,406)	3,148,037
Improvements	729,256	66,510	(3,936)	791,830
Infrastructure	36,744,608	2,396,558	-	39,141,166
Equipment	<u>5,059,134</u>	<u>470,372</u>	<u>(663,534)</u>	<u>4,865,972</u>
Total accumulated depreciation	<u>45,241,031</u>	<u>3,380,850</u>	<u>(674,876)</u>	<u>47,947,005</u>
Total capital assets being depreciated, net	<u>47,476,615</u>	<u>(837,895)</u>	<u>(2,075)</u>	<u>46,636,645</u>
Net governmental activities capital assets	<u>\$ 59,594,267</u>	<u>\$ 3,965,467</u>	<u>\$ (2,150,772)</u>	<u>\$ 61,408,962</u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS – CONTINUED

	Balance October 1, 2009	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2010
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 4,813	\$ 190	\$ -	\$ 5,003
Construction in progress	977,942	574,673	(118,444)	1,434,171
Total capital assets not being depreciated	<u>982,755</u>	<u>574,863</u>	<u>(118,444)</u>	<u>1,439,174</u>
Capital assets being depreciated				
Buildings	163,869	-	(9,282)	154,587
Infrastructure	26,537,901	549,226	(200,582)	26,886,545
Equipment	1,245,943	287,937	(210,204)	1,323,676
Total capital assets being depreciated	<u>27,947,713</u>	<u>837,163</u>	<u>(420,068)</u>	<u>28,364,808</u>
Less accumulated depreciation				
Buildings	140,327	3,582	(9,282)	134,627
Infrastructure	6,478,548	713,450	(200,582)	6,991,416
Equipment	925,669	57,153	(210,204)	772,618
Total accumulated depreciation	<u>7,544,544</u>	<u>774,185</u>	<u>(420,068)</u>	<u>7,898,661</u>
Total capital assets being depreciated, net	<u>20,403,169</u>	<u>62,978</u>	<u>-</u>	<u>20,466,147</u>
Net business-type activities capital assets	<u>\$ 21,385,924</u>	<u>\$ 637,841</u>	<u>\$ (118,444)</u>	<u>\$ 21,905,321</u>

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

Governmental activities	
General administrative office	\$ 49,227
Fire	289,319
Police	232,578
Public works	2,518,581
Recreation and community services	230,674
Library	46,088
Inspections/code enforcement	12,131
Fleet maintenance	2,252
	<u>\$ 3,380,850</u>
Business-type activities	
Water and wastewater	<u>\$ 774,185</u>

**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS – CONTINUED

The City has active construction projects as of September 30, 2010. Total accumulated commitments for ongoing capital projects are as follows:

Enterprise Fund	\$ 338,027
Capital Projects Fund	5,682,816

NOTE 6. LONG-TERM DEBT

At September 30, 2010, the City's bonds payable consisted of the following:

	<u>Governmental</u>	<u>Business-type</u>
1997 Certificates of Obligation Bonds, dated June 1, 1997, due in annual installments through September 1, 2017, bearing interest rates of 5% to 7%	1,410,000	-
2000 General Obligation Bonds, dated September 1, 2000, partially refunded in 2006, due in annual installments through September 1, 2011, bearing interest rates of 5.0% to 5.625%	145,000	-
2001 Waterworks and Sewer System Revenue Bonds, dated October 2, 2001, due in annual installments through September 1, 2022, bearing interest rates of 4.2% to 5.7%	-	715,000
2002 General Obligation Bonds, dated April 2, 2002, due in annual installments through September 1, 2023, bearing interest rates of 4.5% to 6%	3,655,000	-
2002 General Obligation Refunding Bonds, dated December 1, 2002, due in annual installments through September 1, 2014, bearing interest rates of 3% to 3.90%	880,000	-
2004 General Obligation Bonds, dated September 1, 2004, due in annual installments through September 1, 2024, bearing interest rates of 3.5% to 4.7%	2,700,000	-

**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

	<u>Governmental</u>	<u>Business-type</u>
2004 Certificates of Obligation Bonds, dated January 1, 2004, due in annual installments through September 1, 2024, bearing interest rates of 4% to 4.6%	1,245,000	-
2006 General Obligation Refunding Bonds, dated April 1, 2006, due in annual installments through September 1, 2026, bearing interest rates of 3.9% to 4%	4,490,000	-
2006 Certificates of Obligation Bonds, dated October 1, 2006, due in annual installments through September 1, 2027, bearing interest rates of 4% to 4.3%	1,745,000	-
2006 Waterworks and Sewer System Revenue Bonds, dated October 1, 2006, due in annual installments through September 30, 2027, bearing interest rates of 4.0% to 4.9%	-	2,290,000
2007 Certificates of Obligation Bonds, dated September 1, 2007, due in annual installments through October 1, 2027, bearing interest rates of 4% to 4.4%	3,435,000	-
2009 Certificates of Obligation Bonds, dated May 1, 2009, due in annual installments through September 1, 2025, bearing interest rates of 3.75% to 4.6%	1,240,000	-
2010 Certificates of Obligation Bonds, dated August 1, 2010, due in annual installments through September 1, 2030, bearing interest rates of 2.5% to 4%	1,790,000	-
2010 Waterworks and Sewer System Refunding Revenue Bonds, dated August 1, 2010, due in annual installments through September 1, 2020, bearing interest rates of 2% to 3%	-	2,505,000
Deferred loss on refunding bonds	<u>(176,840)</u>	<u>(130,287)</u>
Total Bonds Payable	<u>\$ 22,558,160</u>	<u>\$ 5,379,713</u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT – CONTINUED

In prior years, the City issued \$4,995,000 in General Obligation Refunding Bonds to defease \$1,565,000 in Certificates of Obligation then outstanding and \$1,770,000 in General Obligation Bonds then outstanding. Of the \$1,565,000 in Certificates of Obligations and \$1,770,000 in General Obligation Bonds originally defeased, \$870,000 and \$1,770,000 remains outstanding at September 30, 2010, respectively.

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2010:

	Balance October 1, 2009	Increases	Decreases	Balance September 30, 2010	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 12,745,000	\$ -	\$ (875,000)	\$ 11,870,000	\$ 950,000
Certificates of obligation	9,565,000	1,790,000	(490,000)	10,865,000	555,000
Obligations under capital					
Leases	107,745	-	(88,522)	19,223	19,223
Pension obligation payable	133,115	174,016	-	307,131	-
Deferred loss on refunding					
bonds	(195,857)	-	19,017	(176,840)	(18,069)
Total Governmental Activities	\$ 22,355,003	\$ 1,964,016	\$ (1,434,505)	\$ 22,884,514	\$ 1,506,154
Business-type Activities					
Revenue bonds	\$ 5,945,000	\$ 2,505,000	\$ (2,940,000)	\$ 5,510,000	\$ 520,000
Obligations under capital					
Leases	848,700	287,934	(235,194)	901,440	218,509
Pension obligation payable	16,779	18,668	-	35,447	-
Deferred loss on refunding					
bonds	(2,044)	(132,493)	4,250	(130,287)	(13,249)
Total Business-type Activities	\$ 6,808,435	\$ 2,679,109	\$ (3,170,944)	\$ 6,316,600	\$ 725,260

The City issues general obligation bonds and certificates of obligation. General obligation bonds and certificates of obligation are direct obligations of the City and pledge the full faith and credit of the City. During 2010, the City issued \$1,790,000 of Certificates of Obligation, Series 2010.

**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

The annual requirements to amortize all debts outstanding as of September 30, 2010, are as follows:

<u>General Obligation Bonds</u>			
Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 950,000	\$ 513,560	\$ 1,463,560
2012	990,000	473,475	1,463,475
2013	1,040,000	434,200	1,474,200
2014	980,000	392,220	1,372,220
2015	860,000	351,700	1,211,700
2016-2020	4,495,000	1,198,888	5,693,888
2021-2025	2,455,000	301,534	2,756,534
2026-2030	100,000	4,250	104,250
	<u>\$ 11,870,000</u>	<u>\$ 3,669,827</u>	<u>\$ 15,539,827</u>

<u>Certificates of Obligation</u>			
Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 555,000	\$ 462,698	\$ 1,017,698
2012	585,000	433,729	1,018,729
2013	610,000	408,323	1,018,323
2014	645,000	381,673	1,026,673
2015	680,000	353,810	1,033,810
2016-2020	3,135,000	1,335,075	4,470,075
2021-2025	3,225,000	702,808	3,927,808
2026-2030	1,430,000	127,463	1,557,463
	<u>\$ 10,865,000</u>	<u>\$ 4,205,579</u>	<u>\$ 15,070,579</u>

<u>Revenue Bonds</u>			
Due Fiscal Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2011	\$ 520,000	\$ 187,840	\$ 707,840
2012	535,000	173,840	708,840
2013	560,000	159,353	719,353
2014	455,000	144,053	599,053
2015	480,000	130,710	610,710
2016-2020	1,640,000	438,423	2,078,423
2021-2025	950,000	184,078	1,134,078
2026-2030	370,000	22,400	392,400
	<u>\$ 5,510,000</u>	<u>\$ 1,440,697</u>	<u>\$ 6,950,697</u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT – CONTINUED

During 2010, the City issued \$2,505,000 in Waterworks and Sewer System Refunding Bonds with an average interest rate of 2.5% which was used to advance refund the outstanding Series 1996, 1997 and 2000 Waterworks and Sewer System Revenue Bonds and the Series 2003 Waterworks and Sewer System Refunding Bonds, for a total of \$2,770,000. The average interest rate on the bonds being refunded is 5.24%. The net proceeds of \$2,532,128 (after payment of issuance costs) plus an additional payment of \$352,455 from the City's Interest and Sinking Fund were used to pay the outstanding balance on the refunded bonds. As a result, the refunded bonds are considered defeased, and the liability for those bonds has been removed from the Enterprise Fund long-term debt account. The outstanding principal of the defeased bonds is \$0 at September 30, 2010.

The City advance refunded the bonds to reduce its total debt service payment over the next 10 years by \$279,116 and to obtain an economic gain of \$253,275 (the difference between the present value of the debt service payments on the old and new debt).

NOTE 7. PROPERTY TAX

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax assessments are automatic on January 1, each year. Penalties and interest are included for any payment received after January 31. Penalties start at 6% of the outstanding balance, respectively and increase to 12% for payments received after July 1. Interest increases 1% for each month the balance is outstanding after January 31.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes (\$133,075 for the General Fund and \$139,838 for the Debt Service Fund). The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

NOTE 8. PENSION PLAN

Plan Description

The City of Saginaw provides pension benefits for all of its full-time 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 SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. PENSION PLAN – CONTINUED

Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, 200%) of the employee's accumulated contributions.

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

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

Deposit rate	6%
Matching ratio (City to employee)	2-1
A member is vested after	5 years
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are 5 years at 60 years of age or 20 years at any age.

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 the 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.

**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. PENSION PLAN – CONTINUED

Contributions – Continued

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 (i.e., December 31, 2009 valuation is effective for rates beginning January 2011). The annual pension cost and net pension obligation/(asset) are as follows:

Annual required contribution (ARC)	\$ 1,178,546
Interest on net pension obligation	11,055
Adjustment to the ARC	-
Annual pension cost (APC)	1,189,601
Contributions made	996,917
Increase (decrease) in net pension obligation	192,684
Net pension obligation/(asset), beginning of year	149,894
 Net pension obligation/(asset), end of year	 \$ 342,578

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation date	12/31/07	12/31/08	12/31/09
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization pPeriod	30 years; closed period	29 years; closed period	28 years; closed period
Asset valuation method	Amortized cost	Amortized cost	10-year smoothed market
Actuarial assumptions			
Investment rate of return*	7.0%	7.5%	7.5%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at Cost of living adjustments	3.0% 2.1%	3.0% 2.1%	3.0% 2.1%

**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. PENSION PLAN – CONTINUED

Contributions – Continued

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a percentage of Covered Payroll
12/31/09	\$ 9,707,228	\$ 18,676,076	52.0%	\$ 8,968,848	\$ 6,830,866	131.3%

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.

Trend information for the past three years for TMRS is as follows:

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Actual Amount of APC Contributed	Net Pension Obligation
2008	\$ 645,320	100%	\$ 645,320	\$ -
2009	1,117,500	87%	967,606	149,894
2010	1,189,601	84%	996,917	342,578

The city also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the 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 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.

**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. PENSION PLAN – CONTINUED

Contributions – Continued

The City's contributions to the TMRS SDBF for the years ended 2010, 2009 and 2008 were \$820, \$1,328 and \$1,112, respectively, which equaled the required contributions each year.

The City is one of 833 municipalities having the benefit plan administered by TMRS. Each of the 833 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2009 valuations as well as the audited GAAP-basis postemployment benefit plan report are contained in the 2009 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

NOTE 9. COMMITMENTS

The City renewed a thirty (30) year contract in 1987 with the City of Fort Worth for the treatment and transportation of sanitary, sewer, and wastewater. Payments under this contract are on a strength and volume basis per month. Also, there is a twenty-five dollar (\$25) per meter monthly service charge.

The City renewed a twenty (20) year contract in 2010 with the City of Fort Worth for the delivery of treated water. Payments under this contract are on a volume and rate of use basis per month. There is also a twenty-five dollar (\$25) per meter (4) monthly service charge.

NOTE 10. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Enterprise fund	\$ 700,200
General fund	CCPD fund	807,500
General fund	Drainage utility fund	103,325
Debt service fund	General fund	59,568
Debt service fund	Enterprise fund	310,565
Debt service fund	Drainage utility fund	32,128
Enterprise fund	Drainage utility fund	44,815
		<u>\$ 2,058,101</u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. INTERFUND TRANSFERS – CONTINUED

Transfers are primarily used to move funds from:

- The Enterprise Fund to the General Fund for reimbursement for janitorial expenses, vehicle maintenance expenses, franchise fees, data processing costs, building rental, insurance, telephone expenses, postage, computer/telephone system lease purchase, newsletter expenses and utilities.
- The CCPD Fund to the General Fund for reimbursement of salaries and related expenses for nine Patrol Officers, one Public Service Officer, one Investigator, one Dispatcher, half (1/2) of one of the School Resource Officers and miscellaneous administrative costs.
- The General Fund to the Debt Service Fund for lease payments.
- The Drainage Utility Fund to the General Fund and Enterprise Fund for reimbursement of salaries and related expenses and lease payments.
- The Drainage Utility Fund to the Debt Service Fund for reimbursement of a lease payment.
- The Enterprise Fund to the Debt Service Fund for reimbursement of capital lease payments.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one year policy with the Texas Municipal League. The City insures its workers compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF SAGINAW, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
PARTICIPATION IN TEXAS MUNICIPAL RETIREMENT SYSTEM
YEAR ENDED SEPTEMBER 30, 2010**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/07	\$ 7,143,550	\$ 15,141,998	47.2%	\$ 7,998,448	\$ 5,903,644	135.5%
12/31/08	8,464,233	16,707,034	50.7%	8,242,801	6,620,766	124.5%
12/31/09	9,707,228	18,676,076	52.0%	8,968,848	6,830,866	131.3%

**CITY OF SAGINAW, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted amounts	
	Original	Final
Revenues		
Taxes	\$ 7,882,835	\$ 8,247,835
Licenses and permits	117,000	274,000
Charges for services	77,000	75,250
Fines and fees	481,000	410,000
Interest income	38,000	16,000
Recreation income	520,000	480,000
Miscellaneous revenues	355,135	518,070
Total revenues	<u>9,470,970</u>	<u>10,021,155</u>
Expenditures		
Current		
General administrative office	878,535	919,995
Municipal court	204,735	204,465
Fire	2,297,015	2,396,355
Police	2,961,295	2,973,795
Public works	705,600	715,600
Recreation & community services	690,805	734,305
Library	403,335	426,420
Inspections/code enforcement	484,240	484,240
Fleet maintenance	415,935	435,935
Economic development	24,190	24,190
Non-departmental	2,241,100	2,246,670
Total expenditures	<u>11,306,785</u>	<u>11,561,970</u>
Excess (deficiency) of revenues over expenditures	<u>(1,835,815)</u>	<u>(1,540,815)</u>
Other financing sources (uses)		
Operating transfers in	1,611,025	1,611,025
Operating transfers out	(59,580)	(59,580)
Total other financing sources (uses)	<u>1,551,445</u>	<u>1,551,445</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(284,370)	10,630
Fund balances - beginning of year	<u>10,333,807</u>	<u>10,333,807</u>
Fund balances - end of year	<u>\$ 10,049,437</u>	<u>\$ 10,344,437</u>

Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over / (Under)
\$ 8,350,134	\$ (385,568)	\$ 7,964,566	\$ (283,269)
303,744	99	303,843	29,843
75,250	-	75,250	-
508,003	(93,103)	414,900	4,900
20,762	-	20,762	4,762
487,707	-	487,707	7,707
611,476	(118,045)	493,431	(24,639)
<u>10,357,076</u>	<u>(596,617)</u>	<u>9,760,459</u>	<u>(260,696)</u>
1,672,724	(762,524)	910,200	(9,795)
219,898	(29,480)	190,418	(14,047)
2,540,632	(254,813)	2,285,819	(110,536)
3,330,045	(450,638)	2,879,407	(94,388)
890,697	(241,542)	649,155	(66,445)
841,511	(112,829)	728,682	(5,623)
512,830	(95,203)	417,627	(8,793)
555,629	(85,788)	469,841	(14,399)
435,274	(21,224)	414,050	(21,885)
12,439	-	12,439	(11,751)
-	2,114,241	2,114,241	(132,429)
<u>11,011,679</u>	<u>60,200</u>	<u>11,071,879</u>	<u>(490,091)</u>
<u>(654,603)</u>	<u>(656,817)</u>	<u>(1,311,420)</u>	<u>229,395</u>
1,611,025	-	1,611,025	-
(59,568)	-	(59,568)	12
<u>1,551,457</u>	<u>-</u>	<u>1,551,457</u>	<u>12</u>
896,854	(656,817)	240,037	229,407
<u>9,989,714</u>		<u>10,333,807</u>	<u>-</u>
<u>\$ 10,886,568</u>		<u>\$ 10,573,844</u>	<u>\$ 229,407</u>

CITY OF SAGINAW, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET BASIS OF ACCOUNTING

The City adopts its budget of the general fund on the modified accrual basis of accounting by activity, function, or department, except for expenditures relating to employee benefits and certain administration expenditures, which are budgeted as non-departmental expenditures. In addition, various expenditures out of funds collected for a specific purpose are recorded by the City through designated escrow accounts and are not budgeted.

Adjustments necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the budget basis to a GAAP basis are provided below:

Excess of revenues and other sources over expenditures and other uses – budget basis	\$ 240,037
Record revenues designated for special purposes and recorded through escrow accounts	596,617
Record expenditures from funds collected for special purposes and recorded through escrow accounts	<u>60,200</u>
Excess of revenues and other sources over expenditures and other uses – GAAP basis	<u>\$ 896,854</u>

**CITY OF SAGINAW, TEXAS
 COMBINING BALANCE SHEET -
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010**

	Special Revenue					Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	
ASSETS						
Deposits and investments	\$ 7,916	\$ 853,828	\$ 617,357	\$ 348,093	\$ 261,701	\$ 2,088,895
Receivables						
Other	-	-	100,661	-	29,817	130,478
Taxes	-	135,898	-	55,490	-	191,388
TOTAL ASSETS	\$ 7,916	\$ 989,726	\$ 718,018	\$ 403,583	\$ 291,518	\$ 2,410,761
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ 663	\$ -	\$ -	\$ 12,455	\$ 13,118
Total liabilities	-	663	-	-	12,455	13,118
Fund balances						
Reserved for police department	7,916	-	-	-	-	7,916
Reserved for Saginaw CCPD	-	989,063	-	-	-	989,063
Reserved for drainage projects	-	-	718,018	-	-	718,018
Reserved for street maintenance	-	-	-	403,583	-	403,583
Reserved for animal control	-	-	-	-	4,322	4,322
Reserved for parks	-	-	-	-	24,508	24,508
Reserved for library	-	-	-	-	141,204	141,204
Reserved for beautification	-	-	-	-	105,389	105,389
Reserved for senior center	-	-	-	-	670	670
Reserved for fire department	-	-	-	-	2,970	2,970
Total fund balances	7,916	989,063	718,018	403,583	279,063	2,397,643
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,916	\$ 989,726	\$ 718,018	\$ 403,583	\$ 291,518	\$ 2,410,761

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

SPECIAL REVENUE FUND

Saginaw Police CCPD Fund – Used to account for funds to be used to address crime control and prevention.

**CITY OF SAGINAW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010**

	Special Revenue					Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	
Revenues						
Taxes	\$ -	\$ 825,374	\$ -	\$ 321,330	\$ -	\$ 1,146,704
Miscellaneous	672	644	66	-	153,140	154,522
Interest income	15	1,923	1,204	792	474	4,408
Fees	-	-	421,802	-	-	421,802
Total revenues	<u>687</u>	<u>827,941</u>	<u>423,072</u>	<u>322,122</u>	<u>153,614</u>	<u>1,727,436</u>
Expenditures						
Current						
General administrative office	-	-	94,427	369,594	65,644	529,665
Police	281	39,699	-	-	-	39,980
Capital outlay	-	47,720	67,606	-	27,121	142,447
Total expenditures	<u>281</u>	<u>87,419</u>	<u>162,033</u>	<u>369,594</u>	<u>92,765</u>	<u>712,092</u>
Excess (deficiency) of revenues over expenditures	<u>406</u>	<u>740,522</u>	<u>261,039</u>	<u>(47,472)</u>	<u>60,849</u>	<u>1,015,344</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(807,500)	(180,268)	-	-	(987,768)
Total other financing sources (uses)	<u>-</u>	<u>(807,500)</u>	<u>(180,268)</u>	<u>-</u>	<u>-</u>	<u>(987,768)</u>
Net change in fund balances	406	(66,978)	80,771	(47,472)	60,849	27,576
Fund Balances - beginning of year	7,510	1,056,041	637,247	451,055	218,214	2,370,067
Fund Balances - end of year	<u>\$ 7,916</u>	<u>\$ 989,063</u>	<u>\$ 718,018</u>	<u>\$ 403,583</u>	<u>\$ 279,063</u>	<u>\$ 2,397,643</u>

**CITY OF SAGINAW, TEXAS
BALANCE SHEET -
SAGINAW CRIME CONTROL AND PREVENTION DISTRICT
SEPTEMBER 30, 2010
WITH COMPARATIVE BALANCES
FOR SEPTEMBER 30, 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Deposits and investments	\$ 853,828	\$ 929,918
Receivables		
Taxes, net	<u>135,898</u>	<u>126,959</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 989,726</u>	<u>\$ 1,056,877</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 663</u>	<u>\$ 836</u>
Total liabilities	<u>663</u>	<u>836</u>
Fund balances		
Reserved for Saginaw Police Crime Control and Prevention District	<u>989,063</u>	<u>1,056,041</u>
Total fund balances	<u>989,063</u>	<u>1,056,041</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 989,726</u>	<u>\$ 1,056,877</u>

**CITY OF SAGINAW, TEXAS
SAGINAW CRIME CONTROL AND PREVENTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted amounts		Actual GAAP Basis
	Original	Final	
Revenues			
Sales taxes	\$ 700,000	\$ 748,000	\$ 825,374
Miscellaneous revenues	-	-	644
Interest income	3,500	3,500	1,923
Total revenues	<u>703,500</u>	<u>751,500</u>	<u>827,941</u>
Expenditures			
Uniforms	-	-	2,851
Data processing	30,000	30,000	23,943
Officer supplies and equipment	1,000	1,000	1,409
Investigator supplies and equipment	1,000	1,000	922
Crime prevention supplies	2,000	2,000	1,350
Tactical employee training	10,000	10,000	9,224
Capital outlay	-	48,000	47,720
Total expenditures	<u>44,000</u>	<u>92,000</u>	<u>87,419</u>
Excess (deficiency) of revenues over expenditures	<u>659,500</u>	<u>659,500</u>	<u>740,522</u>
Other financing sources (uses)			
Operating transfers out	<u>(807,500)</u>	<u>(807,500)</u>	<u>(807,500)</u>
Total other financing sources (uses)	<u>(807,500)</u>	<u>(807,500)</u>	<u>(807,500)</u>
Net change in fund balance	(148,000)	(148,000)	(66,978)
Fund Balances - beginning of year	<u>1,056,041</u>	<u>1,056,041</u>	<u>1,056,041</u>
Fund Balances - end of year	<u>\$ 908,041</u>	<u>\$ 908,041</u>	<u>\$ 989,063</u>

Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2009
\$ 77,374	\$ 839,412
644	7,734
<u>(1,577)</u>	<u>9,213</u>
<u>76,441</u>	<u>856,359</u>
(2,851)	5,784
6,057	21,958
(409)	3,024
78	2,022
650	2,996
776	13,987
<u>280</u>	<u>169,920</u>
<u>4,581</u>	<u>219,691</u>
<u>81,022</u>	<u>636,668</u>
<u>-</u>	<u>(807,500)</u>
<u>-</u>	<u>(807,500)</u>
81,022	(170,832)
<u>-</u>	<u>1,226,873</u>
<u>\$ 81,022</u>	<u>\$ 1,056,041</u>

DEBT SERVICE FUND

Used to account for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest.

**CITY OF SAGINAW, TEXAS
BALANCE SHEET -
DEBT SERVICE FUND
SEPTEMBER 30, 2010
WITH COMPARATIVE BALANCES
FOR SEPTEMBER 30, 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Deposits and investments	\$ 1,121,903	\$ 901,419
Receivables		
Taxes, net of allowance	<u>28,276</u>	<u>35,327</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 1,150,179</u>	<u>\$ 936,746</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ 610
Deferred revenue	<u>28,276</u>	<u>35,326</u>
Total liabilities	<u>28,276</u>	<u>35,936</u>
Fund balances		
Reserved for debt service	<u>1,121,903</u>	<u>900,810</u>
Total fund balances	<u>1,121,903</u>	<u>900,810</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,150,179</u>	<u>\$ 936,746</u>

**CITY OF SAGINAW, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted amounts		Actual GAAP Basis
	Original	Final	
Revenues			
Current and delinquent general property tax - debt service portion	\$ 2,181,160	\$ 2,181,160	\$ 2,255,940
Penalties, interest and fees on delinquent taxes	6,000	6,000	6,389
Interest income	10,000	10,000	7,012
Total revenues	2,197,160	2,197,160	2,269,341
Expenditures			
Bond principal payments	1,365,000	1,365,000	1,365,000
Capital lease and note principal payments	263,875	322,300	87,094
Total principal payments	1,628,875	1,687,300	1,452,094
Bond interest	989,280	989,280	989,280
Capital lease and note interest	11,705	15,065	4,611
Fiscal charges and debt issuance costs	10,800	10,800	4,524
Bad debts	-	-	-
Total interest payments	1,011,785	1,015,145	998,415
Total expenditures	2,640,660	2,702,445	2,450,509
Excess (deficiency) of revenues over expenditures	(443,500)	(505,285)	(181,168)
Other financing sources (uses)			
Operating transfers in	340,490	402,275	402,261
Total other financing sources (uses)	340,490	402,275	402,261
Net change in fund balance	(103,010)	(103,010)	221,093
Fund Balances - beginning of year	900,810	900,810	900,810
Fund Balances - end of year	\$ 797,800	\$ 797,800	\$ 1,121,903

Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2009
\$ 74,780	\$ 2,610,183
389	8,497
<u>(2,988)</u>	<u>15,483</u>
72,181	2,634,163
-	1,825,000
<u>235,206</u>	<u>82,758</u>
235,206	1,907,758
-	995,598
10,454	8,947
6,276	4,360
<u>-</u>	<u>-</u>
<u>16,730</u>	<u>1,008,905</u>
<u>251,936</u>	<u>2,916,663</u>
<u>324,117</u>	<u>(282,500)</u>
<u>(14)</u>	<u>240,041</u>
<u>(14)</u>	<u>240,041</u>
324,103	(42,459)
-	943,269
<u>\$ 324,103</u>	<u>\$ 900,810</u>

ENTERPRISE FUND

Used to account for operations of the City's water and wastewater activities that are financed and operated in a manner similar to those of private business enterprises. Services of this fund are intended to be self-supporting through user charges.

CITY OF SAGINAW, TEXAS
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	2010	2009
ASSETS		
Current assets		
Deposits and investments	\$ 6,095,429	\$ 6,756,590
Deposits and investments-restricted	577,205	1,073,001
Receivables		
Accounts receivable, net of allowance of \$47,810 in 2010 and \$67,570 in 2009	529,450	304,853
Unbilled accounts	381,623	351,576
Total current assets	<u>7,583,707</u>	<u>8,486,020</u>
Noncurrent assets		
Capital assets, at cost		
Land and land improvements	5,003	4,813
Buildings and improvements	154,587	163,869
Waterworks and wastewater system	26,886,545	26,537,901
Machinery and equipment	1,323,676	1,245,943
Construction in progress	1,434,171	977,942
Accumulated depreciation	(7,898,661)	(7,544,544)
Total capital assets, net of accumulated depreciation	<u>21,905,321</u>	<u>21,385,924</u>
Deferred charges	62,813	111,771
Deposits and investments-restricted	470,563	464,119
Total noncurrent assets	<u>22,438,697</u>	<u>21,961,814</u>
TOTAL ASSETS	30,022,404	30,447,834
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	741,464	469,617
Accrued interest	43,398	23,201
Revenue bonds payable	506,751	454,489
Capital lease payable	218,509	176,773
Total current liabilities	<u>1,510,122</u>	<u>1,124,080</u>
Noncurrent liabilities		
Revenue bonds payable	4,872,962	5,488,467
Capital lease payable	682,931	671,927
Pension obligation payable	35,447	16,779
Customer deposits	470,563	464,119
Total liabilities	<u>7,572,025</u>	<u>7,765,372</u>
NET ASSETS		
Investment in capital assets, net of related debt	15,624,168	16,275,619
Restricted for		
Revenue bond retirement	577,205	518,066
Unrestricted		
Undesignated	6,249,006	5,888,777
Total net assets	<u>\$ 22,450,379</u>	<u>\$ 22,682,462</u>

**CITY OF SAGINAW, TEXAS
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE TOTALS
FOR YEAR ENDED SEPTEMBER 30, 2009**

	<u>2010</u>	<u>2009</u>
Operating revenue		
Water and sewer sales	\$ 6,293,191	\$ 6,081,668
Penalties	126,550	135,892
Surcharges	383,134	332,614
Miscellaneous	104,015	44,796
	<hr/>	<hr/>
Total operating revenue	6,906,890	6,594,970
Operating expenses		
Cost of sales and services	4,331,587	3,913,818
Administrative	1,434,493	1,459,213
Depreciation	774,185	574,388
	<hr/>	<hr/>
Total operating expenses	6,540,265	5,947,419
Operating income	366,625	647,551
Nonoperating revenues (expenses)		
Impact and tap fees	133,909	94,633
Investment income	15,898	69,807
Gain on sale of machinery and equipment	31,087	-
Interest expense and agent fees	(244,434)	(317,939)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(63,540)	(153,499)
Income before contributions and transfers	303,085	494,052
Capital contributions	430,782	-
Transfers out	(1,010,765)	(652,086)
Transfers in	44,815	32,070
	<hr/>	<hr/>
Changes in net assets	(232,083)	(125,964)
Net Assets, beginning of year	<hr/> 22,682,462	<hr/> 22,808,426
Net Assets, end of year	<hr/> <u>\$ 22,450,379</u>	<hr/> <u>\$ 22,682,462</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE TOTALS FOR
YEAR ENDED SEPTEMBER 30, 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 6,658,690	\$ 6,664,810
Cash paid to employees	(697,224)	(722,561)
Cash paid to suppliers	<u>(4,778,341)</u>	<u>(4,781,245)</u>
Net cash provided by operating activities	<u>1,183,125</u>	<u>1,161,004</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	(1,010,765)	(652,086)
Transfer from other funds	<u>44,815</u>	<u>32,070</u>
Net cash used in noncapital financing activities	<u>(965,950)</u>	<u>(620,016)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	31,087	-
Impact and tap fees	133,909	94,633
Principal paid on revenue bonds	(2,940,000)	(430,000)
Proceeds on debt issue	2,505,000	
Payments on capital lease obligations	(235,194)	-
Capital expenditures	(574,863)	(85,113)
Interest and fees paid on debt issuance	(299,376)	(300,293)
Fiscal agent fees	<u>(4,149)</u>	<u>(2,340)</u>
Net cash used in capital and related financing activities	<u>(1,383,586)</u>	<u>(723,113)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>15,898</u>	<u>69,807</u>
Net cash provided by investing activities	<u>15,898</u>	<u>69,807</u>
Net decrease in cash	(1,150,513)	(112,318)
Cash and Cash Equivalents at the beginning of the year	<u>8,293,710</u>	<u>8,406,028</u>
Cash and Cash Equivalents at the end of the year	<u>\$ 7,143,197</u>	<u>\$ 8,293,710</u>

CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS-continued
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE TOTALS FOR
YEAR ENDED SEPTEMBER 30, 2009

	Current Assets	Restricted Assets	2010 Statement of Cash Flows Totals	2009 Statement of Cash Flows Totals
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET				
Cash and cash equivalents - beginning balance	\$ 6,756,590	\$ 1,537,120	\$ 8,293,710	\$ 8,406,028
Net increase (decrease)	(661,161)	(489,352)	(1,150,513)	(112,318)
Cash and cash equivalents - ending	<u>\$ 6,095,429</u>	<u>\$ 1,047,768</u>	<u>\$ 7,143,197</u>	<u>\$ 8,293,710</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income			\$ 366,625	\$ 647,551
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation			774,185	574,388
(Increase) decrease in accounts receivable			(254,644)	49,313
Increase (decrease) in accounts payable and accrued expenses			290,515	(130,775)
Increase in customer deposits			6,444	20,527
Net cash provided by operating activities			<u>\$ 1,183,125</u>	<u>\$ 1,161,004</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Equipment financed under capital lease obligations			\$ 287,937	\$ 848,700
Capital asset contributions from developers			430,782	-

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION

(Unaudited)

This part of the City of Saginaw'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 government's overall financial health

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	64-73
Revenue Capacity These schedules contain information to help the reader assess the government's two most significant local source revenues, water and sewer and the sales and use tax.	74-77
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	78-81
Demographic and Economic Information This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	82-83
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial reports relates to the services the government provides and the activities it performs.	84-87

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

**CITY OF SAGINAW, TEXAS
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS(a)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 41,911,912	\$ 42,120,437	\$ 41,392,997
Restricted	146,316	424,345	538,608
Unrestricted	5,341,578	6,507,804	8,240,155
Total governmental activities net assets	<u>\$ 47,399,806</u>	<u>\$ 49,052,586</u>	<u>\$ 50,171,760</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 12,797,445	\$ 13,528,348	\$ 14,111,336
Restricted	1,315,287	909,398	666,675
Unrestricted	3,624,263	4,521,022	6,083,686
Total business-type activities net assets	<u>\$ 17,736,995</u>	<u>\$ 18,958,768</u>	<u>\$ 20,861,697</u>
Primary government			
Invested in capital assets, net of related debt	54,709,357	55,648,785	55,504,333
Restricted	1,461,603	1,333,743	1,205,283
Unrestricted	8,965,841	11,028,826	14,323,841
Total primary government assets	<u>\$ 65,136,801</u>	<u>\$ 68,011,354</u>	<u>\$ 71,033,457</u>

(a) *The City of Saginaw first applied GASB Statement 34 in fiscal year ended 9/30/03; therefore, government-wide financial information for years prior to fiscal year ended 9/30/03 is not available.*

Table 1

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 44,426,385	\$ 43,470,367	42,189,355	41,370,363	42,319,951
692,411	836,097	976,011	852,265	1,300,786
9,411,787	11,355,703	12,696,515	12,736,406	13,800,224
<u>\$ 54,530,583</u>	<u>\$ 55,662,167</u>	<u>\$ 55,861,881</u>	<u>\$ 54,959,034</u>	<u>\$ 57,420,961</u>
\$ 15,258,061	\$ 13,210,135	15,203,616	16,275,619	15,624,168
486,623	1,218,878	513,882	518,066	577,205
7,311,453	7,922,263	7,090,928	5,888,777	6,249,006
<u>\$ 23,056,137</u>	<u>\$ 22,351,276</u>	<u>\$ 22,808,426</u>	<u>\$ 22,682,462</u>	<u>\$ 22,450,379</u>
59,684,446	56,680,502	57,392,971	57,645,982	57,944,119
1,179,034	2,054,975	1,489,893	1,370,331	1,877,991
16,723,240	19,277,966	19,787,443	18,625,183	20,049,230
<u>\$ 77,586,720</u>	<u>\$ 78,013,443</u>	<u>\$ 78,670,307</u>	<u>\$ 77,641,496</u>	<u>\$ 79,871,340</u>

**CITY OF SAGINAW, TEXAS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS(a)**

Table 2
(page 1 of 4)

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General administrative office	\$ 1,169,587	\$ 1,018,175	\$ 1,258,791	\$ 1,662,869
Municipal court	132,240	122,537	139,495	175,909
Fire	1,573,367	1,581,919	2,000,796	2,109,883
Police	1,979,759	2,161,383	2,497,751	2,596,794
Public works	3,331,390	3,690,933	3,550,185	3,772,225
Recreation	238,498	262,467	664,246	742,411
Library	367,436	376,618	415,265	435,045
Inspection	281,153	264,101	390,154	730,758
Janitorial	58,750	66,072	77,611	80,753
Fleet maintenance	240,052	270,433	352,296	389,764
Economic development	30,940	34,316	41,947	40,825
Interest on long term debt	922,079	892,528	1,006,766	955,174
Total governmental activities	10,325,251	10,741,482	12,395,303	13,692,410
Business-type activities				
Water and wastewater	4,384,308	4,408,781	4,480,084	5,655,141
Total business-type activities	4,384,308	4,408,781	4,480,084	5,655,141
Total Primary government expenses	14,709,559	15,150,263	16,875,387	19,347,551
Program Revenues				
Governmental activities:				
Fines, Fees and charges for Services				
Municipal court	362,624	345,344	319,140	299,763
Fire	52,500	58,125	60,000	69,000
Police	3,590	4,274	4,837	4,064
Public works	66,086	142,969	323,534	505,705
Recreation	122,442	199,390	253,822	405,401
Library	20,680	21,094	29,330	26,373
Inspection	593,858	652,453	646,821	484,333
Operating Grants and Contributions				
General administrative offices	150	250	-	-
Fire	-	-	-	171,706
Police	30,861	29,940	32,331	64,226
Capital Grants and Contributions				
Public works	126,528	38,773	-	2,970,632
Total governmental activities program revenues	1,379,319	1,492,612	1,669,815	5,001,203

(a) The City of Saginaw first applied GASB Statement 34 in fiscal year ended 9/30/03; therefore, government-wide financial information for years prior to fiscal year ended 9/30/03 is not available.

Table 2
(page 2 of 4)

	2007	2008	2009	2010
\$	1,510,834	\$ 1,826,087	\$ 1,913,944	\$ 2,262,203
	173,795	205,773	220,745	225,191
	2,357,074	2,809,960	2,735,528	2,672,742
	3,383,062	3,452,302	3,519,529	3,667,446
	3,720,923	3,524,022	3,440,255	3,058,371
	1,144,105	1,108,337	1,269,148	1,086,742
	570,070	599,434	563,843	569,505
	468,160	510,912	542,983	579,670
	62,883	57,001	-	-
	426,217	556,402	426,987	440,832
	38,076	40,478	30,808	12,439
	1,033,565	1,087,008	1,049,129	1,042,557
	<u>14,888,764</u>	<u>15,777,716</u>	<u>15,712,899</u>	<u>15,617,698</u>
	<u>7,130,097</u>	<u>6,044,664</u>	<u>6,265,358</u>	<u>6,784,699</u>
	<u>7,130,097</u>	<u>6,044,664</u>	<u>6,265,358</u>	<u>6,784,699</u>
	<u>22,018,861</u>	<u>21,822,380</u>	<u>21,978,257</u>	<u>22,402,397</u>
	471,283	421,785	422,800	436,988
	74,250	80,625	73,125	75,250
	5,615	6,505	5,536	4,359
	425,386	427,491	446,975	421,802
	592,727	638,931	650,111	640,832
	28,630	23,041	31,654	28,357
	358,065	296,169	344,831	346,402
	-	-	-	-
	85,801	374,297	541,018	310,411
	109,999	73,477	86,959	80,824
	87,083	-	-	160,258
	<u>2,238,839</u>	<u>2,342,321</u>	<u>2,603,009</u>	<u>2,505,483</u>

CITY OF SAGINAW, TEXAS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS(a)

Table 2-continued
(page 3 of 4)

	Fiscal Year			
	2003	2004	2005	2006
Business-type activities				
Charges for services				
Water and wastewater	\$ 4,737,241	\$ 4,945,120	\$ 5,528,411	\$ 6,395,934
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	2,865,875	1,205,487	1,256,816	1,732,134
Total business-type activities program revenues	<u>7,603,116</u>	<u>6,150,607</u>	<u>6,785,227</u>	<u>8,128,068</u>
Total primary government program revenues	<u>8,982,435</u>	<u>7,643,219</u>	<u>8,455,042</u>	<u>13,129,271</u>
Net (Expenses) Revenue				
Governmental Activities	(8,945,932)	(9,248,870)	(10,725,488)	(8,691,207)
Business-type Activities	3,218,808	1,741,826	2,305,143	2,472,927
Total Primary governmental net expenses	<u>(5,727,124)</u>	<u>(7,507,044)</u>	<u>(8,420,345)</u>	<u>(6,218,280)</u>
General Revenues				
and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Ad valorem	3,725,185	4,025,691	4,316,475	4,779,910
Sales	2,314,780	2,834,150	4,155,762	5,339,856
Franchise taxes	877,700	903,696	1,009,157	1,190,759
Other taxes	3,300	3,494	4,496	9,630
Penalties and interest	38,314	38,094	25,334	19,502
Interest income	151,059	122,367	327,532	702,686
Gain on sale of assets	2,935,547	2,287,295	934,800	39,735
Miscellaneous revenues	218,195	78,010	518,951	397,814
Transfers	576,848	608,856	552,152	570,138
Total Governmental Activities	<u>10,840,928</u>	<u>10,901,653</u>	<u>11,844,659</u>	<u>13,050,030</u>
Business-type Activities:				
Interest income	65,781	58,715	124,748	262,208
Gain on sale of assets	-	-	-	-
Miscellaneous revenues	35,905	30,088	25,190	29,443
Transfers	(576,848)	(608,856)	(552,152)	(570,138)
Total Business-type Activities	<u>(475,162)</u>	<u>(520,053)</u>	<u>(402,214)</u>	<u>(278,487)</u>
Total Primary Government	<u>10,365,766</u>	<u>10,381,600</u>	<u>11,442,445</u>	<u>12,771,543</u>
Changes in Net Assets				
Governmental Activities	1,894,996	1,652,783	1,119,171	4,358,823
Business-type Activities	2,743,646	1,221,773	1,902,929	2,194,440
Total Primary Government	<u>\$ 4,638,642</u>	<u>\$ 2,874,556</u>	<u>\$ 3,022,100</u>	<u>\$ 6,553,263</u>

Source: Comprehensive Annual Financial Reports

(a) The City of Saginaw first applied GASB Statement 34 in fiscal year ended 9/30/03; therefore, government-wide financial information for years prior to fiscal year ended 9/30/03 is not available.

Table 2-continued
(page 4 of 4)

2007	2008	2009	2010
\$ 5,948,134	\$ 6,497,059	\$ 6,550,174	\$ 6,802,875
-	-	-	-
586,282	287,675	94,633	564,691
6,534,416	6,784,734	6,644,807	7,367,566
8,773,255	9,127,055	9,247,816	9,873,049
(12,649,925)	(13,435,395)	(13,109,890)	(13,112,215)
(595,681)	740,070	379,449	582,867
(13,245,606)	(12,695,325)	(12,730,441)	(12,529,348)
5,018,022	5,152,750	5,060,742	5,456,995
5,551,551	5,786,363	4,829,521	5,002,655
1,171,259	1,258,549	1,295,929	1,256,027
13,577	13,437	13,580	13,773
25,359	10,778	16,990	12,622
804,852	591,222	145,855	39,895
39,735	14,166	13,030	29,731
535,813	220,521	211,380	2,796,494
621,341	587,323	620,016	965,950
13,781,509	13,635,109	12,207,043	15,574,142
449,755	229,860	69,807	15,898
-	-	-	31,087
62,406	74,543	44,796	104,015
(621,341)	(587,323)	(620,016)	(965,950)
(109,180)	(282,920)	(505,413)	(814,950)
13,672,329	13,352,189	11,701,630	14,759,192
1,131,584	199,714	(902,847)	2,461,927
(704,861)	457,150	(125,964)	(232,083)
\$ 426,723	\$ 656,864	\$ (1,028,811)	\$ 2,229,844

**CITY OF SAGINAW, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved for other	\$ -	\$ -	\$ -	\$ -
Unreserved	3,926,208	4,174,623	4,459,428	5,585,720
Total general fund	<u>\$ 3,926,208</u>	<u>\$ 4,174,623</u>	<u>\$ 4,459,428</u>	<u>\$ 5,585,720</u>
All Other Governmental Funds				
Reserved for:				
Reserved for construction	\$ 2,623,668	\$ 5,528,622	\$ 3,788,670	\$ 5,871,618
Reserved for debt service	84,154	35,293	218,074	388,929
Reserved for police department	27,523	28,601	22,716	18,758
Reserved for Saginaw CCPD	293,933	311,664	411,201	612,035
Reserved for drainage projects	-	-	-	-
Reserved for street maintenance projects	-	-	-	-
Reserved for animal control	-	-	-	-
Reserved for parks	-	-	-	-
Reserved for library	-	-	-	-
Reserved for beautification	-	-	-	-
Reserved for senior center	-	-	-	-
Reserved for fire	-	-	-	-
Total all other governmental funds	<u>\$ 3,029,278</u>	<u>\$ 5,904,180</u>	<u>\$ 4,440,661</u>	<u>\$ 6,891,340</u>

Table 3

2005	2006	2007	2008	2009	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,704,672	8,342,180	9,670,921	10,300,997	9,989,714	10,886,568
<u>6,704,672</u>	<u>8,342,180</u>	<u>9,670,921</u>	<u>10,300,997</u>	<u>9,989,714</u>	<u>10,886,568</u>
\$ 5,022,003	\$ 2,368,204	\$ 5,421,657	\$ 4,047,653	\$ 4,239,749	\$ 4,277,000
505,941	632,707	789,622	943,269	900,810	1,121,903
16,364	16,637	9,756	6,467	7,510	7,916
1,065,823	1,373,281	867,248	1,226,873	1,056,041	989,063
117,368	194,495	417,401	525,041	637,247	718,018
-	-	-	185,857	451,055	403,583
-	-	-	-	3,173	4,322
-	-	-	-	24,602	24,508
-	-	-	-	111,469	141,204
-	-	-	-	78,367	105,389
-	-	-	-	603	670
-	-	-	-	603	2,970
<u>6,727,499</u>	<u>4,585,324</u>	<u>7,505,684</u>	<u>6,935,160</u>	<u>7,510,626</u>	<u>7,796,546</u>

**CITY OF SAGINAW, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2001	2002	2003	2004
Revenues:				
Taxes	\$ 5,145,502	\$ 5,853,808	\$ 6,916,942	\$ 7,898,741
Licenses and permits	651,869	443,361	585,580	644,000
Charges for services	50,000	53,910	52,500	58,125
Fines and fees	422,739	455,289	461,257	522,134
Interest income	451,094	184,953	151,059	122,367
Rent income- recreation	34,865	38,813	44,012	122,864
Miscellaneous revenues	533,648	220,279	327,636	223,499
Total revenues	<u>7,289,717</u>	<u>7,250,413</u>	<u>8,538,986</u>	<u>9,591,730</u>
Expenditures:				
Current:				
General administrative offices	823,823	848,257	1,401,202	978,084
Municipal court	115,288	112,923	132,240	122,537
Fire	908,842	1,279,665	1,674,275	1,429,385
Police	1,571,304	1,717,377	1,869,091	2,034,128
Public works	561,305	787,463	565,334	751,998
Recreation	137,067	163,490	178,309	246,917
Library	268,166	271,224	307,150	308,733
Inspection	154,537	213,675	245,659	262,987
Janitorial	49,903	55,140	58,750	66,072
City garage	231,510	237,742	240,051	272,243
Economic development	-	21,408	30,940	34,316
Capital outlay	2,457,918	2,112,057	1,881,468	3,071,704
Bond sale expense		43,412		
Debt Service:				
Principal retirement	863,515	914,368	1,018,454	1,163,421
Interest charges	843,695	769,539	925,333	847,374
Fiscal agent's fees and debt issuance costs	5,138	4,657	134,967	68,716
Total expenditures	<u>8,992,011</u>	<u>9,552,397</u>	<u>10,663,223</u>	<u>11,658,615</u>
Excess (deficiency) of revenues over expenditures	<u>(1,702,294)</u>	<u>(2,301,984)</u>	<u>(2,124,237)</u>	<u>(2,066,885)</u>
Other financing sources (uses)				
Capital lease proceeds	-	-	238,027	-
Issuance of debt	-	-	-	5,035,000
Bond Proceeds	-	4,845,000	-	-
Proceeds on refunding bonds	-	-	5,630,000	-
Payments to refunded bond escrow agent	-	-	(5,499,352)	-
Transfers in	1,042,174	967,771	912,334	969,913
Transfers out	(393,710)	(387,470)	(335,486)	(361,057)
Total other financing sources (uses)	<u>648,464</u>	<u>5,425,301</u>	<u>945,523</u>	<u>5,643,856</u>
Net change in fund balances	<u>\$ (1,053,830)</u>	<u>\$ 3,123,317</u>	<u>\$ (1,178,714)</u>	<u>\$ 3,576,971</u>
Debt service as a percentage of noncapital expenditures	35.41%	29.50%	23.90%	21.45%

Table 4

2005	2006	2007	2008	2009	2010
\$ 9,525,772	\$ 11,270,983	\$ 11,752,870	\$ 12,241,907	\$ 11,395,798	\$ 11,759,167
634,093	470,872	338,520	272,611	305,000	303,744
317,779	475,881	500,938	500,405	520,100	497,052
443,175	459,755	551,067	492,737	499,821	508,003
379,588	702,686	804,852	591,222	145,855	39,895
327,532	342,695	528,746	569,487	544,513	487,707
495,433	738,420	833,394	741,769	957,983	3,377,019
<u>12,123,372</u>	<u>14,461,292</u>	<u>15,310,387</u>	<u>15,410,138</u>	<u>14,369,070</u>	<u>16,972,587</u>
1,219,687	1,626,702	1,505,262	1,803,525	1,855,477	2,202,389
141,270	175,510	173,396	205,373	216,990	219,898
1,899,401	2,350,782	2,428,970	2,630,835	2,552,394	2,540,632
2,396,321	2,442,792	2,863,106	3,240,527	3,350,395	3,370,025
793,417	933,192	1,203,546	924,431	1,261,954	890,697
527,983	516,409	999,445	987,201	1,051,504	841,511
355,829	381,868	520,671	497,036	523,068	512,830
402,875	730,326	471,479	494,175	524,837	555,629
77,611	80,753	62,883	57,001	-	-
352,096	389,564	432,394	554,219	422,368	435,274
41,947	40,825	38,076	40,478	28,571	12,439
1,302,565	4,916,195	4,187,891	1,630,028	1,227,084	4,476,313
1,371,089	1,440,343	1,570,253	1,825,148	1,907,758	1,452,094
979,779	922,820	971,387	1,044,075	1,004,545	993,891
-	-	-	-	-	-
3,942	66,165	77,566	3,857	37,958	42,141
<u>11,865,812</u>	<u>17,014,246</u>	<u>17,506,325</u>	<u>15,937,909</u>	<u>15,964,903</u>	<u>18,545,763</u>
<u>257,560</u>	<u>(2,552,954)</u>	<u>(2,195,938)</u>	<u>(527,771)</u>	<u>(1,595,833)</u>	<u>(1,573,176)</u>
-	-	-	-	-	-
145,400	1,415,000	5,823,698	-	1,240,000	1,790,000
-	-	-	-	-	-
-	3,580,000	-	-	-	-
-	(3,516,850)	-	-	-	-
1,030,587	1,166,457	1,244,685	1,548,513	1,835,464	2,013,286
(478,435)	(596,319)	(623,344)	(961,190)	(1,215,448)	(1,047,336)
<u>697,552</u>	<u>2,048,288</u>	<u>6,445,039</u>	<u>587,323</u>	<u>1,860,016</u>	<u>2,755,950</u>
<u>\$ 955,112</u>	<u>\$ (504,666)</u>	<u>\$ 4,249,101</u>	<u>\$ 59,552</u>	<u>\$ 264,183</u>	<u>\$ 1,182,774</u>
23.78%	16.14%	16.85%	20.56%	21.35%	18.42%

**CITY OF SAGINAW, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Table 5

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% of Current Tax Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>% of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>% of Delinquent Taxes to Tax Levy</u>
2000/01	2,532,569	2,486,069	98.2%	17,521	2,503,590	98.9%	174,342	6.9%
2001/02	3,170,069	3,034,316	95.7%	46,157	3,080,473	97.2%	331,272	10.4%
2002/03	3,706,997	3,569,436	96.3%	95,225	3,664,661	98.9%	373,608	10.1%
2003/04	4,024,112	3,938,943	97.9%	168,652	4,107,595	102.1%	290,125	7.2%
2004/05	4,302,271	4,235,430	98.4%	84,510	4,319,940	100.4%	269,277	6.3%
2005/06	4,708,777	4,623,656	98.2%	79,834	4,703,490	99.9%	318,449	6.8%
2006/07	4,992,355	4,922,329	98.6%	57,034	4,979,363	99.7%	319,986	6.4%
2007/08	5,138,154	5,081,928	98.9%	64,231	5,146,159	100.2%	299,958	5.8%
2008/09	5,241,665	5,170,741	98.6%	46,512	5,217,253	99.5%	320,555	6.1%
2009/10	5,444,770	5,390,942	99.0%	51,970	5,442,912	100.0%	326,741	6.0%

**CITY OF SAGINAW, TEXAS
 ASSESSED AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (Unaudited)**

Table 6

Fiscal Year	Real Property		Personal Property		Total		Property Tax Rate Per \$100
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2000/01	394,627,890	394,627,890	111,885,642	111,885,642	506,513,532	506,513,532	0.500
2001/02	475,631,827	475,631,827	133,996,846	133,996,846	609,628,673	609,628,673	0.520
2002/03	561,888,791	561,888,791	106,529,372	106,529,372	668,418,163	668,418,163	0.540
2003/04	632,840,979	632,840,979	104,055,311	104,055,311	736,896,290	736,896,290	0.540
2004/05	681,595,460	681,595,460	107,192,677	107,192,677	788,788,137	788,788,137	0.540
2005/06	753,901,682	753,901,682	160,083,566	160,083,566	913,985,248	913,985,248	0.510
2006/07	819,132,647	819,132,647	206,343,896	206,343,896	1,025,476,543	1,025,476,543	0.487
2007/08	881,908,837	881,908,837	235,213,300	235,213,300	1,117,122,137	1,117,122,137	0.456
2008/09	943,150,638	943,150,638	235,076,728	235,076,728	1,178,227,366	1,178,227,366	0.446
2009/10	957,006,797	957,006,797	264,608,841	264,608,841	1,221,615,638	1,221,615,638	0.449

Note: Assessed values are established by a central appraisal district on the basis of 100% of its appraised value.

**CITY OF SAGINAW, TEXAS
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 ASSESSED VALUE
LAST TEN FISCAL YEARS
(Unaudited)**

Table 7

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>School</u>	<u>County (1)</u>	<u>State</u>	<u>Total</u>
2000/01	0.181560	0.318440	0.500000	1.500000	0.615265	-	2.615265
2001/02	0.262230	0.257770	0.520000	1.510000	0.644280	-	2.674280
2002/03	0.248600	0.291400	0.540000	1.550000	0.647277	-	2.737277
2003/04	0.272840	0.267160	0.540000	1.605000	0.647200	-	2.792200
2004/05	0.244831	0.295169	0.540000	1.650000	0.647270	-	2.837270
2005/06	0.258670	0.251330	0.510000	1.634500	0.647277	-	2.791777
2006/07	0.242110	0.244890	0.487000	1.535000	0.646277	-	2.668277
2007/08	0.204090	0.251910	0.456000	1.330100	0.636270	-	2.422370
2008/09	0.222150	0.223850	0.446000	1.465800	0.629857	-	2.541657
2009/10	0.263906	0.185209	0.449115	1.465800	0.629567	-	2.544482

Note: (1) Tarrant County, Tarrant County College District and Tarrant County Hospital District

**CITY OF SAGINAW, TEXAS
 PRINCIPAL TAXPAYERS
 CURRENT YEAR AND TEN YEARS AGO
 (Unaudited)**

Table 8

2010			2001		
Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Wal-Mart	\$ 23,171,872	2.15	Universal Forrest Products	\$ 14,454,963	2.85
Conagra Foods Inc.	21,687,262	2.01	Farmland Industries	13,540,058	2.67
Norton Metal Products Inc.	17,843,705	1.66	Cargill Inc.	13,325,766	2.63
Horizon Milling LLC	16,641,160	1.54	Suntrust Leasing	9,421,515	1.86
Trinity Industries Inc.	13,494,547	1.25	Trinity Industries	9,005,180	1.78
Ventura Foods LLC	12,989,233	1.20	TU Electric	7,787,733	1.54
SEM Materials	10,805,417	1.00	Country Home Milling	7,438,355	1.47
Oncor Electric Delivery Co.	10,142,020	0.94	Norton Metal Products	6,348,962	1.25
CTI Holdings LLC	9,514,079	0.88	Ventura Foods	5,360,149	1.06
Universal Forest Products	9,277,183	<u>0.86</u>	Burlington Northern Santa Fe	4,988,647	<u>0.98</u>
		<u>13.50</u>			<u>18.10</u>

Source: Information obtained from Tarrant Appraisal District

CITY OF SAGINAW, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Table 9

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (a)	Per Capita (b)
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Leases	Notes Payable	Water and Sewer Bonds	Capital Leases			
2000/01	9,220,000	4,915,000	261,203	-	4,870,000	-	19,266,203	5.03%	1,450
2001/02	13,440,000	4,730,000	156,835	-	5,655,000	-	23,981,835	5.41%	1,628
2002/03	12,955,000	4,530,000	306,435	-	5,465,000	-	23,256,435	4.87%	1,467
2003/04	15,560,000	5,895,000	208,245	-	5,190,000	-	26,853,245	5.18%	1,621
2004/05	14,495,000	5,620,000	322,556	-	4,895,000	-	25,332,556	4.66%	1,447
2005/06	16,625,000	3,770,000	262,209	-	4,590,000	-	25,247,209	4.42%	1,372
2006/07	15,420,000	9,220,000	270,652	-	6,795,000	-	31,705,652	5.39%	1,673
2007/08	14,985,000	7,910,000	190,504	-	6,375,000	-	29,460,504	4.93%	1,530
2008/09	12,715,000	9,595,000	107,745	-	5,945,000	848,700	29,211,445	4.86%	1,510
2009/10	11,870,000	10,865,000	19,223	-	5,510,000	901,489	29,165,712	4.82%	1,496

(a) See Schedule of Demographic Statistics on Table 13 for personal income data.

(b) See Schedule of Demographic Statistics on Table 10 for population data.

CITY OF SAGINAW, TEXAS
RATIO OF GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL
OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)

Table 10

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>General Bonded Debt</u>	<u>Bonded Debt to Assessed Value</u>	<u>Bonded Debt per Capita</u>
2000/01	13,290	506,513,532	14,135,000	2.79%	1,064
2001/02	14,733	609,628,673	18,170,000	2.98%	1,233
2002/03	15,857	668,418,163	17,485,000	2.62%	1,103
2003/04	16,568	736,896,290	21,455,000	2.91%	1,295
2004/05	17,510	788,788,137	20,115,000	2.55%	1,149
2005/06	18,404	913,985,248	20,395,000	2.23%	1,108
2006/07	18,950	1,025,476,543	24,640,000	2.40%	1,300
2007/08	19,260	1,117,122,137	22,895,000	2.05%	1,189
2008/09	19,350	1,178,227,366	22,310,000	1.89%	1,153
2009/10	19,500	1,221,615,638	22,735,000	1.86%	1,166

CITY OF SAGINAW, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2010
(Unaudited)

Table 11

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Saginaw</u>	<u>Amount Applicable to City of Saginaw</u>
City of Saginaw	<u>\$ 22,735,000</u>	100.00	<u>\$ 22,735,000</u>
Subtotal direct debt	<u>22,735,000</u>		<u>22,735,000</u>
Eagle Mountain-Saginaw Independent School District	527,095,010	12.30	64,832,686
Tarrant County	353,511,370	0.86	3,040,198
Tarrant County Hospital District	60,660,000	0.86	521,676
Tarrant County Junior College District	<u>33,370,699</u>	0.86	<u>286,988</u>
Subtotal overlapping debt	<u>974,637,079</u>		<u>68,681,548</u>
Total direct and overlapping debt	<u><u>\$ 997,372,079</u></u>		<u><u>\$ 91,416,548</u></u>
Ratio of direct and overlapping funded debt to taxable assessed valuation			<u><u>7.48%</u></u>
Per capita direct and overlapping bonded debt			<u><u>\$ 4,724</u></u>

CITY OF SAGINAW, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

Table 12

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>	<u>Coverage Ratio</u>
2000/01	5,375,510	3,322,939	2,052,571	200,000	292,868	492,868	4.16
2001/02	5,021,766	3,427,483	1,594,283	215,000	330,311	545,311	2.92
2002/03	5,426,173	3,628,367	1,797,806	245,000	311,323	556,323	3.23
2003/04	5,706,395	3,627,517	2,078,878	275,000	315,927	590,927	3.52
2004/05	6,428,883	3,686,242	2,742,641	295,000	276,764	571,764	4.80
2005/06	7,241,996	4,876,868	2,365,128	305,000	253,120	558,120	4.24
2006/07	6,898,755	6,245,497	653,258	330,000	348,545	678,545	0.96
2007/08	7,049,446	5,109,375	1,940,071	420,000	375,356	795,356	2.44
2008/09	6,791,480	5,373,031	1,418,449	430,000	302,633	732,633	1.94
2009/10	7,132,599	5,766,080	1,366,519	538,253	210,412	748,665	1.83

- Notes:
1. Operating revenues and nonoperating revenues of Enterprise Fund excluding contributed assets.
 2. Total operating expenses of Enterprise Fund exclusive of depreciation.

**CITY OF SAGINAW, TEXAS
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Table 13

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2000/01	13,290	383,217,150	28,835	7,174	5.90%
2001/02	14,733	443,610,630	30,110	7,815	8.00%
2002/03	15,857	477,454,270	30,110	8,476	8.60%
2003/04	16,568	518,694,376	31,307	9,431	7.00%
2004/05	17,510	543,755,540	31,054	10,413	5.50%
2005/06	18,404	571,517,816	31,054	12,573	4.60%
2006/07	18,950	588,473,300	31,054	13,423	4.30%
2007/08	19,260	598,100,040	31,054	15,292	5.50%
2008/09	19,350	600,894,900	31,054	16,087	8.30%
2009/10	19,500	605,553,000	31,054	16,663	8.40%

- Notes:
1. Bureau of Economic Analysis
 2. Eagle Mountain-Saginaw Independent School District
 3. Texas Work Force Commission
Dallas / Fort Worth MSA

**CITY OF SAGINAW, TEXAS
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND TEN YEARS AGO
 (Unaudited)**

Table 14

	<u>2010</u>		<u>2001</u>
<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>
Eagle Mountain-Saginaw ISD	2,065	Eagle Mountain-Saginaw ISD	784
Wal Mart	483	Trinity Industries	220
Universal Forest Products	225	International Purity	200
Durham Transportation	217	Universal Forest Products	165
Ranger Fire Protection	200	Trinity Plastics	150
Ventura Foods	172	Cargill, Inc.	145
TX-RSMS Maintenance	170	Bana Box Inc.	120
Anchor Fabrication	160	Ventura Foods	89
Bana Box Inc.	160	Payless Cashways	70
Trinity Industries	132	Diamond Food Store	46

Source: City Economic Development Division.

**CITY OF SAGINAW, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)**

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of October 1</u>									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General government										
Administration	7	7	7	6	6	6	5	6	6	6
Municipal Court	3	3	3	3	2	2	2	2	2	2
Public Safety										
Fire	24	24	24	24	24	23	23	21	21	21
Police	49.5	49.5	51.5	46.5	42	41	37	33	33	31
Public Works										
Streets/Parks Maintenance	9	9	9	9	9	8	9	9	9	10
Building Inspections	4	3.5	3.5	3.5	3.5	3.5	3	3	3	4
Code Enforcement/ Animal control	4	4	4	4	4	3	3	2	2	1
Janitor	0	0	0	0	1	1	1	1	1	1
City Garage	2	2	2	2	2	2	2	2	2	2
Economic Development	0.5	1	1	1	1	1	1	1	1	1
Parks and recreation	8.5	8.5	9.5	9.5	8	7	6	5	2	2
Library	9	8.5	9	9	9	8.5	7	6	6	4
Water/Wastewater	16.5	16.5	16.5	16.5	16.5	15.5	15.5	15	15	14
Drainage	2.5	2.5	2.5	2.5	2.5	2.5	0	0	0	0
Total	139.5	139	142.5	136.5	130.5	124	114.5	106	103	99

Source: City Budgets

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**CITY OF SAGINAW, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police					
Stations	1	1	1	1	1
Licensed Officers	39	39	41	39	34
Patrol units on duty at any one time	4	4	4	4	4
Fire					
Stations	2	2	2	2	2
Firefighter/paramedics	24	24	24	23	23
Library					
Number of libraries	1	1	1	1	1
Volumes in collection	54,491	50,308	54,853	53,523	51,072
Average monthly circulation	12,263	12,555	13,069	12,841	12,757
Average monthly visitors	13,164	10,356	8,187	7,731	7,562
Public works					
Streets (miles)	78.5	78.5	78.5	78.5	78.5
Streetlights	716	700	700	700	740
Parks and recreation					
Acreage	100	100	100	100	100
Parks	7	7	7	7	7
Recreation Centers	1	1	1	1	1
Senior/community Centers	2	2	2	2	2
Water					
Number of water customers	6,856	6,812	6,805	6,741	6,611
Annual water consumption (1,000 gallons)	1,016,845	1,047,830	1,061,546	907,325	1,064,548
Daily consumption (1,000 gallons)	2,786	2,871	2,908	2,485	2,916
Water mains (miles)	108.6	107.8	107.8	107.6	91.7
Fire hydrants	751	741	741	739	739
Storage capacity (thousands of gallons)	4,250	4,250	4,250	2,750	2,750
Wastewater					
Number of wastewater customers	6,698	6,722	6,717	6,656	6,535
Wastewater treated annually (1,000 gallons)	968,278	773,199	788,198	889,600	684,857
Sanitary sewers (miles)	79.5	79.2	79.2	79.0	76.9
Storm sewers (miles)	15.0	14.9	14.9	14.8	14.8

Sources: Various city departments.

Note: No capital asset indicators are available for the general government.

Table 16

Fiscal Year				
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
1	1	1	1	1
30	27	24	24	24
4	4	4	4	4
2	2	2	2	1
23	20	20	19	16
1	1	1	1	1
49,180	47,325	45,668	43,165	41,307
12,267	11,436	10,528	9,190	8,353
6,882	6,648	6,344	5,756	5,418
75.1	73.7	72.3	68.3	58.8
705	685	679	642	553
100	100	100	100	100
7	7	7	7	7
1	1	-	-	-
2	2	2	2	2
6,384	5,966	5,694	5,344	5,029
902,676	773,380	790,113	718,284	746,234
2,473	2,119	2,165	1,968	2,044
88.9	86.7	85.9	77.8	68.9
714	683	630	600	581
2,750	2,750	2,750	2,750	2,750
6,321	5,917	5,650	5,316	4,998
675,434	756,137	730,239	731,179	809,415
74.1	73.0	71.8	65.3	60.6
13.7	13.5	12.7	11.1	10.3

**CITY OF SAGINAW, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED SEPTEMBER 30, 2010
(Unaudited)**

Table 17

Article XI, Section 5 of the State of Texas Constitution states in part:

“. . . no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city.”

As a home rule city, the City of Saginaw, Texas is not limited on the amount of debt it may issue. The City's Charter provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The rate for fiscal year 2010 was established at \$.449115 per \$100 of assessed valuation based on 100% of appraised value.

**CITY OF SAGINAW, TEXAS
CONTINUING FINANCIAL DISCLOSURE TABLES
YEAR ENDED SEPTEMBER 30, 2010
(Unaudited)**

The Continuing Financial Disclosure Tables portion of the Statistical section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. The financial tables that follow are updated through September 30, 2010, from the last debt issues that were sold in fiscal year ending September 30, 2010. This information is also sent to the Municipal Securities Rule Making Board (the "MSRB") or filed with the United States Securities and Exchange Commission (the "SEC") as permitted by SEC Rule 15c2-12. The information is also available to the public on the MSRB's Internet Website www.emma.msrb.org.

**CONTINUING DISCLOSURE INFORMATION FOR
CITY OF SAGINAW, TEXAS**

General Obligation Tables

ASSESSED VALUATION

TABLE GO-1

2010 Actual Market Value of Taxable Property (100% of Actual)*		<u>\$ 1,200,735,707</u>
Less Exemptions:		
Local, Option Over-65 / Disabled	35,908,067	
Disabled and Deceased Veterans' Exemptions	<u>5,225,500</u>	
Freeport Property	<u>55,805,414</u>	
Pollution Control	<u>930,472</u>	
Agriculture Productivity Value Loss	<u>14,690,451</u>	
Abatement	<u>9,875,755</u>	
Solar / Wind / Other	<u>-</u>	
Value Cap (10%) and Other	<u>145,194</u>	<u>122,580,853</u>
2010 Net Taxable Assessed Valuation		<u>\$ 1,078,154,854</u>

*See "AD VALOREM TAX PROCEDURES" and "CITY APPLICATION OF THE TEXAS TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures.
Source: Tarrant Appraisal District - Certified Values

GENERAL OBLIGATION BONDED DEBT

TABLE GO-2

(As of September 30, 2010)

General Obligation Debt Principal Outstanding:

Certificates of Obligation, Series 1997		\$ 1,410,000
General Obligation Bonds, Series 2000		<u>145,000</u>
General Obligation Bonds, Series 2002		<u>3,655,000</u>
General Obligation Refunding Bonds, Series 2002		<u>880,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2004		<u>1,245,000</u>
General Obligation Bonds, Series 2004		<u>2,700,000</u>
General Obligation Refunding and Improvement Bonds, Series 2006		<u>4,490,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2006		<u>1,745,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2007		<u>3,435,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2009		<u>1,240,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2010		<u>1,790,000</u>
Total Gross General Obligation Debt Principal Outstanding:		<u>\$ 22,735,000</u>
Less: Self-Supporting General Obligation Debt Principal		
General Obligation Refunding Bonds, Series 2002 (23.25%)		\$ 204,600
Total Self-Supporting General Obligation Debt Principal		<u>\$ 204,600</u>
Total Net General Obligation Debt Principal Outstanding:		<u>\$ 22,530,400</u>
General Obligation Interest and Sinking Fund Balance as of September 30, 2010		<u>\$ 1,121,903</u>
Ratio of Gross General Obligation Debt Principal to 2010 Net Assessed Valuation		<u>2.11%</u>
Ratio of Net General Obligation Debt Principal to 2010 Net Assessed Valuation		<u>2.09%</u>
2010 Net Assessed Valuation		<u>\$ 1,078,154,854</u>
Population: 1980 - 5,736; 1990 - 8,551; 2000 - 12,374; Current (Estimate) -		19,500
Per Capita 2010 Net Assessed Valuation -		<u>\$ 55,290</u>
Per Capita Gross General Obligation Debt Principal -		<u>\$ 1,166</u>
Per Capita Net General Obligation Debt Principal -		<u>\$ 1,155</u>

OTHER OBLIGATIONS**TABLE GO-3****Capital Lease Obligations**

The City has entered into capital lease agreements for machinery and equipment with a total capitalized cost of approximately \$1,224,678 and an amortized value of approximately \$1,193,989 as of September 30, 2010.

The following is a schedule of future minimum payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 2010.

Fiscal Year	Future Minimum Payments
2011	\$ 268,874
2012	244,514
2013	244,514
2014	244,514
Total minimum lease payments	1,002,416
Less: amount representing interest	(81,753)
Present value of future minimum lease payments	<u>\$ 920,663</u>

FUND BALANCES**TABLE GO-4**

(As of September 30, 2010)

General Operating Fund	\$ 6,637,792
General Obligation Debt Service Fund	1,121,903
Special Revenue Funds	2,397,643
Capital Projects Fund	4,277,000
Enterprise Fund (Undesignated)	1,937,716
Revenue Bond Interest and Sinking Reserve Fund	577,205
General Fund Emergency Reserve	1,950,000
General Fund Designated	2,298,776
Enterprise Fund Emergency Reserve	1,450,000
Enterprise Fund Designated	2,284,085
Total	<u>\$ 24,932,120</u>

PRINCIPAL TAXPAYERS 2009-2010

TABLE GO-5

<u>Name</u>	<u>Type of Business</u>	<u>2010 Net Taxable Assessed Valuation</u>	<u>% of Total 2010 Assessed Valuation</u>
Wal-Mart	Retail	\$ 23,171,872	2.15%
Conagra Foods Inc.	Food Processing Plant	21,687,262	2.01%
Norton Metal Products Inc.	Metal Sales	17,843,705	1.66%
Horizon Milling LLC	Food Processing Plant	16,641,160	1.54%
Trinity Industries Inc.	Manufacturing	13,494,547	1.25%
Ventura Foods LLC	Food Processing Plant	12,989,233	1.20%
SEM Materials	Manufacturing	10,805,417	1.00%
Oncor Electric Delivery Co.	Electric Service	10,142,020	0.94%
CTI Holdings LLC	Food Processing Plant	9,514,079	0.88%
Universal Forest Products	Manufacturing	9,277,183	0.86%
	Total	\$ 145,566,478	13.50%

Based on a 2010 Net Taxable Assessed Valuation of \$ 1,078,154,854

Source: Tarrant Appraisal District

PROPERTY TAX RATES AND COLLECTIONS

TABLE GO-6

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Fiscal Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2000	506,513,532	0.5000	2,532,569	98.20%	98.90%	9-30-01
2001	609,628,673	0.5200	3,170,069	95.72%	100.00%	9-30-02
2002	685,282,292	0.5400	3,706,997	96.29%	99.37%	9-30-03
2003	752,682,742	0.5400	4,024,112	96.30%	98.90%	9-30-04
2004	788,788,137	0.5400	4,302,271	98.40%	100.40%	9-30-05
2005	913,985,248	0.5100	4,708,777	99.20%	99.90%	9-30-06
2006	1,025,476,543	0.4870	4,922,329	98.56%	99.71%	9-30-07
2007	1,117,122,137	0.4560	5,138,154	98.91%	100.16%	9-30-08
2008	1,178,227,366	0.4460	5,241,665	98.65%	99.53%	9-30-09
2009	1,221,615,638	0.4491	5,444,770	99.01%	99.97%	9-30-10

Source: Tarrant Appraisal District, and the City's Comprehensive Annual Financial Reports.

TAX RATE DISTRIBUTION

TABLE GO-7

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
General Fund	\$0.285615	\$0.2639	\$0.2239	\$0.2041	\$0.2421	\$0.2587	\$0.2448	\$0.2728
I & S Fund	<u>0.198385</u>	<u>0.1852</u>	<u>0.2221</u>	<u>0.2519</u>	<u>0.2449</u>	<u>0.2513</u>	<u>0.2952</u>	<u>0.2672</u>
TOTAL	<u>\$0.484000</u>	<u>\$0.4491</u>	<u>\$0.4460</u>	<u>\$0.4560</u>	<u>\$0.4870</u>	<u>\$0.5100</u>	<u>\$0.5400</u>	<u>\$0.5400</u>

**GENERAL FUND COMBINED STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES**

TABLE GO-8

	Fiscal Year Ended September 30				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:					
Taxes	\$ 8,350,134	\$ 7,630,775	\$ 8,007,971	\$ 7,911,461	\$ 7,687,247
Licenses and Permits	303,744	305,000	272,611	338,520	470,872
Charges for Services	75,250	73,125	80,625	74,250	69,000
Fines and Fees	508,003	499,821	482,600	538,467	449,832
Interest Income	20,762	82,659	316,961	489,520	353,016
Rent Income - Recreation	487,707	544,513	569,487	528,746	342,695
Miscellaneous Revenues	<u>611,476</u>	<u>885,074</u>	<u>739,950</u>	<u>833,394</u>	<u>736,201</u>
Total Revenues	<u>\$ 10,357,076</u>	<u>\$ 10,020,967</u>	<u>\$ 10,470,205</u>	<u>\$ 10,714,358</u>	<u>\$ 10,108,863</u>
Expenditures:					
Current:					
General Administrative Offices	\$ 1,672,724	\$ 1,611,531	\$ 1,640,234	\$ 1,458,310	\$ 1,511,633
Municipal Court	219,898	216,990	205,373	173,396	175,510
Fire	2,540,632	2,552,394	2,630,835	2,428,970	2,350,782
Police	3,330,045	3,300,624	3,206,377	2,797,240	2,414,360
Public Works	890,697	1,261,954	924,431	1,203,546	933,192
Recreation	841,511	1,051,504	987,201	999,445	516,409
Library	512,830	523,068	497,036	520,671	381,868
Inspection	555,629	524,837	494,175	471,479	730,326
Janitorial	-	-	57,001	62,883	80,753
Fleet Maintenance	435,274	422,368	554,219	432,394	389,564
Community Development	<u>12,439</u>	<u>28,571</u>	<u>40,478</u>	<u>38,076</u>	<u>40,825</u>
Total Expenditures	<u>\$ 11,011,679</u>	<u>\$ 11,493,841</u>	<u>\$ 11,237,360</u>	<u>\$ 10,586,410</u>	<u>\$ 9,525,222</u>
Excess (Deficit) of Revenues Over Expenditures	<u>\$ (654,603)</u>	<u>\$ (1,472,874)</u>	<u>\$ (767,155)</u>	<u>\$ 127,948</u>	<u>\$ 583,641</u>
Other Financing Sources (Uses):					
Lease Proceeds	\$ -	\$ -	\$ -	\$ 68,698	\$ -
Operating Transfers In	1,611,025	1,407,896	1,456,808	1,172,326	1,094,098
Operating Transfers Out	<u>(59,568)</u>	<u>(246,305)</u>	<u>(59,577)</u>	<u>(40,231)</u>	<u>(40,231)</u>
Total Other Financing Sources (Uses)	<u>\$ 1,551,457</u>	<u>\$ 1,161,591</u>	<u>\$ 1,397,231</u>	<u>\$ 1,200,793</u>	<u>\$ 1,053,867</u>
Excess (Deficit) of Revenues/Other Sources Sources Over Expenditures/Other Uses	896,854	(311,283)	630,076	1,328,741	1,637,508
Fund Balance - Beginning of Year	<u>9,989,714</u>	<u>10,300,997</u>	<u>9,670,921</u>	<u>8,342,180</u>	<u>6,704,672</u>
Fund Balance - September 30	<u>\$ 10,886,568</u>	<u>\$ 9,989,714</u>	<u>\$ 10,300,997</u>	<u>\$ 9,670,921</u>	<u>\$ 8,342,180</u>

Source: The Issuer's Comprehensive Annual Financial Reports

**CONTINUING DISCLOSURE INFORMATION FOR
CITY OF SAGINAW, TEXAS**

Revenue Debt Tables

REVENUE BOND DEBT PRINCIPAL DATA

TABLE REV-1

(As of September 30, 2010)

Revenue Bond Debt Principal Outstanding:

Waterworks and Sewer System Revenue Bonds, Series 2001	\$ 715,000
Waterworks and Sewer System Revenue Bonds, Series 2006	2,290,000
Waterworks and Sewer System Revenue Refunding Bonds, Series 2010	2,505,000
Total Revenue Debt Outstanding	\$ 5,510,000

CONDENSED WATERWORKS AND WASTEWATER SYSTEM OPERATING STATEMENT

TABLE REV-2

	Fiscal Year Ending September 30				
	2010	2009	2008	2007	2006
Revenues ^(a)	\$ 6,970,088	\$ 6,701,665	\$ 6,854,862	\$ 6,563,020	\$ 6,854,673
Expenses	5,766,080	5,373,031	5,109,375	6,245,497	4,876,868
Net Revenue Available for Debt Service	\$ 1,204,008	\$ 1,328,634	\$ 1,745,487	\$ 317,523	\$ 1,977,805
Annual Revenue Bond Debt Service Requirements	\$ 733,410	\$ 729,160	\$ 739,022	\$ 656,798	\$ 547,718
Revenue Debt Service Coverage	1.64 x	1.82 x	2.36 x	0.48 x	3.61 x
Annual Debt Service Requirements for all Bonds Paid from System Revenues	\$ 798,001	\$ 866,051	\$ 875,073	\$ 793,326	\$ 683,245
Debt Service Coverage on all Bonds Paid from System Revenues	1.51 x	1.53 x	1.99 x	0.40 x	2.89 x
Customer Count :					
Water	6,856	6,810	6,805	6,642	6,611
Wastewater	6,762	6,725	6,717	6,558	6,535
^(a) Does not include Impact Fees of:	\$ 86,609	\$ 57,745	\$ 160,809	\$ 304,970	\$ 387,323

COVERAGE OF THE BONDS

TABLE REV-3

(As of September 30, 2010)

Fiscal Year 2010 Net Revenues Available for Debt Service	\$ 1,204,008
Following the Issuance of the Bonds:	
Maximum Revenue Debt Service Requirement (2013) Coverage	\$ 719,353 1.67 X
Maximum Debt Service Requirement Including Self-Supporting General Obligation Debt (2013) Coverage	\$ 782,194 1.54 X
Average Annual Revenue Debt Service Requirement (2011-2027) Coverage	\$ 408,865 2.94 X
Average Annual Debt Service Requirement Including Self-Supporting General Obligation Debt (2011-2027) Coverage	\$ 421,953 2.85 X

**SELF-SUPPORTING WATERWORKS AND WASTEWATER SYSTEM OBLIGATIONS
HISTORICALLY PAID FROM NET SYSTEM REVENUES**

TABLE REV-4

(As of September 30, 2010)

	<u>Principal Outstanding</u>	<u>Amount of Principal Self-Supporting</u>
General Obligation Refunding Bonds, Series 2002 (23.25%)	\$ 880,000	\$ 204,600
Total	<u>\$ 880,000</u>	<u>\$ 204,600</u>

<u>Fiscal Year Ending Sept. 30</u>	<u>Self-Supporting General Obligation Debt Requirements</u>	<u>Waterworks and Wastewater System Debt Service</u>	<u>Total Debt Service Being Supported by Net System Revenues</u>
2011	62,085	707,840	769,925
2012	61,335	708,840	770,175
2013	62,841	719,353	782,194
2014	36,235	599,053	635,288
2015	-	610,710	610,710
2016	-	606,463	606,463
2017	-	508,673	508,673
2018	-	324,183	324,183
2019	-	319,495	319,495
2020	-	319,610	319,610
2021	-	274,278	274,278
2022	-	274,800	274,800
2023	-	194,800	194,800
2024	-	193,400	193,400
2025	-	196,800	196,800
2026	-	194,800	194,800
2027	-	197,600	197,600
	<u>\$ 222,496</u>	<u>\$ 6,950,698</u>	<u>\$ 7,173,194</u>

REVENUE BONDS AUTHORIZED BUT UNISSUED

TABLE REV-5

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued To Date</u>	<u>Unissued</u>
06-30-51	Wastewater Improvements	\$ 100,000	\$ 20,000	\$ 80,000

Note: The City has no plans to issue these bonds.

WATER RATES

TABLE REV-6

(Based on Monthly Billing)

Rates Effective October 1, 2009	
<u>Residential</u>	
First 2,000 Gallons	\$11.93 (minimum)
3,000 to 10,000 Gallons	3.69 /M Gallons
Over 10,000 Gallons	3.93 /M Gallons
<u>Multi-Family (Per Dwelling Unit)</u>	
First 2,000 Gallons	\$11.93 (minimum)
3,000 to 8,000 Gallons	3.93 /M Gallons
Over 8,000 Gallons	4.75 /M Gallons
<u>Commercial / Industrial</u>	
First 2,000 Gallons	\$11.93 (minimum)
3,000 to 10,000 Gallons	3.93 /M Gallons
Over 10,000 Gallons	4.75 /M Gallons

PRINCIPAL WATER CUSTOMERS 2009-2010

TABLE REV-7

(As of September 30, 2010)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
CTI Foods	6,395,917	\$ 30,372.34
Ventura Foods LLC	1,548,417	7,347.85
DOS Project LP	1,280,833	6,079.83
Saginaw Crossing LLC	951,333	4,756.91
Williamsburg Village Apartments	683,917	3,599.03
Unkuk Inc.	639,083	3,031.70
Camelot Square Apartments	539,500	2,885.70
Walmart Stores Texas Inc.	530,750	2,512.80
Bernard-Cross Pointe LLC	425,750	2,016.93
Eagle Mt.-Saginaw ISD	389,417	1,845.80
Total	<u>13,384,917</u>	<u>\$ 64,448.89</u>

WASTEWATER RATES

TABLE REV-8

(Based on Monthly Billing)

New Rates Effective October 1, 2009	
<u>Residential</u>	
First 2,000 Gallons	\$13.97 (minimum)
Next 18,000 Gallons	2.20 /M Gallons
<u>Multi-Family (Per Dwelling Unit)</u>	
First 2,000 Gallons	\$13.97 (minimum)
Over 2,000 Gallons	3.82 /M Gallons
<u>Commercial / Industrial (Non-Monitored)</u>	
First 2,000 Gallons	\$15.35 (minimum)
Over 2,000 Gallons	3.82 /M Gallons
<u>Commercial / Industrial (Monitored)</u>	
First 2,000 Gallons	Based on Formula
Over 2,000 Gallons	3.82 /M Gallons

PRINCIPAL WASTEWATER CUSTOMERS 2009-2010

TABLE REV-9

(As of September 30, 2010)

<u>Name of Customer</u>	<u>Average Monthly Bill</u>
CTI Foods	\$ 13,422.33
Dos Project LP	4,900.49
Saginaw Crossing LLC	4,267.09
Williamsburg Village Apartments	3,591.24
Unkuk Inc.	2,344.91
Camelot Square Apartments	2,928.10
Walmart Stores Texas Inc.	1,336.43
Seema Khatter	923.87
Qualawash Inc.	864.66
Saginaw Village Ltd.	721.10
Total	\$ 35,300.22

WASTEWATER SYSTEM PRODUCTION

TABLE REV-10

Volumes, average daily and peak daily flow for the Wastewater System for the past ten years are shown below.

<u>Fiscal Year</u>	<u>Annual Sewage Flow (000s Gallons)</u>	<u>Average Daily Flow (000s GPD)</u>	<u>Peak Daily Flow and Date (MGD)</u>	
2001	809,416	2,217	6.1	02-16-01
2002	731,179	2,003	5.5	04-07-02
2003	730,239	2,000	4.8	02-21-03
2004	756,137	2,072	7.3	06-09-04
2005	675,434	1,850	5.0	11-23-04
2006	684,587	1,876	4.8	01-28-06
2007	889,600	2,437	4.3	08-13-07
2008	788,198	2,159	5.7	09-17-08
2009	773,199	2,118	5.3	06-11-09